Morrison Low Advisory

Head Start Pathway

Horizons councils

JULY 2026

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Executive summary

This report has been prepared to support the Horizons Mayoral Forum and the councils in Horizons' response to the Government's Head Start Pathway for local government reform.

Its purpose is to:

- Develop a shared regional picture of what a Horizons Unitary Council could look like
- Test how this option aligns with the Government's five assessment criteria
- Provide a common evidence base that individual councils can use to inform their own considerations.

The report is intended to support consistent understanding across the region, rather than to advocate for any particular outcome.

The analysis focuses on a single structural option, being a Horizons Unitary Council covering the existing regional footprint. It assesses this option against the Government's five criteria:

- Support for the new planning system
- Simpler local governance
- Economies of scale
- Maintenance of local voice
- Deliverability

The assessment is undertaken using a structured analytical approach, drawing on available data and evidence at a regional and national level. It uses comparative analysis with other councils and unitary authorities.

Criteria	Initial assessment	High level commentary
1. Supports the new planning system		A good option for integrated planning but will require the Horizons Unitary Council to manage the internal variations that come from such a large area well in order to be effective. Overall, this is a strong model that aligns well with the national systems and allows one Regional Combined Plan to be developed without requiring high levels of coordination between neighbouring councils.
2. Simpler local governance		Performs well against the simpler local governance criterion. A single unitary council removes the current split between regional and territorial functions, reduces duplication across planning, governance, and corporate activities, and creates a clearer line of accountability across the region. While some local governance mechanisms may still be needed to maintain representation and responsiveness, these do not outweigh the overall simplification achieved through bringing responsibilities together within one organisation. Overall, this option represents a more streamlined and coherent governance model.
3. Economies of scale		Is likely to deliver some economies of scale, particularly through reducing duplication in governance, planning, and corporate functions, but the likely gains appear moderate rather than transformational.

Criteria	Initial assessment	High level commentary
		The evidence suggests scale would improve efficiency in some areas and support more coordinated regional delivery, but a fuller view of savings would still depend on detailed decisions about staffing, office locations, and future service design.
4. Maintains a strong local voice		Performs weakly against the local voice criterion. While local voice could be partly protected through wards, local boards, and other sub-local arrangements, the scale and diversity of the Horizons' region mean representation would be harder to balance than in smaller or more cohesive groupings. The region includes very different communities, large urban and rural contrasts, and several areas with only limited connection to the wider regional system. That makes it harder for a single governing model to reflect local identity, maintain accessibility to elected members, and give communities confidence that their interests would continue to be heard.
5. Deliverability		The number of councils and the scale of the structural change required make this complex. It would amalgamate all 7 councils across the existing Horizons region into a single unitary authority serving roughly 221,610 people. The connection analysis in Appendix 2 shows wide spreads in the urban and rural split, which is on the extreme end. In particular, implementation is high risk. Deliverability is constrained by the lack of consensus as our understanding is that not all councils and their communities support the option, making the agreement needed to progress it difficult

Simplifying Local Government

The Head Start pathway was announced by the Government on 5 May 2026. It is part of a broader direction to simplify local government and improve the effectiveness of regional systems over time. At a high level, this includes a shift toward fewer, larger entities with clearer accountability and stronger capability to deliver key regional functions such as planning, transport, and catchment management.

The invitation to submit outline proposals is designed to enable councils to test structural reform options quickly, using a high-level but credible evidence base, rather than developing fully designed solutions. Its purpose is to allow Cabinet to assess whether proposed arrangements are workable in practice, can support the implementation of the new planning regime, align with the direction of reform, and are worth progressing to detailed design.

This means the emphasis is not on detailed modelling but on providing clear evidence that shows how the option performs against the assessment criteria, where the benefits arise, and what trade-offs and risks are involved. The guidance is explicit that outline proposals should rely on existing information, distinguish between evidence and assumption, and be transparent about uncertainty. The intent is to provide Cabinet with sufficient confidence that the proposal is credible, internally consistent, and that the implications of the proposed option are understood well enough to justify progressing to detailed design.

Outline proposals are due 9 August 2026

This requires a disciplined approach to analysis. The task is to demonstrate that a proposal is credible, well thought out and consistent, not to fully design the future state. This includes showing how key regional functions would be delivered, how financial sustainability and efficiency are affected, and how any fragmentation or coordination challenges are addressed.

We also understand that proposals will be assessed by how they meet the criteria as a whole. This places particular importance on clearly articulating where benefits are dependent on assumptions, where risks sit, and how tensions between scale, governance, and local voice are managed.

Horizons Mayoral Forum response to Simplifying Local Government

On 20 February 2026, the Horizons Mayoral Forum submitted a regional response to the Government's *Simplifying Local Government: Draft Proposal*. The councils represented support reform in principle and welcome the opportunity to contribute, but emphasised that changes must be evidence based, locally driven, and carefully designed to avoid unintended consequences.

They noted that central government has not yet articulated a sufficiently clear long-term direction for localism or how central and local government should work together to achieve shared outcomes.

The response noted that the Horizons councils are focused on protecting local voice and democratic legitimacy, recognising that they are the closest to their communities and accountable to local ratepayers. Alongside this, the councils prioritise high-quality and responsive service delivery, improved affordability and financial sustainability, and stronger fiscal transparency, particularly where services are delivered at a regional scale but funded across districts. They also emphasise the importance of partnership with Māori, including the need to clarify how Treaty obligations and settlement arrangements will operate under any new system.

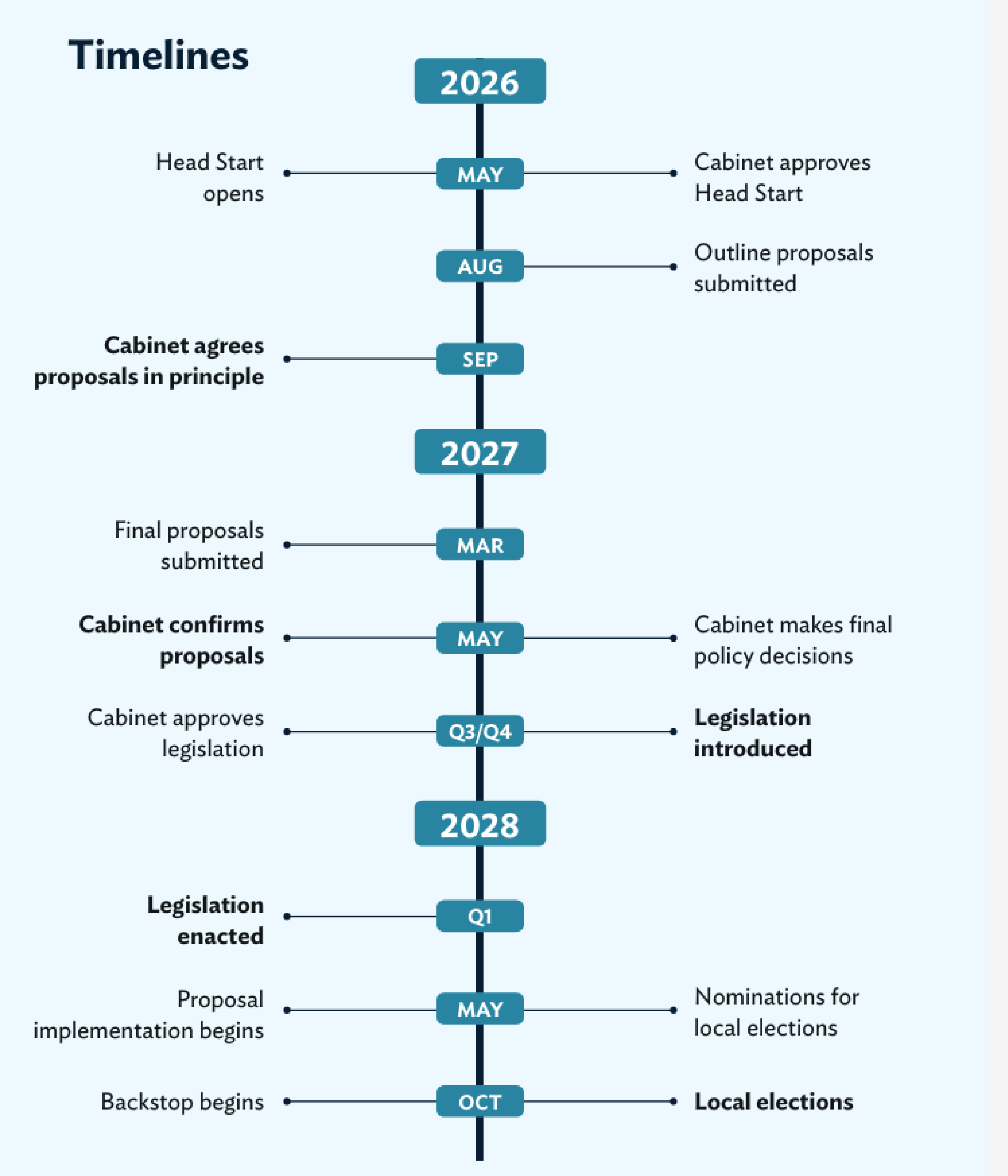


Figure 1 Head Start Pathway timetable

Horizons region

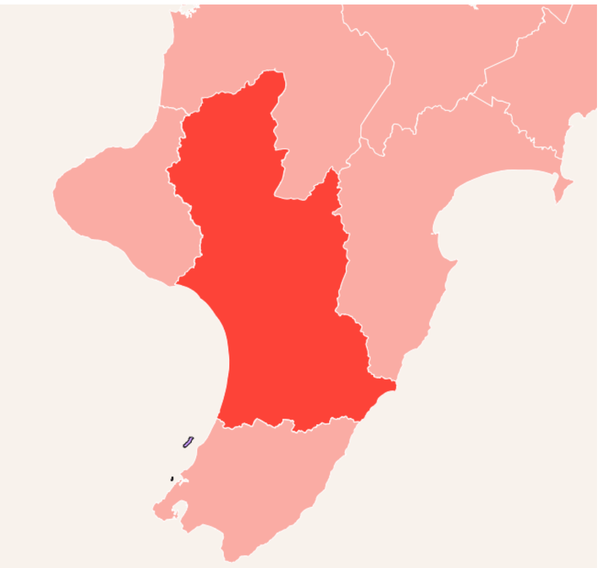


Figure 2 Existing Horizons' region

The Horizons region extends over 22,200 square kilometres from Ruapehu in the north and Horowhenua in the south, to Whanganui in the west and Tararua in the east. Consisting of seven districts and approximately 260,000 people, the region accommodates approximately 8% of New Zealand's total land area. About 70% of the region's ratepayers live in urban centres and over 27% of the region's people identify as Māori.

The region is home to approximately thirty-five (35) formal Iwi groups, the majority of which are yet to reach Treaty of Waitangi settlement.

The region's local government structure comprises one regional council, Manawatū-Whanganui Regional Council trading as Horizons, six district councils, Ruapehu, Whanganui, Rangitīkei, Manawatū, Tararua, and Horowhenua, and one city council, Palmerston North.

There are three Local Water Done Well entities established in the region with several councils combining under Council Controlled Organisations (CCOs) for service delivery into the future. The two northern districts of Ruapehu and Whanganui form one water entity with Horowhenua, Rangitīkei and Palmerston North combining under one CCO, with Manawatū forming its own in-house business unit for future water service delivery. Tararua District has combined its water service delivery with the councils in the Wairarapa.

The region is strategically positioned in the lower/central North Island with strong economic connections with neighbouring regions. The road and rail connections are important links to adjoining regions and the wider North Island. This, combined with air freight capabilities makes the region an important contributor and connection for economic opportunities.

The region is committed to driving economic growth and delivering the infrastructure that New Zealand needs. In support of long-term collaboration between central and local government, the region has developed two complementary regional deals which highlight the economic opportunities for growth and productivity. The districts of Ruapehu and Whanganui formulated one of these deals and the southern councils developed the second; supported by the Horizons Regional Council.

Coordinated capital investment and prioritised strategic regional goals are a shared pathway for councils in the Horizons region. Since 2010 the councils (except Palmerston North City) have invested in and supported a Shared Service CCO called Manawatū-Whanganui Local Authority Shared Services (MWLASS). This CCO was created to pursue service delivery efficiency, cost savings and commercial opportunities across common local government services. In addition to the benefits of joint procurement that comes with scale, MWLASS has two successful business units (Debt Management and Archives) that provide financial return to shareholders and ultimately ratepayers.

Comparative information

At this point, we do not yet have a full financial picture for the whole Horizons region. That means it is not possible to confidently say what a single Horizons unitary council would cost, or whether it would be cheaper or more expensive than other options. The following information provided in this section is for comparative purposes only. To make the analysis more meaningful, the following graphs exclude waters services where possible.

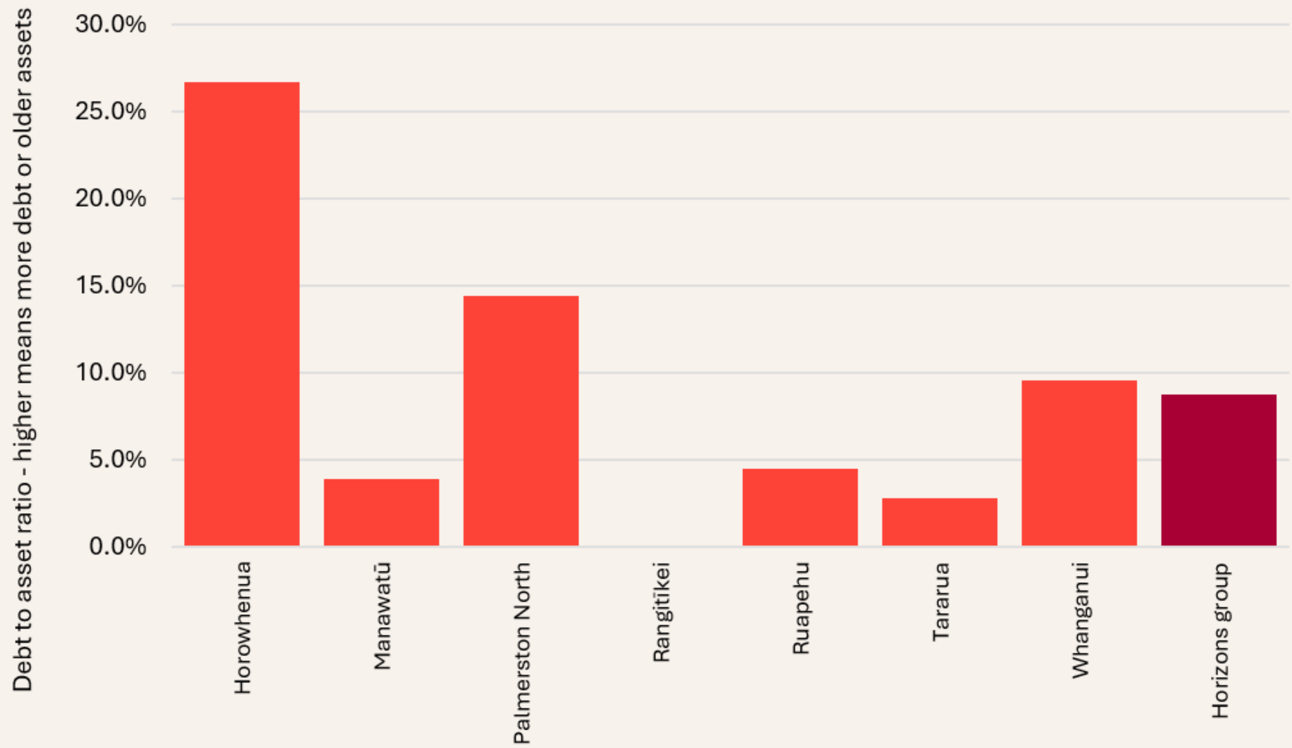


Figure 3 Debt to asset ratio excluding 3 Waters

The debt to asset ratio is not a measure of how much debt a council has in total. Instead, it shows debt compared with the value of council assets. A higher ratio does not automatically mean that a council is in a poor position. Rather, it may simply reflect recent borrowing for infrastructure investment.

To understand whether that debt is a concern, we would need to look at it alongside the current value of assets and the cost of replacing them. That would tell us more about whether councils are carrying debt because they have invested well, or whether they have weaker underlying asset positions. We do not yet have enough detailed information across the full region to make that judgement with confidence. The trend in the graph below (which does not include regional functions) is nearly the opposite of the previous, also as you would expect, the same three councils, Horowhenua, Palmerston North and Whanganui along with Manawatū District Council have the lowest operating revenue per person.

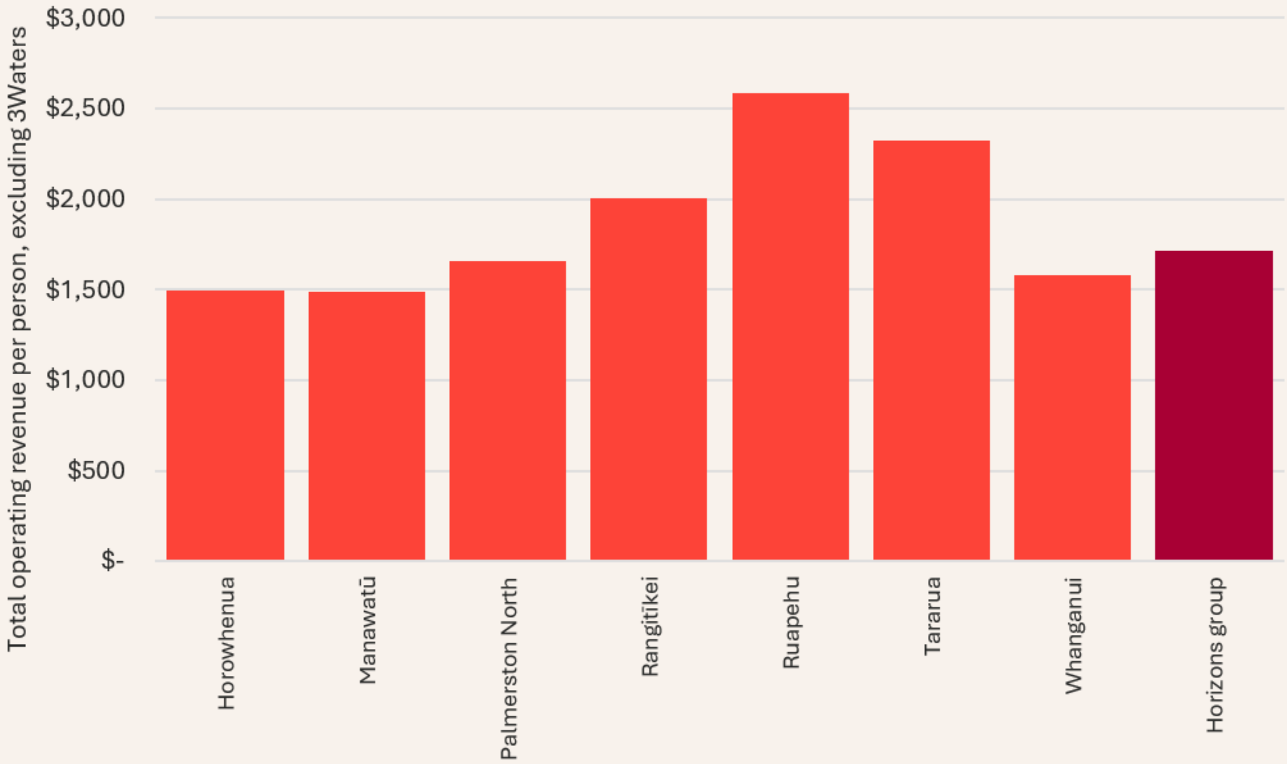


Figure 4 Total operating revenue per person, excluding 3 Waters

Figure 5 shows how much of each council's income comes from sources other than rates. In simple terms, a higher result is better, because it means more money is coming in from fees, charges, grants, subsidies, dividends, and other non-rate sources. In a future where rates growth may be constrained, non-rates revenue may become even more important to financial sustainability.

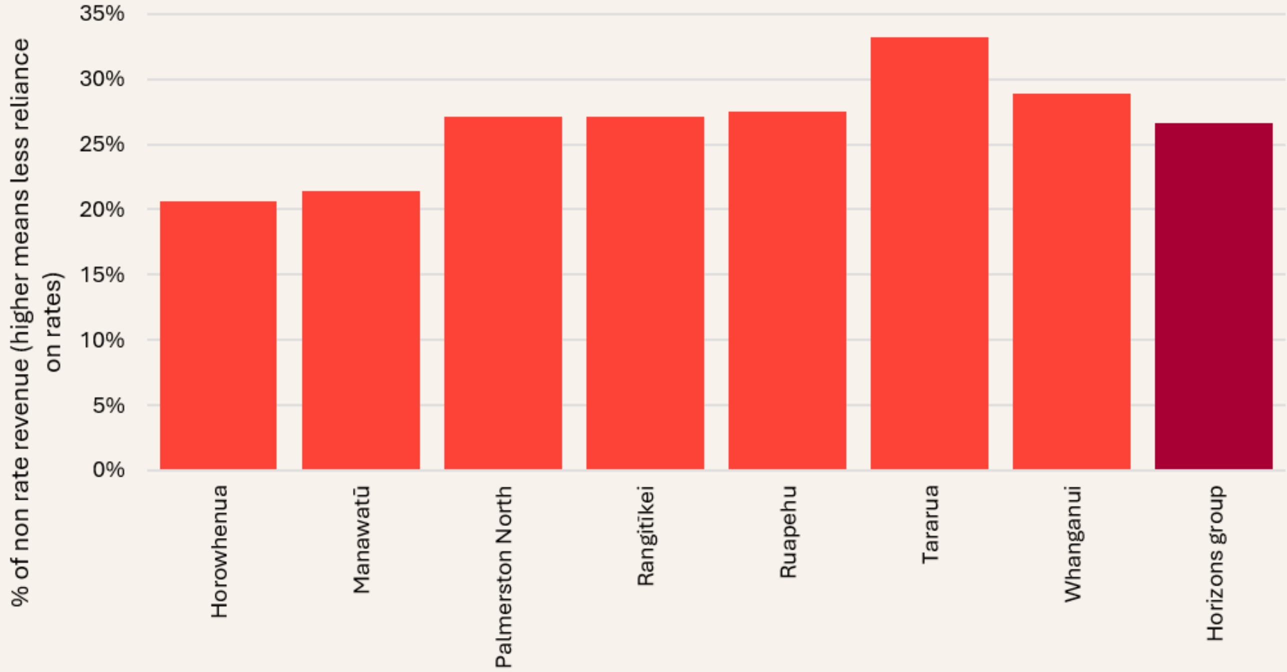


Figure 5 Non-rates revenue as percentage of total operating revenue, excluding 3 Waters

Effective road asset management suggests councils to resurface a minimum of 5% of their sealed roading network annually, which equates to a 20-year resurfacing cycle. This benchmark ensures roads remain waterproof, structurally sound and safe for users. Falling below that threshold increases the risk of pavement failures, costly reactive maintenance and a backlog of deferred renewals. For context, the New Zealand Transport Authority (NZTA) targets 9% annual surfacing on its state highway network.

In the Horizons region, resurfacing performance is mixed as shown in Figure 6 below. Only two councils, Manawatū and Ruapehu, are meeting or exceeding the 5% target.

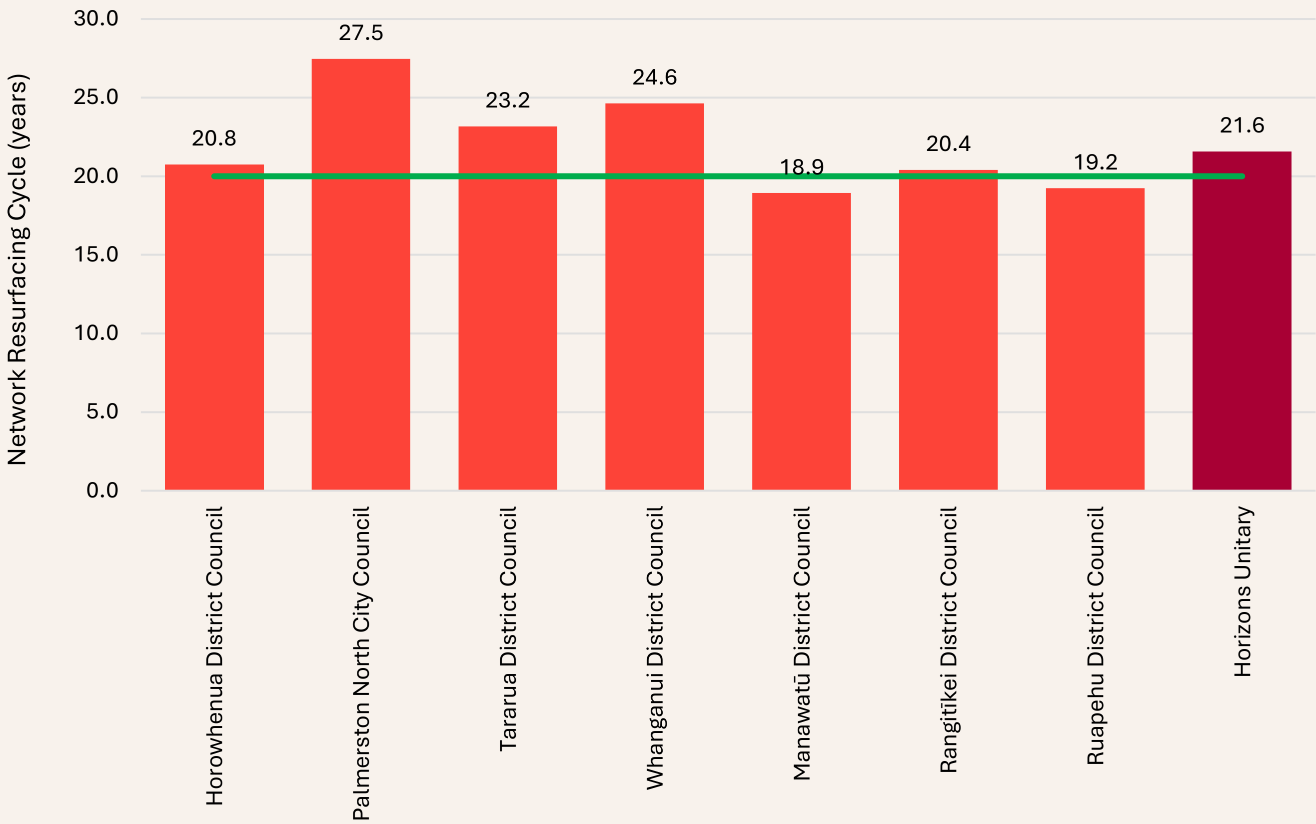


Figure 6 Sealed road resurfacing cycle by Horizons district council area

Regional functions

The Horizons Regional Council has provided some information about regional income (rates) and expenditure by council area.

The total regional rates take is $69.6 million. The largest contribution comes from Palmerston North City Council area which provides almost one third of the total rate income. The Horowhenua, Manawatū and Whanganui Council areas together account for a further 45%. By contrast Rangitīkei, Ruapehu and Tararua contribute smaller shares of the regional rate base.

Contributions are illustrated in Figure 7 below and further detail included in Appendix 1.

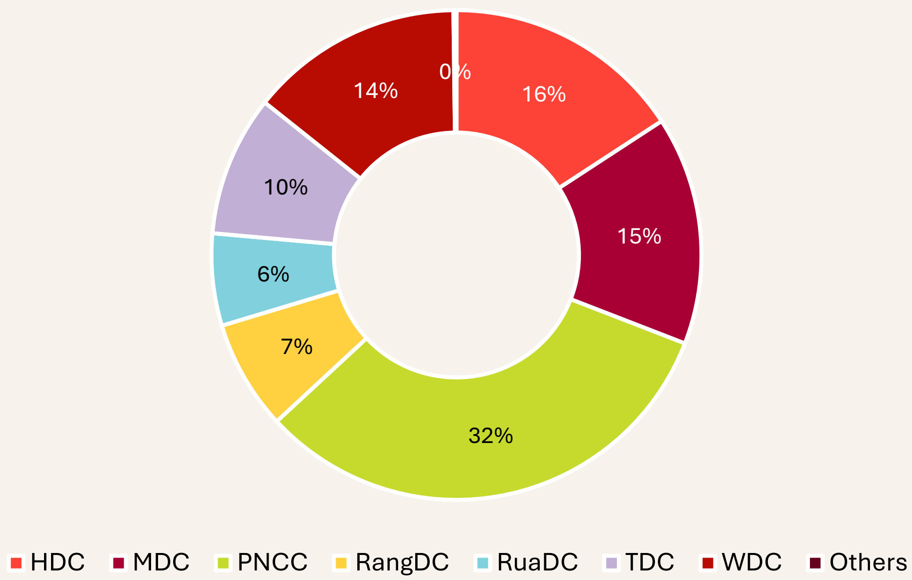


Figure 7 Regional rate income by Horizons district council area (%)

Some information expenditure by Council area was provided by Horizons but it is not a complete data set. The data covers some, but not all of the activities within functions and some but not all functions. We acknowledge that there is some risk in making conclusions from a limited data set but we note that the data appears to represent about 50% of Horizons total expenditure.

The summary table below is drawn from the information provided by Horizons Regional Council with the detail of those services and activities provided in Appendix 1. It is also important to note when looking at a comparison of income (rates) and expenditure by Council area that rates income only represents around 60% of Horizons income.

What the information provided does show is that for these services and functions there is a difference between where the income comes from and where it is spent. More specifically a greater share of the income for these services and functions comes from urban and larger populations, particularly Palmerston North, and the greater expenditure is on districts with larger land, freshwater, biodiversity, biosecurity, and environmental management demands, particularly Tararua, Ruapehu, Rangitīkei, and parts of Manawatū.

Table 1 Summary of income and expenditure by Council area on identified activities

Council area	Summary of income for some services and activities ($000)	Expenditure on the same services and activities ($000)
Horowhenua District Council	9,126	8,711
Manawatū District Council	6,574	9,206
Palmerston North City Council	17,864	5,721
Rangitīkei District Council	3,041	4,291
Ruapehu District Council	2,394	4,275
Tararua District Council	5,330	7,931
Whanganui District Council	7,126	3,821
Others	-	-
Total	**51,455**	**43,956**

Communities of interest

The Horizons region operates as a network of distinct but interconnected communities of interest, rather than a single cohesive regional system. These communities are shaped by where people actually travel for work and education, and reinforced by transport infrastructure, geography, and economic activity. Some of this information is contained in Appendix 2.

The region is characterised by:

- A dominant Palmerston North-centred system
- A separate Whanganui system
- Corridor-based communities connecting key centres
- Transitional zones with overlapping affiliations
- Isolated communities at the regional edges.

On the one hand, the region is anchored by a functional labour market extending out from the city. By contrast Whanganui functions as a parallel system, rather than being fully integrated into the wider regional network.

At the centre of the region is Palmerston North. It is the primary employment, service, and logistics hub extending well beyond its city boundaries. It sits at the intersection of State Highways 1, 2 and 3 and key rail routes, making it a natural distribution point for the lower North Island. It attracts significant daily travel, including around 28% of Manawatū District residents travelling into the city.

Whanganui, however, operates as a largely independent community of interest. Over 99% of travel from Whanganui remains within the district, with only minimal outward movement. Its economic and social activity is locally focused, supported by its coastal setting and strong local service base.

In some areas, communities of interest operate as connected corridors, not discrete districts. Key transport corridors across much of the region shape communities of interest rather than district boundaries. The most important is the north to south SH1 corridor, linking Levin, Foxton, Bulls, and Palmerston North. An example of the corridor behaviours is Horowhenua which has around 85%

internal retention, meaning roughly 1 in 7 residents travel outside the district, both north to Palmerston North and south toward Wellington.

In other areas, there is no single community but overlapping communities. For example, Rangitīkei is a transitional area, with overlapping and competing communities of interest rather than a single dominant centre. Around 79% of movement is internal, with the remainder split across Palmerston North (~8%), Manawatū (~6%) and Whanganui (~5%).

Tararua functions as a boundary community, connected in multiple directions. It has 90% internal retention, but outward flows spread across multiple regions (including Hawke's Bay and Wairarapa).

At the northern and inland edges of the region, connectivity drops significantly. Ruapehu operates as a self-contained community of interest, with limited day-to-day interaction with the rest of the region, combined with large distance and low population density.

These patterns are reinforced by the region's underlying structure:

- A strong primary sector base (agriculture and forestry) across rural areas
- Concentration of manufacturing, services, and logistics around Palmerston North
- A growing role as a freight and distribution hub, supported by central location and transport networks.

Purpose and scope of regional study

Scope

In response to the Head Start Pathway announcement, the Horizons Mayoral Forum commissioned a regional study to develop a picture of what a Horizons Unitary Council would look like, understand the benefits and challenges of that option and how a Horizons Unitary Council aligns to the Government criteria for Head Start outline proposals.

The report is not intended to be for decision making and so does not compare this option to the status quo or make conclusions as to whether a Horizons Unitary Council is a better structure for local government in the region. Rather it is for information purposes only and primarily to provide a regionally consistent 'version' of the Horizons Unitary so that each council can consider the strengths and weaknesses of it as an option as part of their own Head Start considerations.

High-level assessment

The assessment is high level, relying on existing data and publicly available information of which there are some gaps. It reflects a level of detail appropriate to an indicative options review under the Head Start pathway. It should be seen as indicative rather than definitive. For example, it does not include:

- Detailed organisational design
- Full financial modelling
- Implementation planning
- Some conclusions are dependent on assumptions and Morrison Low Advisory's professional judgement about future design choices. Where these are made, we have been clear to explain those and the basis of them.

Individual council processes

The Horizons regional study was intended to create a process that specifically provides space for Councils to undertake their own individual process and make their own decisions about their options, including but not limited to, a Horizons Unitary Regional Council in alignment with the regional process.

Assessment

The five Head Start criteria have been specified by the Government. These are:

- Support for the new planning system
- Simplification of local governance
- Economies of scale
- Maintenance of local voice, and
- Deliverability.

Taken together, these priorities and criteria provide the evaluative lens through which the proposed restructuring options for the Horizons region are examined in the analysis that follows.

Analytical lens

This approach uses available data and evidence to examine the extent to which the option supports effective planning, coherent communities of interest, functional economic relationships, and credible governance arrangements. The findings can then be mapped back to the Government's five assessment criteria.

The study assesses the option through four analytical lenses:

- Environmental and place-based factors
- Community and connection factors
- Economic and functional coherence, and
- Governability and implementation.

Together, these lenses test a common question:

> *Whether the areas grouped within the option form a coherent and workable governance unit.*

The analysis is then presented back using the five criteria for simplicity of presentation.

Summary of assessment against Government criteria

Our summary of the assessment of the Horizons Unitary Council against the five Head Start criteria is set out below. The rationale for our assessment is set out in the following table with explanation in the following five sections.

Table 2 Government Head Start assessment criteria

Criteria	Details	High level assessment
1. Supports the new planning system	It will help councils deliver the new planning system It avoids disrupting important work like spatial planning, environmental planning, and infrastructure delivery	
2. Simpler local governance	It reduces duplication and complexity It improves how decisions are made across the region	
3. Economies of scale	It enables more efficient delivery of services It supports better infrastructure planning and investment It enables effective delivery of key functions like transport, catchment management	
4. Maintains a strong local voice	Communities continue to be represented fairly Local decision making is preserved where it matters Urban and rural interests are balanced	
5. Deliverability	The proposal is realistic and can be implemented in a timely way It can be in place by, or soon after, the 2028 local elections	

Support for the new planning system

New Zealand is heading into a new planning age, where the Resource Management Act is being replaced by a planning framework comprising:

- The Planning Bill, which governs where and how growth occurs, covering housing, infrastructure, transport corridors, and long-term land use.
- The Natural Environment Bill, which establishes and manages environmental limits for water quality, freshwater allocation, and flood management.

A central intent of the reform is to move away from fragmented district and regional plans toward a consolidated regional planning approach. This would replace multiple local plans with a smaller set of regionally integrated plans, supported by long-term spatial strategies.

Each region must produce a Regional Spatial Plan (RSP), which describes the 30-year regional strategic direction for growth and development. This plan identifies areas for urban growth, strategic infrastructure investment, and environmental protection, bringing together land use, cultural considerations and environmental limits at a strategic level. All other plans must give effect to the RSP, including the Land Use Plan and the Natural Environment Plan.

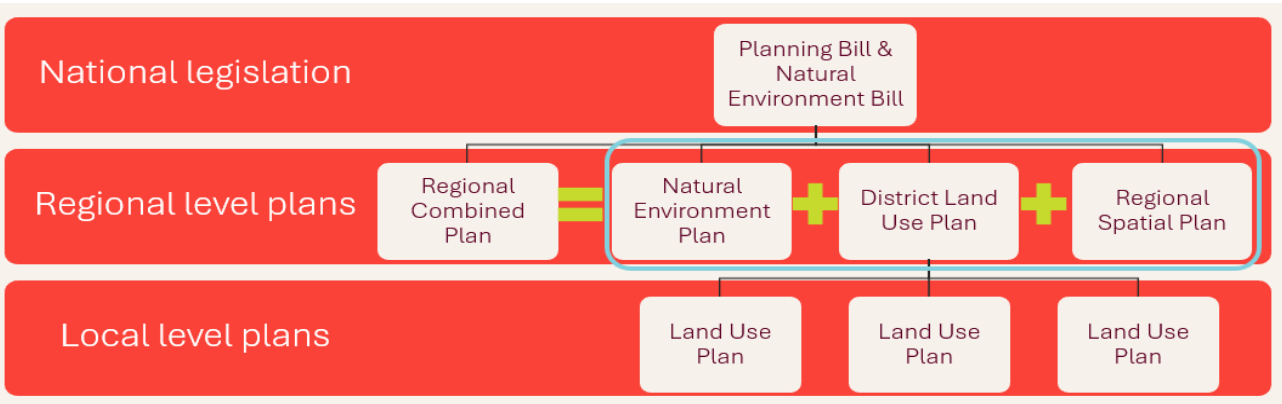


Figure 8 New planning framework

Of all the factors considered in this analysis, the physical environment is the least flexible. Mountains, rivers, and catchments do not move, and existing regional council boundaries have largely been drawn around these natural systems.

While it is possible to work across catchment boundaries, doing so introduces additional complexity.

This move towards planning at the regional level places considerable emphasis on having governance arrangements that work for natural systems, not merely administrative ones. The key test for any restructuring option is whether a single authority can plan land use, strategic infrastructure, and environmental effects together within coherent natural systems. In practical terms, examples of this include asking whether the same council issuing discharge consents is also responsible for water quality downstream; whether water allocation decisions account for all users along a river; and whether a flood mitigation project in one area considers its impacts on neighbouring properties beyond the council's jurisdiction. Actions in one part of a catchment can have unintended consequences downstream - a function currently managed end-to-end by regional councils. Splitting that responsibility raises a fundamental question about how integrated river and catchment management would be maintained under a new governance structure.

Catchment management: Does the option keep catchments intact, making it easier to manage water quality, freshwater allocation, flooding, and environmental limits?

Management of environmental limits: Does the option support management of land use, environmental limits and infrastructure provision?

Settlement and infrastructure: Does the option support more effective and/or efficient planning of transport corridors, strategic infrastructure servicing, based on where people actually live and work?

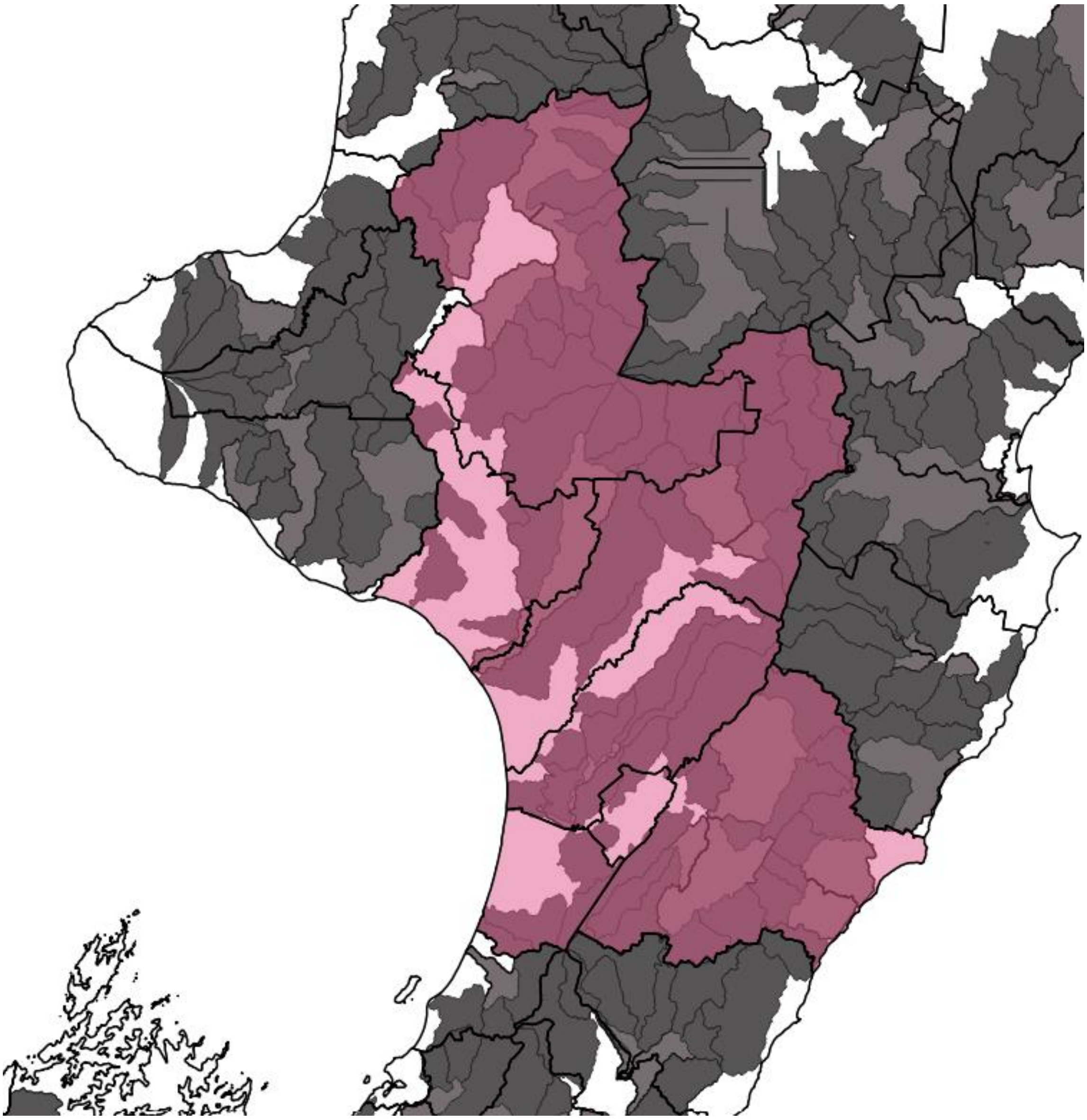


Figure 9 All Horizons councils against catchments

Relationship to the planning system

This is a strong option from a planning perspective because it keeps catchments largely intact, supports developing a single Regional Combined Plan, without the need for additional Land Use Plans at the local level, and is the best fit with the intent of the new planning system. It allows land use, environmental limits, and infrastructure planning to sit within one regional framework, reducing fragmented accountability.

Table 3 Horizons unitary authority alignment to planning system

Pros	Cons
Keeps catchments largely intact	The new authority would still need to manage very different sub catchments and place-based issues
Strongest basis for managing water quality, flooding, and environmental limits	Scale may reduce focus on local catchment specific issues unless governance and structure are designed well
Enables a single Regional Combined Plan linking land use, environmental limits, and infrastructure	Integration is easier institutionally, but not automatically simple in practice
Supports coherent long-term infrastructure and corridor planning at regional scale	
Best fit with new planning system intent	

Mana whenua relationships and rohe

Iwi alignment is treated cautiously, but the summary assessment shows the combined Horizons' regional model as the strongest overall result under the environment and place based lens. It is marked green because it aligns best with catchments and supports a fully integrated planning approach.

Assessment

A good option for integrated planning but will require the Horizons Unitary Council to manage the internal variations that come from such a large area well in order to be effective. Overall, this is a strong model that aligns well with the national systems and allows one Regional Combined Plan to be developed without requiring high levels of coordination between neighbouring councils.

Simpler local governance

The Head Start Pathway criteria assumes that the creation of larger unitary councils will lead to simpler local governance based on reducing the number of councils, councillors and elected representatives (including community board members).

Larger unitary councils will lead to simpler local governance due to the streamlining of responsibilities and reducing duplication. With one council managing local services delivery and environmental management, the Government expectation is a reduction in cost and complexity for communities to access services.

At its most basic level, a single unitary council for Horizons should be expected to satisfy this criterion as it is the outcome sought by the Government.

A move to a single unitary council across the Horizons region would simplify aspects of governance, particularly at the strategic and system level. However, this simplification is not absolute, particularly in light of the potential need to introduce local governance mechanisms to maintain representation.

Reduction in duplication

There is a clear opportunity to reduce duplication in planning and organisational functions.

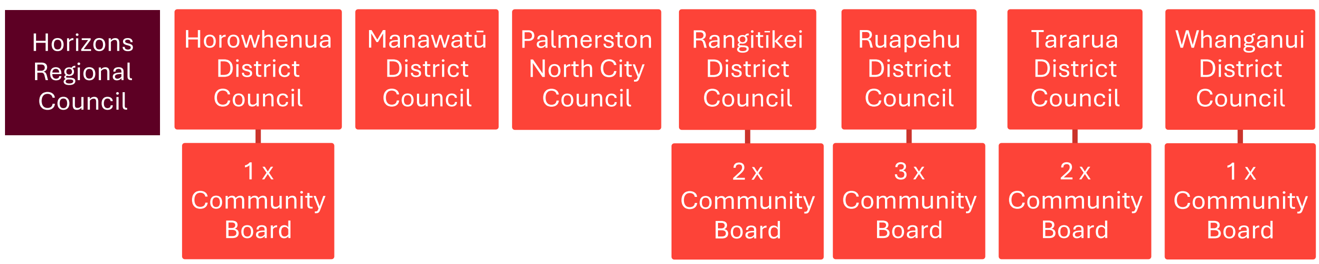
The two new resource management system bills reinforce the requirement for regional-scale planning. Under the current structure, this necessitates regional plan processes alongside multiple district-level planning functions, with ongoing coordination required between organisations. A single unitary council would consolidate these activities into one integrated planning function, removing the need to align regional and district planning instruments across separate entities.

Duplication would also be reduced in corporate and governance functions. At present, each council maintains its own executive leadership, governance support, and organisational planning and reporting processes. Consolidation would remove this repetition, resulting in a more streamlined organisational structure.

Removal or addition of governance layers

The most significant change is the removal of the regional–territorial split. This eliminates a formal layer of governance and, importantly, removes the need for coordination between regional and district councils. Strategic decision-making would sit within a single governing body.

However, to maintain local representation and responsiveness, it is likely that local boards or similar structures would be introduced. These do not currently exist across most of the region and would represent an additional formal layer within the overall governance system.



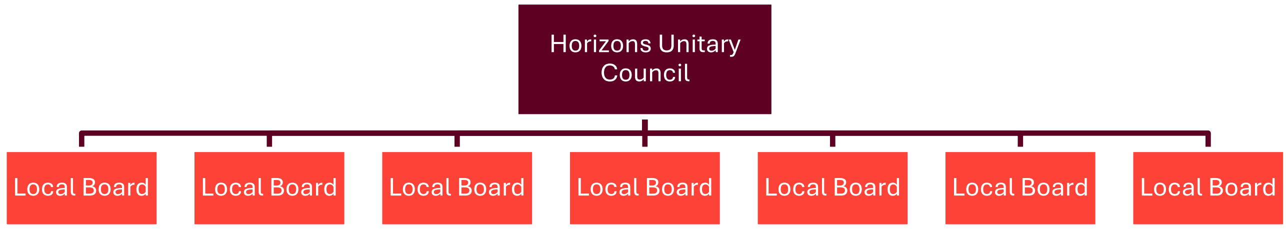


Figure 10 Changing local governance for Horizons[1]

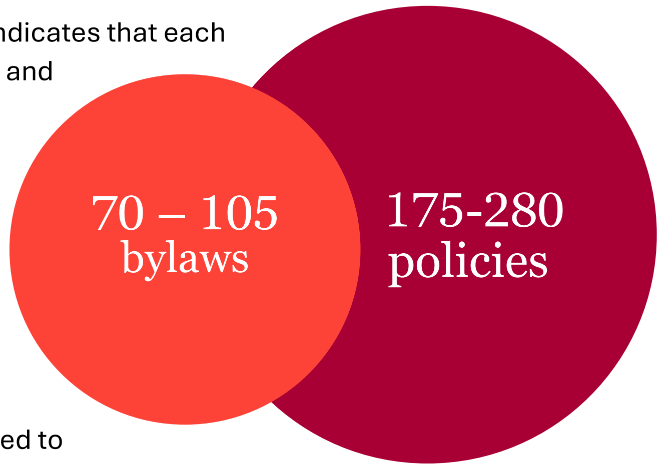
Removal of duplication

A single unitary council would consolidate core statutory and corporate planning documents, replacing seven separate Long-Term Plans, Annual Plans, Annual Reports, and associated asset management plans with one integrated set of documents for the entire region. While the statutory requirements under the Local Government Act would remain, duplication across councils in areas such as financial strategy, infrastructure planning, and performance reporting would be removed.

Asset management planning in particular would shift from multiple council-specific approaches to a single, consistent regional framework, enabling more coordinated investment decisions and clearer prioritisation. The result is fewer parallel processes and documents, and a more streamlined, coherent planning and reporting cycle.

Across the seven territorial authorities in the Horizons region, there are currently several hundred individual policy and regulatory instruments in force.

A review of publicly available council document libraries indicates that each council typically maintains in the order of 25 to 40 policies and 10 to 15 bylaws, equating to approximately 175 to 280 policies, and 70 to 105 bylaws across the region.



A move to a single unitary council would not remove the need for these instruments but would enable significant consolidation. Bylaws, which are relatively standardised across councils, could likely be reduced to a smaller set of region-wide instruments. Policies would also be rationalised over time, reducing duplication and inconsistency, although many would continue to be required to meet statutory and operational obligations.

Clarity of roles and responsibilities

At a system level, a unitary model provides a clearer allocation of roles.

Responsibilities for environmental management, land use planning, infrastructure, and community services would be brought together within a single organisation. This reduces the ambiguity that can arise under the current structure, where responsibilities are split or interdependent across regional and territorial councils. The change is particularly relevant under the new planning framework, which places greater emphasis on integrated, regionally aligned outcomes.

[1] Note also that Manawatū have 16 Community Committees

Ease of understanding for communities

From a community perspective, a unitary model improves clarity at a high level, while introducing some additional complexity at the local level.

The primary benefit is that there is one organisation responsible for the full range of council functions. This provides a clearer line of accountability and removes the current distinction between regional and district roles, which is not always well understood by the public.

At the same time, the introduction of local boards or similar bodies may require communities to understand a new distinction between decisions made by the governing body and those made locally. While this is different from the current system, it does not necessarily make it more complex overall, provided roles are clearly defined and communicated.

Assessment

This option performs well against the simpler local governance criterion. A single unitary council removes the current split between regional and territorial functions, reduces duplication across planning, governance, and corporate activities, and creates a clearer line of accountability across the region. While some local governance mechanisms may still be needed to maintain representation and responsiveness, these do not outweigh the overall simplification achieved through bringing responsibilities together within one organisation. Overall, this option represents a streamlined and coherent governance model.

Economies of scale

The Head Start Pathway criteria assumes that the creation of larger unitary councils will lead to economies of scale based on removing duplication and the regional delivery of local government services, activities and functions.

At its most basic level, a single unitary council for Horizons should be expected to satisfy this criterion as it is the outcome sought by the Government. At this stage our approach to assessing whether the Horizons unitary council can deliver efficiencies is to use a benchmarking approach that considers the existing data sets in New Zealand about council services and their costs (Unitary, Regional and Territorial Authority). We have then looked at where the councils in Horizons sit in comparison to those benchmarks individually and collectively.

This allows us to draw an initial conclusion as to potential efficiencies and economies of scale that may be available if a Horizons unitary council was formed.

Approach and methodology

The methodology to estimate a unitary authority cost base for the Horizons' councils, at a high level, involved:

- Identifying a range of potential cost drivers that are readily available from public information.
- Comparing against cost categories from Statistics New Zealand Local Authority Financial Statistics for the 2024/25 year to identify trends and potential relationships between cost and scale.
- Separating Territorial Authority (TA) functions and regional council functions and analysing these independently.
- Excluding interest and depreciation costs – these are inherited upon amalgamation and therefore would be the simple sum of the parts. There may be minor adjustments to these over time as estimated lives for assets are aligned across the new council area, or if the combined entity is able to attract a lower borrowing cost.
- We then compared the results of our benchmarking model against actual costs to determine fit. This gave us some confidence that our approach was appropriate within the Horizons context and that where our approach differed from actual costs, actual costs were typically lower than those produced by our model.

Is there a relationship between cost and scale?

To answer this question, we completed an analysis of the Local Authority Financial Statistics data collected by Statistics New Zealand. This was used because:

- It has a consistent grouping of activities[2]
- It is a publicly available national, data set
- It has been compiled by a reputable organisation.

We compared this to a range of potential cost drivers that were selected because:

- They were publicly available
- We considered that they may be relevant to the underlying cost structure of one or more of the activities carried out by territorial authorities and regional councils.

[2] A detailed definition of activities used by Statistics New Zealand can be provided.

We analysed this data to identify any relationship between our set of potential cost drivers and the actual costs incurred for each activity in the national dataset. Regression analysis was completed to determine whether any findings were statistically significant.

Overall, however, we found that 10 of the 13 activities that we examined had a statistically significant relationship between cost and scale with at least a moderate correlation between the two.

Table 4 Activities that have a relationship between scale and total cost

Activity	Cost driver
Environmental protection	Urban Land Area
Planning and regulation (regional councils)	Number of consents
Roading	Population
Solid waste/refuse	Population
Culture	Urban Population
Recreation and sport	Urban Population
Property	Infrastructure asset value
Planning and regulation (territorial authorities)	Consents
Community development	Urban Population
Economic development	Urban Population

Table 5 Activities that have no significant relationship between scale and total cost

Activity	Alternative approach
Governance	Compared to existing costs with allowance to reduce duplication
Emergency management	Sum of existing costs from each council
All other activities	Sum of existing councils, adjusted for observed efficiencies across benchmarked costs when compared to actual results

The analysis found that across all the activities considered, costs increase linearly with scale, each with a fixed and variable component.

- The variable component reflects how much a cost increases for each additional person (or other cost driver)
- The fixed component represents the minimum or “base” cost, regardless of the number of people.

When scale increases, the fixed cost is spread over more people, while the variable costs increase by a consistent amount.

This means that as population grows there are diminishing benefits of scale. While each new head of population adds some cost, it also funds a share of the base cost.

To test the validity of our approach, we compared the results of our benchmarking approach with actual costs of councils. The results of this are shown in the chart below. It shows that in most cases with Horizons the benchmarked costs are consistent with or exceed actual costs. Note that the chart shows actual costs and is not per head of population so a larger council serving a larger population should be expected to have higher costs.

This indicates that our benchmarking, while not a perfect fit for the individual councils in Horizons, is a reasonable fit at the combined level, producing, if anything, costs that may be conservatively overstated.

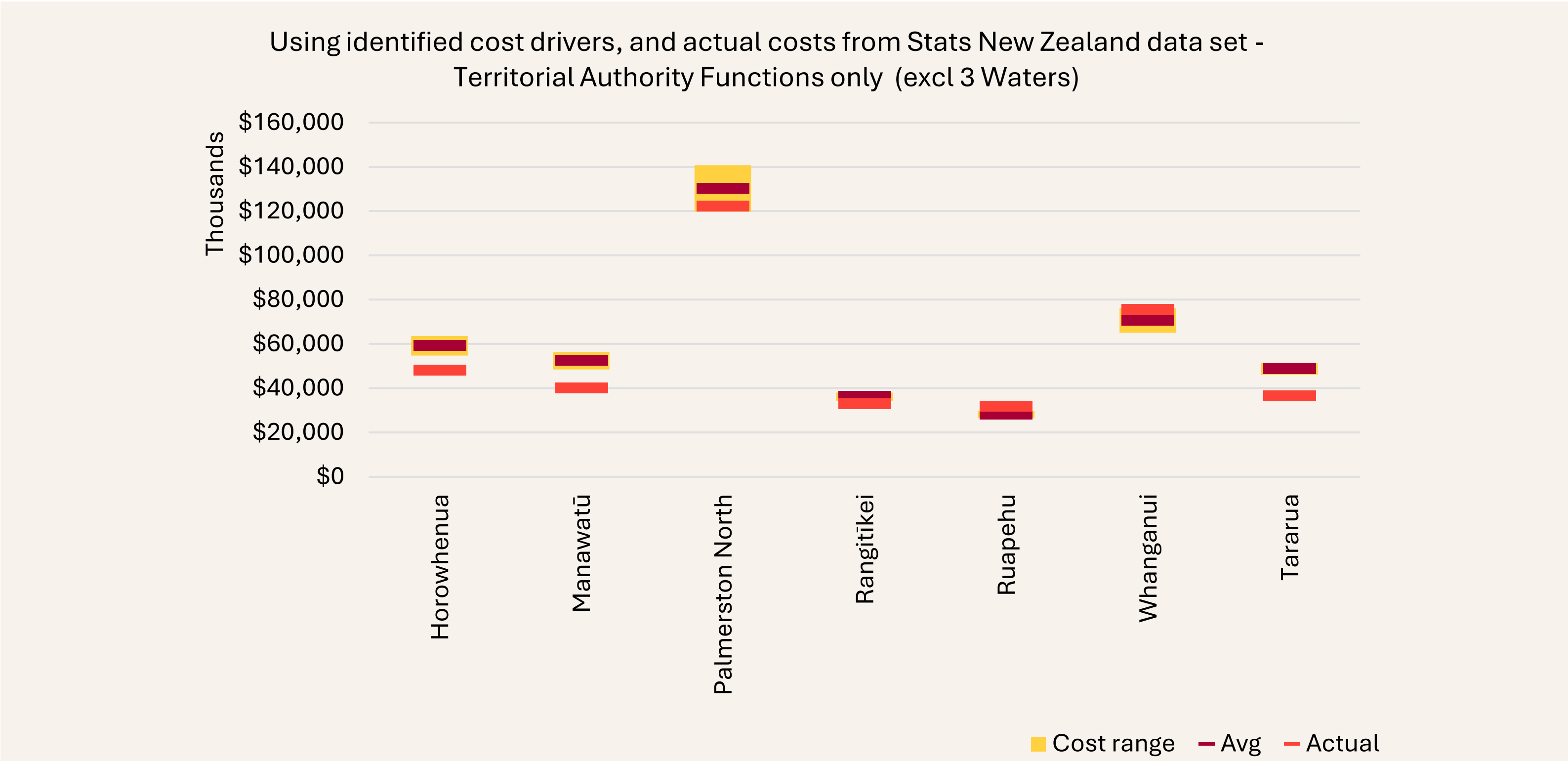


Figure 11 Comparison of calculated costs

What could a Horizons' unitary authority cost?

Based on our benchmarking analysis, we consider that the total costs for a Horizons unitary are unlikely to be as high as the combination of the existing costs of each council and the Horizons Regional Council costs.

In our view, the data presented demonstrates that our benchmarking results in a conservative estimate of future potential costs for a Horizons unitary authority, because:

- Benchmarked costs for the existing territorial authorities in Horizons are broadly consistent with the actual observed costs for those same councils.
- When compared to existing unitary authorities, benchmarked costs are typically close to, or higher than, actual observed costs for the same councils.

The chart below shows that based on our benchmarking analysis the total costs for operating a Horizons unitary council could be between 14% lower and 1% higher than the combined costs of the six councils plus Horizons operating costs. That assessment excludes any allowance for efficiencies generated by the specific merger of these seven councils into a single entity but inherent in the benchmarking is scale efficiencies which creates the opportunity for the Horizons cost to be lower than the combined cost.

The total revenue take with Horizons would only need to increase by 4% under the most optimistic scenario if depreciation was to be fully funded. If costs are instead at the upper end of our benchmarked cost range, total revenue would need to increase by 20%. In dollar terms, that equates to between $175 – $900 per rateable property in the region.

Figure 12 Benchmarked costs for a Horizons Unitary Council to rates take

We also note that the data shows that the councils are not currently fully funding depreciation.

Assessment

A Horizons unitary authority is likely to deliver some economies of scale, particularly through reducing duplication in governance, planning, and corporate functions, but the likely gains appear moderate rather than transformational. The evidence suggests scale would improve efficiency in some areas and support more coordinated regional delivery, but a fuller view of savings would still depend on detailed decisions about staffing, office locations, and future service design.

Maintains strong local voice

The Government's Head Start programme includes maintaining local voice as a core assessment criterion. For consideration of a Horizons unitary model, this means considering how the governance would preserve community identity, provide fair and effective representation, and remain practical to operate. Defined communities of interest necessitate understanding how people identify with place, how they use services, and whether the proposed structure would allow different communities to be represented fairly and effectively.

- The functional dimension focuses on service catchments, travel patterns, employment, shopping, and other day to day interactions.
- The perceptual dimension: residents value local identity and belonging.
- The political dimension: whether a council can represent diverse interests, reconcile tensions, and retain public confidence.

A future representation model design would need to decide:

- Whether members are elected at large, by wards, or through a mixed model.
- The total number of councillors and how they are distributed across the area.
- Whether community boards, local boards, or another sub local structure are needed to preserve local voice.
- How Māori wards would be treated as part of the overall design, rather than added later.

In general, a large representation suits places with a strong shared identity and compact geography, wards suit places with distinct communities of interest, and a mixed model can help balance region wide leadership with local representation.

The model should support access between residents and elected members, avoid splitting recognisable communities without good reason, and use boundaries that are logical and defensible. Population equity remains important, but it is not the only consideration.

Any representation model needs to explicitly resolve:

- Regional efficiency versus local identity
- Population equality versus community integrity
- Scale versus accessibility
- Technical compliance versus community acceptance.

Table 6 Comparing current representation with regional average

	Population	Elected councillors	Number of Wards (including Māori Wards)	Electors per councillor	Has Community Boards
Horizons Regional (Current)	221,480	14	2	18,468	Yes
Horizons unitary council	221,480	11 (average)	3 (average)	20,134	Yes (Excl. PNCC and MDC)
Wellington City Council	210,850	15	6	14,557	Yes

What are the options to address loss of local voice?

There are two types of sub-local governance; community boards and local boards. The key difference is that community boards are used across most of New Zealand and local boards are available to unitary authorities and used only in Auckland Council currently. This is summarised in the table below. A territorial authority that assumes the responsibilities and powers of a regional council becomes a unitary authority. There are 110 community boards around the country and 21 local boards in Auckland.

Table 7 Community boards and local boards

Dimension	Community boards	Local boards (Auckland model)
Legal basis	Local Government Act 2002, Part 4, Subpart 2	Local Government Act 2002 (Part 4, Subpart 1A) + Local Government (Auckland Council) Act 2009
Status in governance	Subordinate to council	Part of formal governance structure (shared governance)
Core purpose	Representation, advocacy, local input	Enable democratic decision-making at local level
Strategic role	Limited, advisory	Recognised role in shaping local priorities and outcomes
Decision-making powers	Only what is delegated by council	Statutory decision-making responsibilities + delegated powers
Durability of powers	Delegations can be changed or removed at any time	More stable – embedded in governance model
Budget control	May be given a delegated budget (revocable)	Allocated local board budgets as part of council planning framework
Ability to influence LTP / plans	Provides submissions and advice only	Has formal input rights into regional strategies and plans
Service delivery responsibility	None	Decide on local services, delivery by council staff / CCOs
Revenue raising	None	Not directly, but can influence targeted rates and budgets
Asset ownership / control	None	Not directly, but can influence local asset use
Staff / contracting authority	None	None directly (via council systems)

Ultimately the key issue for councils creating unitary authorities to consider when weighing up community or local boards is:

- Do they want a formal structure for local input (community board model), or
- Do they want local decision-making authority (local board model), or
- Do they want a combination of both community boards and local boards to fulfil different communities' needs?

Delegation to local bodies

In order to help address loss of local voice and better represent communities of interest the model assumes that there would be local boards or something similar to that rather than community boards. We have therefore used the term local bodies to represent this tier of governance. The key difference between these and community boards is that they draw their role and authority from legislation rather than from council delegation.

The figure below represents a spectrum of options for how much authority could be devolved to local bodies, framed as a continuum between two contrasting models.

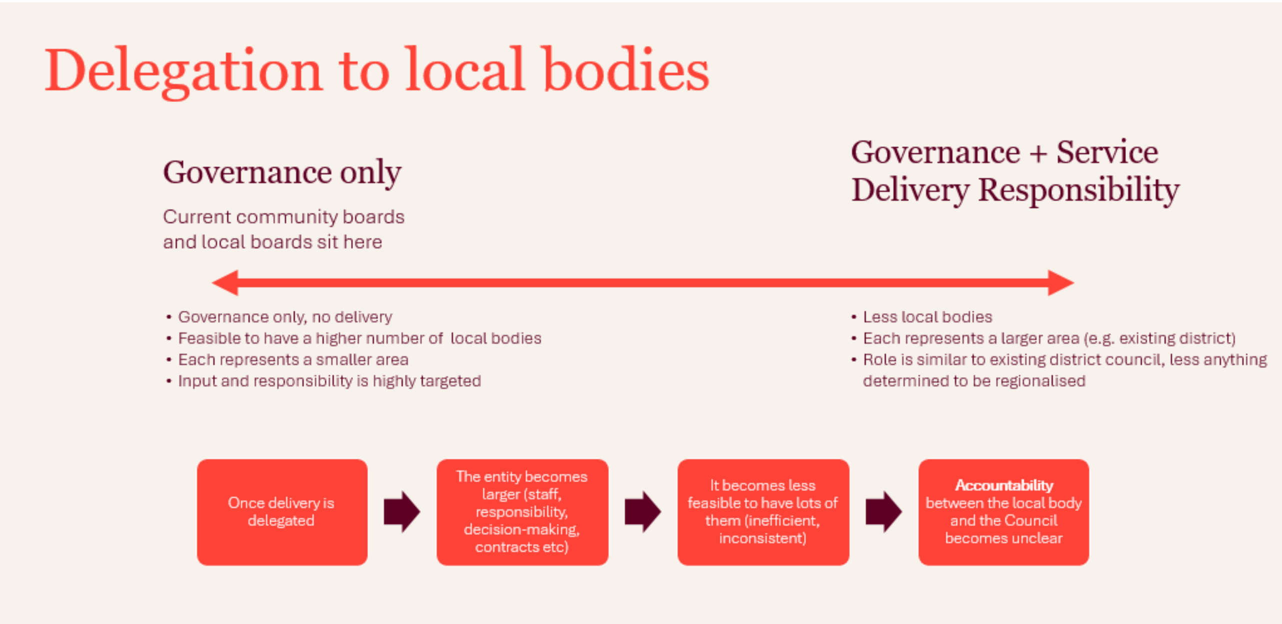


Figure 13 Spectrum of options for local body delegation

At one end sits a "governance only" model, where local bodies hold a governance role with no service delivery responsibility. This is the position currently occupied by community boards and local boards. This approach makes it feasible to have a larger number of local bodies, each covering a smaller area, with highly targeted input and responsibility.

At the other end is a "governance plus service delivery responsibility" model, in which local bodies take on both governance and delivery functions. This implies fewer local bodies, each spanning a larger area such as an existing district, with a role similar to today's district councils, less anything determined to be regionalised. The central trade-off is therefore one of granularity versus scope: many small bodies with narrow, targeted remits, against fewer larger bodies carrying broader operational responsibility - with the status quo positioned firmly at the governance-only end.

We are aware that other models that fit into the latter (right side of figure) above may be being developed but this model of the Horizons Regional Council is based on local boards (or similar) and includes delegation of governance to local boards/bodies but not delegation of service delivery.

Local representation

As an example of potential representation solely for the purposes of this report, we have analysed travel patterns at a detailed level and identified the major functional systems within the region. While exact boundaries are not always clear cut, the overall patterns are strong and consistent and provide a robust basis for thinking about representation and local governance.

The structures presented here are potential options intended to demonstrate how communities of interest could be reflected in a governance model, solely for the purposes of this study. They are not definitive, and any final arrangements would require further detailed analysis, engagement, and formal decision-making through the appropriate statutory processes.

Potential wards

The examples shown are based on using identifiable communities of interest within Horizons and based on seeking a fair representation rather than requiring each Local Body representing the same population basis.

Ward design approach

We have aligned ward boundaries with the strongest functional systems in the region, particularly Palmerston North and Whanganui, where travel patterns show clear and consistent communities of interest. In areas where these connections are strong and unambiguous, the ward structure reflects that directly. In contrast, where the data shows more complex or overlapping patterns, such as in Rangitīkei and Tararua, we have prioritised maintaining recognisable and existing communities to ensure clarity and stability. This results in a structure that reflects how the region actually operates, while remaining practical and workable from a governance perspective.

Table 8 Ward boundaries based on functional systems

Ward	Rationale	Supporting evidence
Palmerston North (Urban Core)	Clearly defined urban system with strong internal cohesion and regional service role. Functions as the primary employment, education, and logistics hub.	Very high internal movement within the city; significant inbound commuting from surrounding areas, including ~28% of Manawatū residents travelling into Palmerston North.
Manawatū / PN Hinterland	Strongly integrated with Palmerston North, forming a single functional labour market. Represents the commuter catchment of the regional hub.	High outward flows to Palmerston North, including ~28% of Manawatū residents commuting into the city; short-distance, high-frequency travel patterns linking Feilding and surrounding areas to Palmerston North.
Whanganui	Distinct, self-contained community with limited integration into the rest of the region. Retains strong local identity and service base.	Over 99% of travel remains within Whanganui, with minimal outward flows, indicating a highly independent system.

Ward	Rationale	Supporting evidence
Rangitīkei (Transitional Ward)	Mixed and overlapping community of interest with no single dominant centre. Best treated as a whole for clarity and stability.	Only ~79% internal retention, with remaining flows split between Palmerston North (~8%), Manawatū (~6%), and Whanganui (~5%), showing no clear alignment to a single system.
Horowhenua (Corridor Community)	Functions along a north–south corridor rather than as a closed system. Maintains a distinct identity despite external connections.	Around 85% internal retention, with ~15% of residents travelling outside the district, including flows both north to PN (~10%) and south toward Wellington, reflecting corridor-based movement.
Tararua (Edge / Boundary Ward)	Located at the intersection of multiple regions, with dispersed connections rather than a single functional anchor. Best retained as a coherent edge community.	Approximately 90% internal retention, with outward flows distributed across multiple regions (Palmerston North, Hawke's Bay, Wairarapa), demonstrating multi-directional linkages.
Ruapehu (Boundary Ward)	Large, low-density, and geographically separate system with limited connectivity to the rest of the region. Naturally forms a standalone community.	~98–99% internal movement, with negligible flows to other areas (generally <1%), indicating very weak integration with the wider region.

Potential local boards

The proposed local board structure sits beneath the ward framework and is designed to reflect how communities' function at a more local, day-to-day level. While wards provide a clear and stable basis for regional representation, local boards allow for finer-grained decision-making that recognises how people actually organise their lives, including differences between towns, rural areas, growth areas, and transport corridors. In parts of the region where communities are diverse or overlap, such as Rangitīkei or the Horowhenua corridor, local boards enable these variations to be acknowledged without requiring complex or artificial ward boundaries.

Table 9 Potential local boards in a Horizons unitary council

Ward	Boards	Rationale	Supporting Evidence
Palmerston North (PN) - Urban Core	· PN Central / Urban · PN North / Growth Areas · PN South / Established Suburbs	Even within the city there are distinct communities with different growth pressures, infrastructure needs, and service expectations. Boards allow urban vs growth vs established areas to be represented separately.	Strong internal flows within Palmerston North (self-contained system), but internal diversity in housing growth, transport patterns, and service hubs across suburbs. High inbound commuting reinforces Palmerston North as a shared destination but not a uniform local community.
Manawatū / PN - Hinterland	· Feilding / Northern Fringe · Ashhurst / Eastern Fringe · Southern Fringe (Bulls / rural Manawatū)	The wider hinterland functions as part of the Palmerston North labour market, but communities are locally distinct and orient differently into the city. Boards allow alignment to Palmerston North while preserving local identity.	High commuting into Palmerston North (~28% from Manawatū), but SA2 patterns show separate clusters: Feilding (strong Palmerston North link), Ashhurst (distinct geography/eastern access), Bulls (southern corridor link).
Whanganui	· Whanganui Urban · Coastal / Rural · Whanganui	A largely self-contained system, but with a clear distinction between urban service centre and surrounding rural/coastal communities.	~99% internal movement indicates a cohesive system, but spatial separation (urban core vs coastal/rural hinterland) reflects different patterns of service access, transport, and local activity.
Rangitīkei	· South Rangitīkei (Bulls / PN-facing) · Central Rangitīkei (Marton) · West / North Rangitīkei (Whanganui-facing)	This is a transitional area with no single dominant community. Boards allow internal differences to be represented without splitting the ward.	Only ~79% internal retention, with flows split between PN (~8%), Manawatū (~6%), and Whanganui (~5%). SA2 patterns show south aligning to Palmerston North, west to Whanganui, and Marton acting as a small local centre.
Horowhenua	· Levin Urban · Foxton / Coastal · Southern Corridor (Ōhau / boundary areas)	A corridor-based system with different orientations (urban core, coastal communities, and Wellington-facing growth areas). Boards capture these variations.	~85% internal retention with ~15% outward flows. SA2 patterns show Levin as a local hub, coastal areas functioning separately, and southern areas strongly influenced by the Wellington corridor.
Tararua	· Dannevirke Cluster · Pahiatua / Woodville Cluster	Distinct town-based communities with different external connections. Boards reflect these separate local service catchments.	~90% internal retention, but outward flows disperse across Palmerston North, Hawke's Bay, and Wairarapa. SA2 patterns show separate town clusters rather than a single cohesive internal system.
Ruapehu	· Taumarunui / National Park · Ohakune / Raetihi / Waiouru	Large geography with physically separated communities. Boards ensure meaningful local representation despite low population density.	~98–99% internal movement with very weak external flows. SA2 patterns show isolated clusters separated by distance and terrain rather than a single unified community.

Assessment

This option performs weakly against the local voice criterion. While local voice could be partly protected through wards, local boards, and other sub-local arrangements, the scale and diversity of the Horizons region mean representation would be harder to balance than in smaller or more cohesive groupings. The region includes very different communities, large urban and rural contrasts, and several areas with only limited connection to the wider regional system. That makes it harder for a single governing model to reflect local identity, maintain accessibility to elected members, and give communities confidence that their interests would continue to be heard.

Deliverability

Local government and the public sector more broadly have a history of responding to reform and reshaping themselves following Government decisions. In recent times, local government in New Zealand has responded at pace to the removal of water and the creation of Water CCOs with some being stood up on 1 July 2026.

Our interpretation of this criterion is that the Government is looking for confidence that the proposed merger can be delivered and that is demonstrated by a clear implementation plan that recognises what needs to be achieved for day one and what can be delivered after day one and manages the potential risks.

Given that, our view is that any proposal that is submitted should be able to satisfy this criterion. For the purposes of this assessment, we have drawn on our experience with the Auckland amalgamation and Australian council mergers in New South Wales and Queensland which both suggest that mergers or amalgamations are not without challenges.

We have used our experience with these processes to look at the risk factors and consider whether those exist for the Horizons Unitary Authority.

Community resistance

In New Zealand, New South Wales and Queensland there has in the past been strong community concerns about the loss of identity and local decision making from council mergers. Local lobby groups were successful in some cases in stopping mergers, frustrating the operation of the new council or successful in having future governments unwind the merged councils to return to the original councils. Some political parties at the NSW and QLD state government level campaigned on unwinding unpopular mergers and were successful in becoming the incoming government. These governments enabled a demerger process subject to conditions and to date, four in QLD and two in NSW have progressed to implementation and either have or will return to the original councils. In Auckland, similar sentiment reached the point where the Local Government Commission considered two proposals: one to remove North Rodney from Auckland and another to separate Waiheke Island. Both were rejected.

Overall, though, most merged councils did not experience a significant community backlash and after a period of time achieved community acceptance.

Services and service levels

Almost all councils we are aware of faced the challenge of harmonising different service levels between constituent local authorities. New South Wales and Queensland councils typically had few documented service levels for each of the councils that were merged so it was impossible to cost and consider service level changes easily. As a result, much of the pressure for service level changes was from anecdotal arguments about what one community received versus another or through political lobbying.

Whether it was quality and condition of assets like swimming pools or libraries, the frequency and quality of maintenance of parks or roads, or the type and frequency of domestic waste collection services, these were generally equalised to the highest service levels increasing the cost to all ratepayers. Councillors were naturally reluctant to reduce services or decrease service levels and face a community backlash from parts of the community, so the highest service level was adopted.

Time and complexity of implementation

Some elements of the implementation were particularly complex and time consuming to implement. The harmonisation of corporate information systems, account structures and records was a prime example. With a limited number of corporate systems providers and the high cost of systems, some councils delayed integration processes, or when they were undertaken, they took two plus years to implement. Costs in most cases exceeded original budgets.

Staff efficiencies and local staff presence

In New South Wales staff (except general managers and directors) were guaranteed employment for three years but this guarantee aside, councillors were reluctant to reduce the size of the workforce. While there was a decrease in the overall numbers of general managers and directors, those who retained positions were paid more to compensate for larger more complex responsibilities.

In smaller communities the council workforce made up a large portion of the community and sustained community infrastructure such as schools, town commercial centres and community groups. Ward councillors were reluctant to adopt efficiencies that otherwise impacted their community.

Iwi relationships and engagement

The Horizons region includes approximately 35 iwi groups, with around 23 still pre-settlement and at different stages of negotiation with the Crown. This adds complexity not only to deliverability, but also to the ongoing relationship and engagement environment that any future council model would need to operate within. A future unitary arrangement would need to maintain existing relationships with mana whenua, give effect to current statutory and non-statutory arrangements, and remain flexible enough to respond to future settlement outcomes that are not yet finalised.

On the other hand, the Whanganui River Treaty Claim settlement has granted legal personhood on the river. Te Awa Tupua holds the exact same legal rights, powers, duties, and liabilities as a citizen, company, or society.

Iwi relationships matter for deliverability because iwi engagement is not a one-off transition task. It is a continuing part of how councils operate across planning, infrastructure, service delivery, governance, and place-based decision making. In a region with a large number of iwi and hapū relationships, a new model would need to support both effective regional engagement and strong local relationships. That is likely to increase the design challenge, because the governance and operating model would need to be capable of sustaining meaningful engagement across a wide and evolving relationship landscape, while also remaining workable and timely to implement.

Larger councils - more complexity

We noted that larger councils became more complex and were expected to set and adopt higher standards of performance. Councils needed to adopt comprehensive internal processes such as communication, Work Health and Safety and project management as well as other specialist roles to support the larger organisation. Initially some surplus positions were moved into new roles supporting new or larger organisational processes and over time these expanded. We found that within a short period of the merger, Queensland councils experienced an increase in the number of administrative staff positions while the 'outside' staff number remained static.

Overall assessment

The number of councils and the scale of the structural change required make this complex. It would amalgamate all 7 councils across the existing Horizons region into a single unitary authority serving roughly 221,610 people. The connection analysis in Appendix 2 shows wide spreads and the urban and rural split which is on the extreme end. In particular, implementation is high risk. Deliverability is constrained by the lack of consensus as our impression is that some councils and communities do not support the option, making agreement needed to progress it difficult.

Appendix 1 Regional rate income and some spend by council area

Income

The following information was provided by Horizons Regional Council

Regional rate income by Horizons district council area ($)

Council area	Regional rate ($000)
Horowhenua District Council	10,996
Manawatū District Council	10,508
Palmerston North City Council	22,436
Rangitīkei District Council	5,036
Ruapehu District Council	4,234
Tararua District Council	6,465
Whanganui District Council	9,817
Others	137
Total	**62,629**

Expenditure

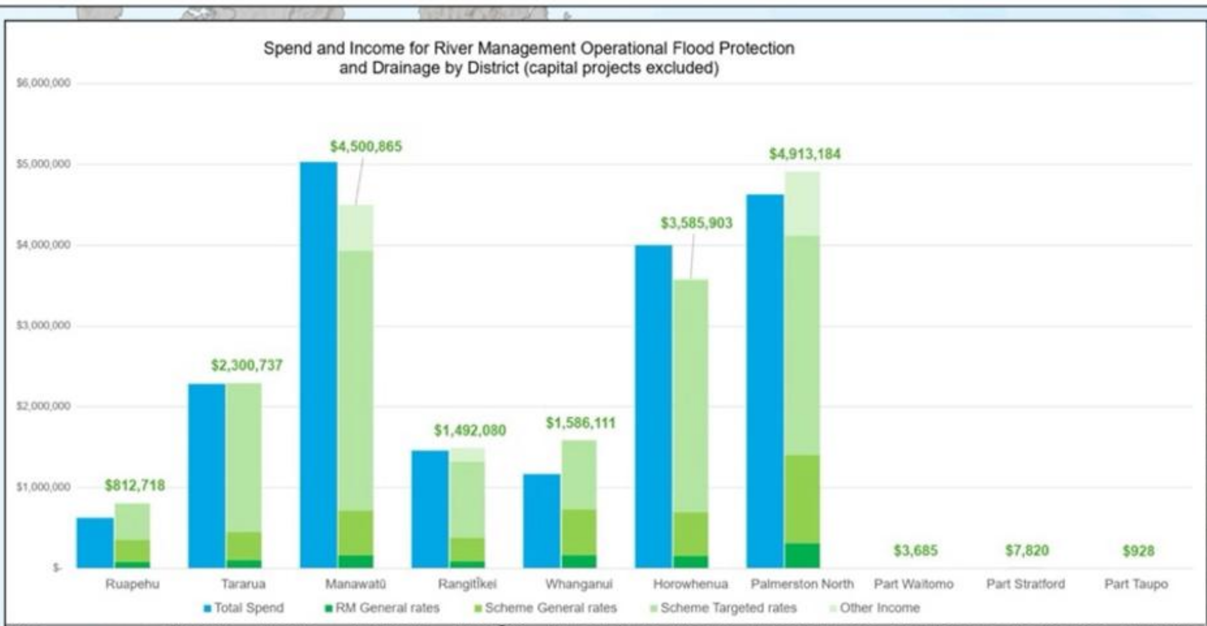
Information was provided by Horizons Regional Council about some discrete activities with the following groups of activities. It covers some, but not all of the activities of Horizons.

- Land Management
- Freshwater and Partnerships
- Biodiversity and Biosecurity
- River Management and Flood Protection
- Science and Environmental Reporting

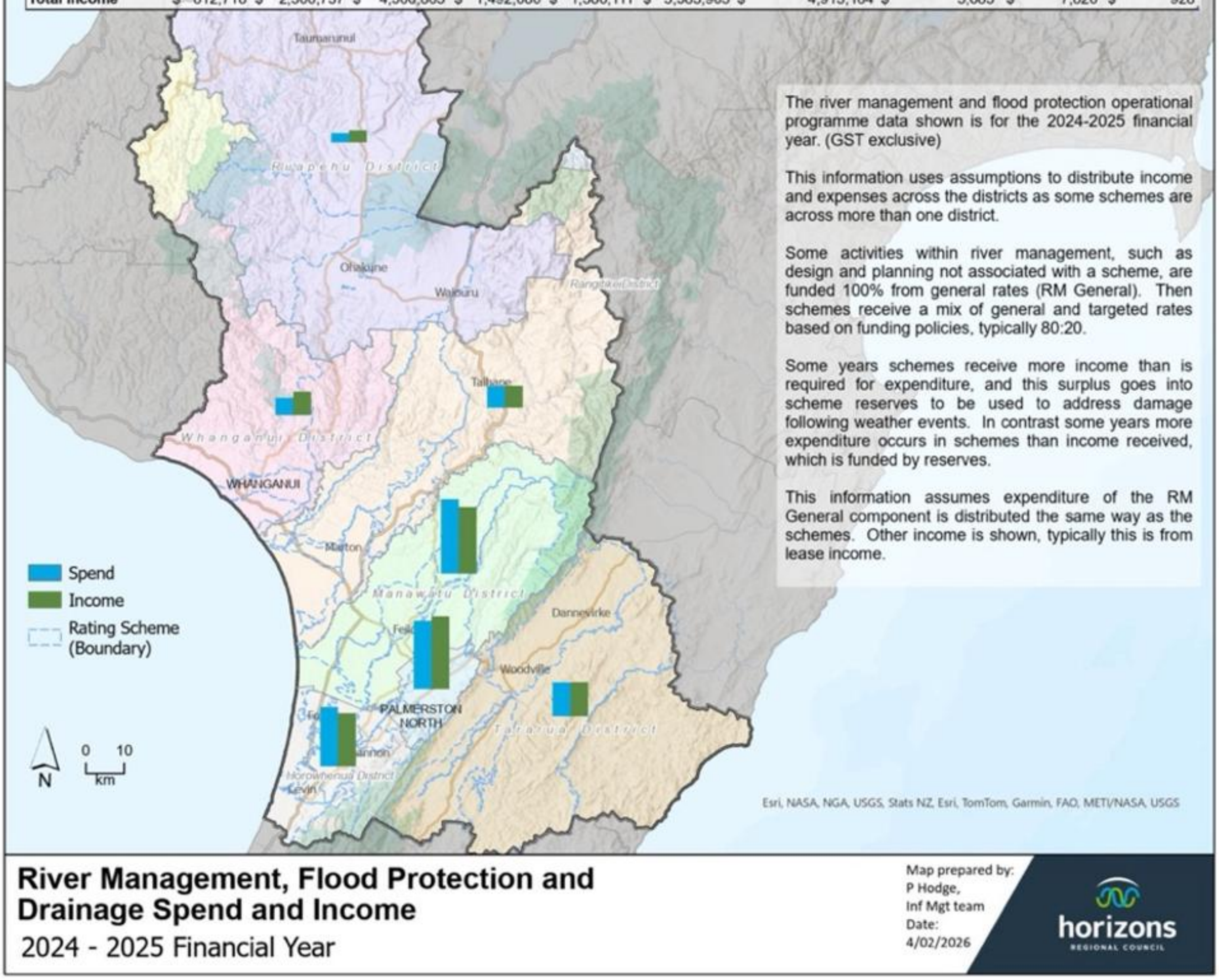
We note that the data provided covers some, but not all, of the activities within these functions and some but not all functions.

The infographics were produced by Horizons with the table that follows drawn from the reporting provided to Morrison Low Advisory. The table provides income from rates within a district and expenditure by council area at a more granular level service and activity level.

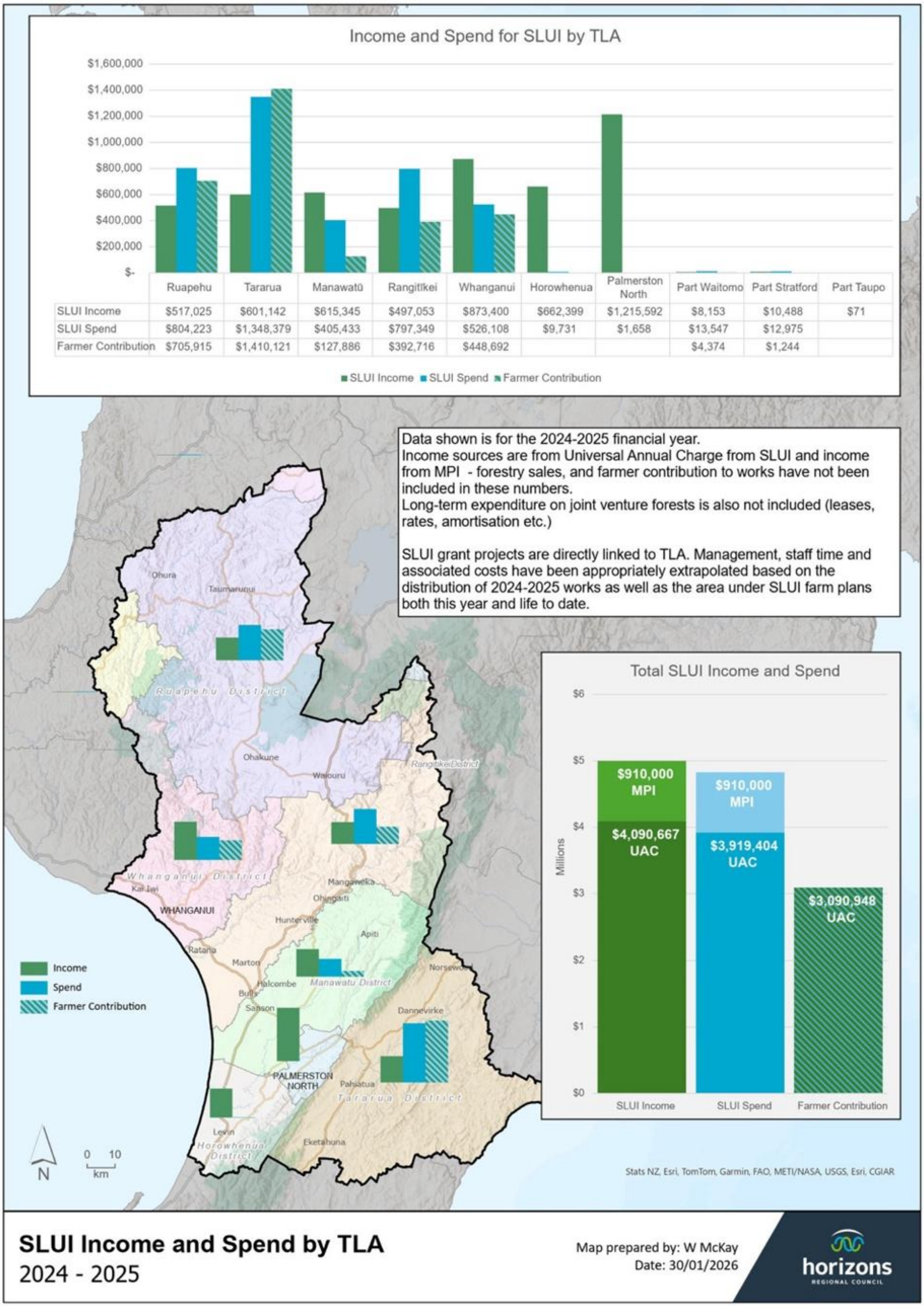
River management



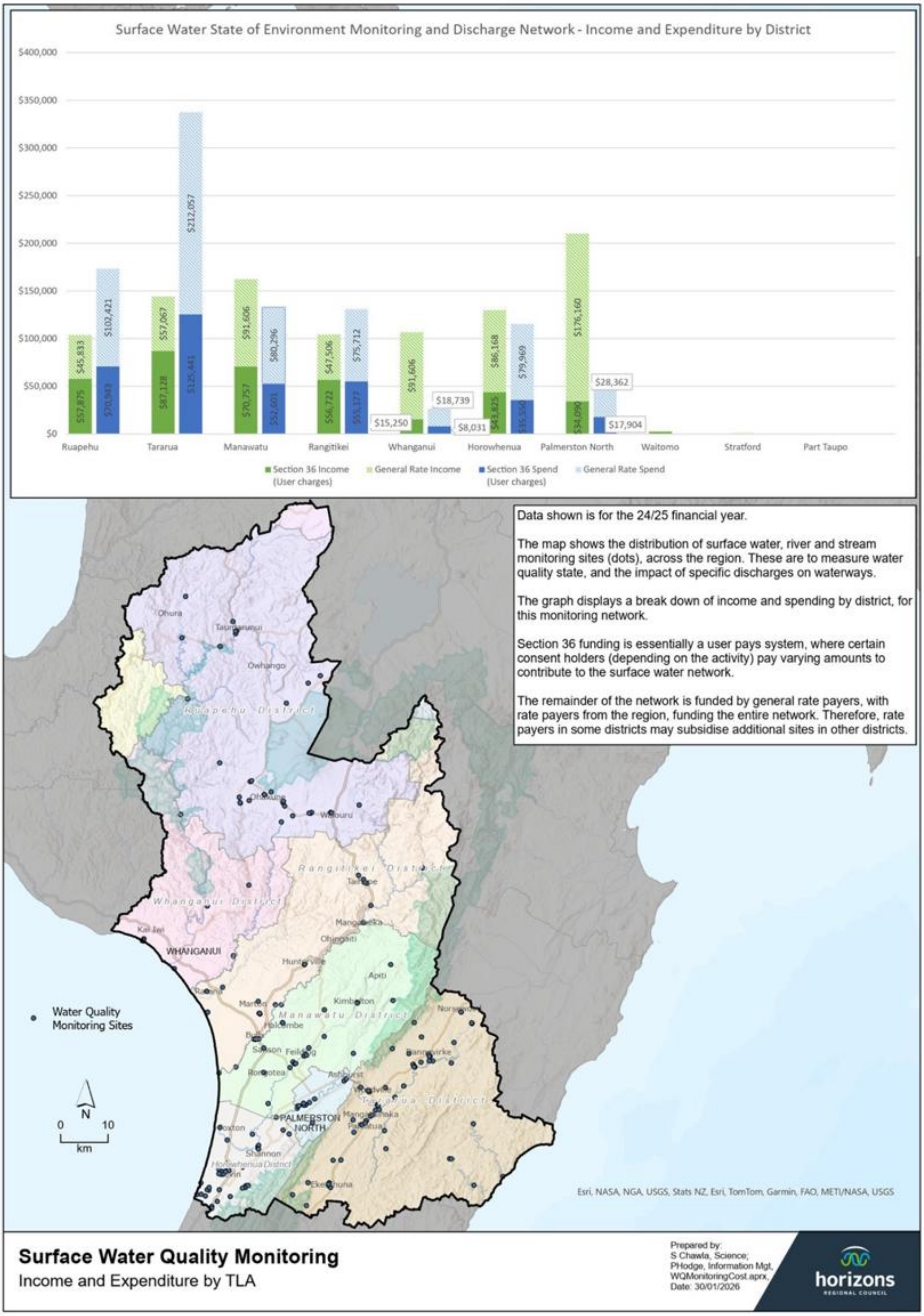
Type	Ruapehu	Tararua	Manawatū	Rangitīkei	Whanganui	Horowhenua	Palmerston North	Part Waitomo	Part Stratford	Part Taupo
Total Spend	$ 625,206	$ 2,284,881	$ 5,032,433	$ 1,460,402	$ 1,169,786	$ 4,001,553	$ 4,628,637	$ -	$ -	$ 1,134
RM General rates	$ 77,791	$ 99,263	$ 157,676	$ 83,274	$ 161,003	$ 152,262	$ 309,396	$ 812	$ 1,724	$ 22
Scheme General rates	$ 275,058	$ 350,982	$ 557,522	$ 294,445	$ 569,286	$ 538,381	$ 1,093,984	$ 2,873	$ 6,096	$ 77
Scheme Targeted rat	$ 450,681	$ 1,839,170	$ 3,216,688	$ 943,342	$ 855,821	$ 2,875,938	$ 2,716,070	$ -	$ -	$ 829
Other Income	$ 9,189	$ 11,321	$ 568,979	$ 171,020	$ -	$ 19,323	$ 793,734	$ -	$ -	$ -
Total Income	$ 812,718	$ 2,300,737	$ 4,500,865	$ 1,492,080	$ 1,586,111	$ 3,585,903	$ 4,913,184	$ 3,685	$ 7,820	$ 928



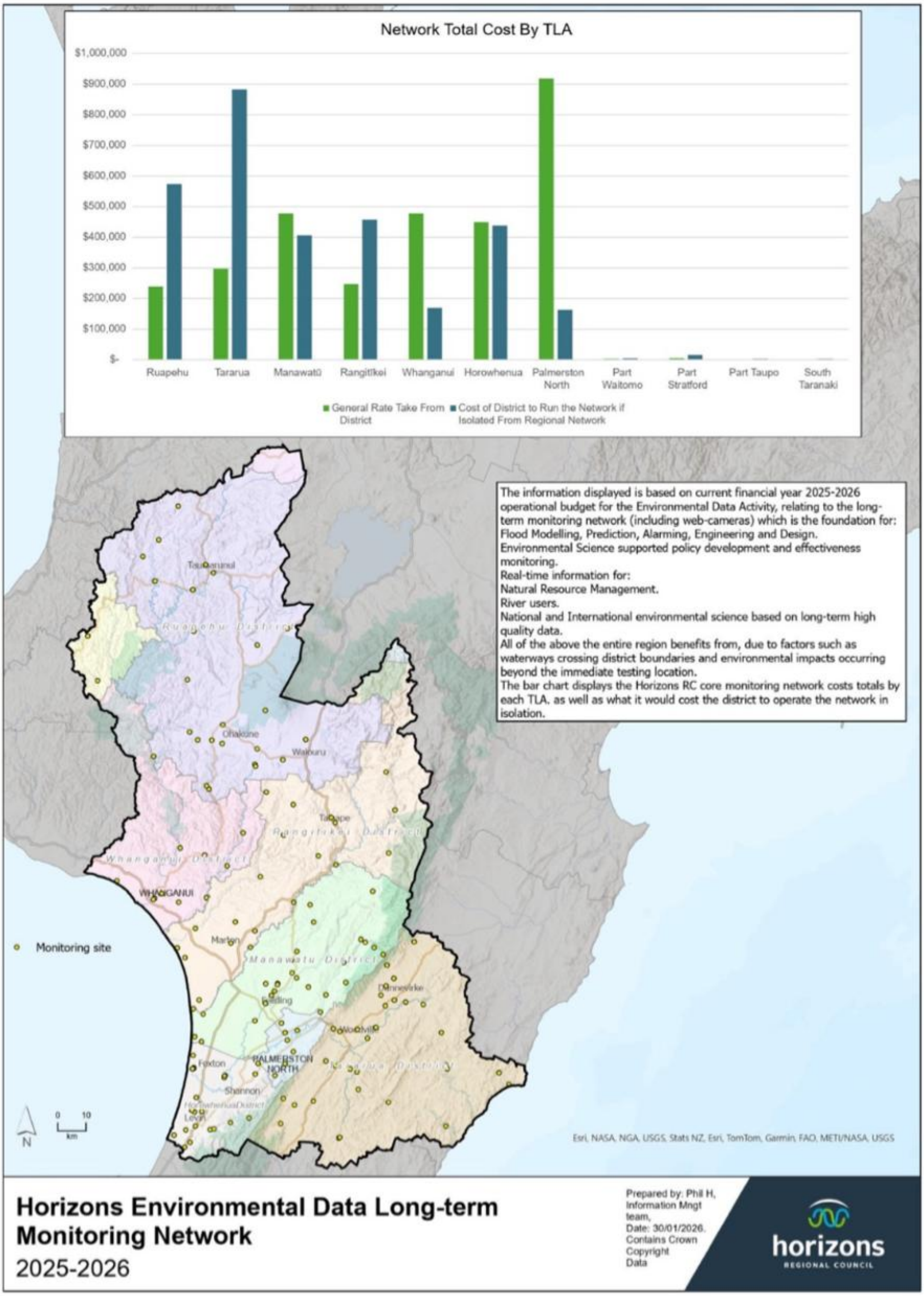
Significant land use



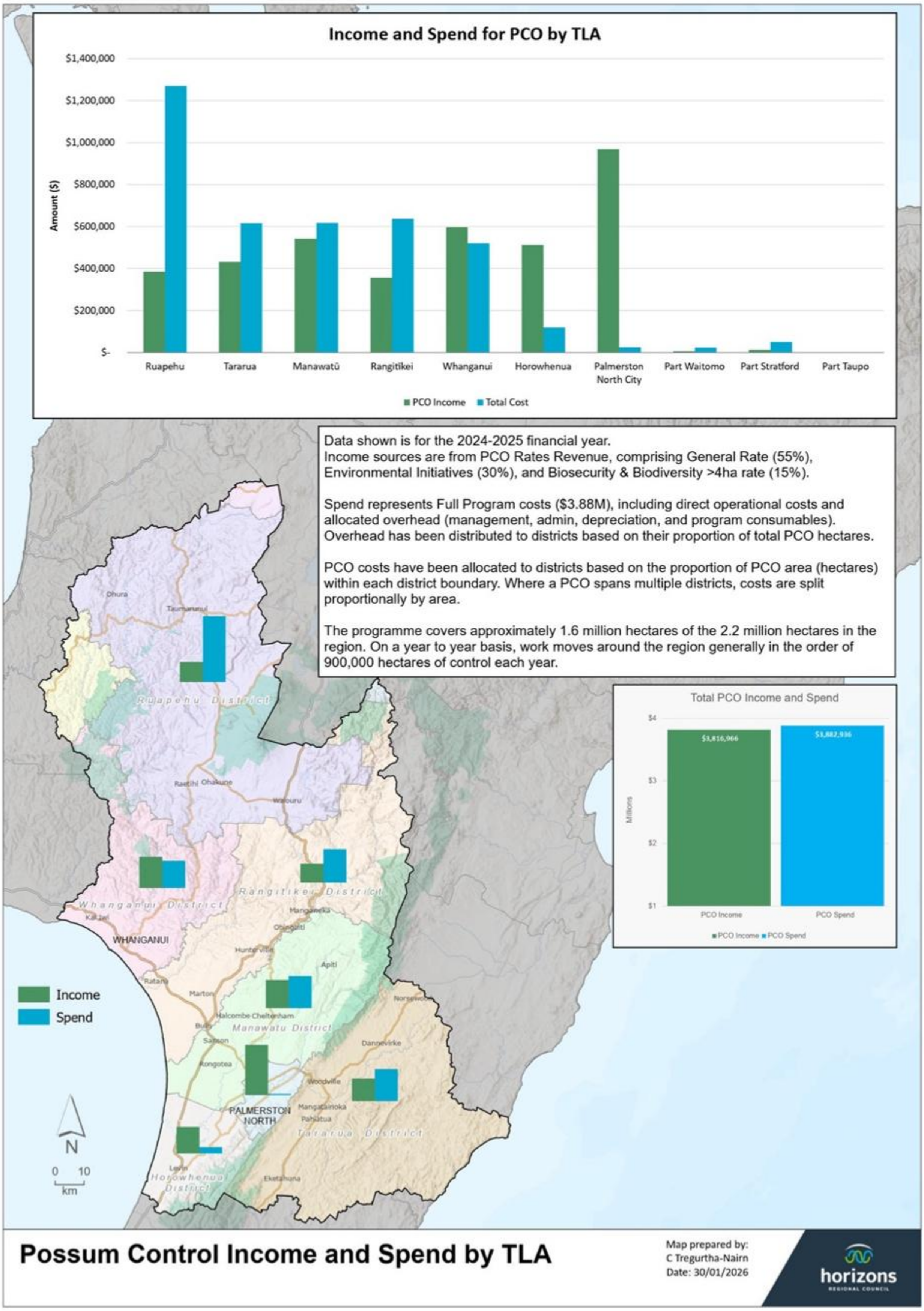
Surface water quality monitoring



Environmental data monitoring



Possum Control



Horizons Regional Council income and expenditure by Council area on identified services and activities

Council	Activity	Income / rates from district	Spend / activity undertaken in district
Horowhenua	Land Management	$806,229	$46,000
	Freshwater and Partnerships	$1.22m	$1.54m
	Biodiversity and Biosecurity	$1.42m	$434,000
	River Management and Flood Protection	$3.63m	$4.0m
	Science and Environmental Reporting	$1.01m including consent-holder funding	$727,000
	Environmental Data	$450,000	$420,000 estimated district-only cost
	Passenger Services	$294,000 to $298,511	$24,000 community transport grant, plus Total Mobility activity not costed
Manawatū	Land Management	$670,077	$504,000
	Freshwater and Partnerships	$449,569	$1.07m
	Biodiversity and Biosecurity	$1.454m	$1.632m
	River Management and Flood Protection	$4.000m	About $5.0m
Palmerston North	Land Management	$1.513m	$58,000
	Freshwater and Partnerships	$957,845	$185,000
	Biodiversity and Biosecurity	$2.64m	About $180,833
	River Management and Flood Protection	$4.12m	$4.63m
	Science and Environmental Reporting	$1.715m including consent-holder funding	About $503,000
	Environmental Data	About $918,000	$163,000 to $164,000 estimated city-only cost
	Passenger Services	$6.0m to $6.023m	Full urban bus, Total Mobility and related spend not directly stated

Council	Activity	Income / rates from district	Spend / activity undertaken in district
Rangitīkei	Land Management	$372,295	$867,000
	Freshwater and Partnerships	$199,347	$674,000
	Biodiversity and Biosecurity	$1.096m	$1.29m
	River Management and Flood Protection	$1.373m	$1.46m
Ruapehu	Land Management	$384,062	$1.29m
	Freshwater and Partnerships	$179,456	$400,000
	Biodiversity and Biosecurity	$1.018m	$1.96m
	River Management and Flood Protection	$812,868	$625,206
Tararua	Land Management	$439,111	$1.45m
	Freshwater and Partnerships	$294,917	$1.1m
	Biodiversity and Biosecurity	$1.16m	$1.29m
	River Management and Flood Protection	$2.3m	$2.28m
	Science and Environmental Reporting	$815,000 including consent-holder funding	About $905,000
	Environmental Data	About $298,000	$886,000 estimated district-only cost
	Passenger Services	$23,043	$20,000 community transport funding
Whanganui	Land Management	$919,891	$598,000
	Freshwater and Partnerships	$369,846	$560,000
	Biodiversity and Biosecurity	$1.613m	$757,225
	River Management and Flood Protection	$1.593m	$1.17m

Council	Activity	Income / rates from district	Spend / activity undertaken in district
	Science and Environmental Reporting	$769,061	About $560,000
	Environmental Data	About $477,000 internal contribution	$174,000 estimated district-only cost
	Passenger Services	$1.385m	Full urban network, Total Mobility and other services (e.g. the Whanganui-Palmerston North commuter bus service)

Appendix 2 Community and connection factors

Unlike catchments, community and connection factors move from what does not move to the more dynamic, although still relatively stable, factors of population, communities, and patterns of interaction. The central question is whether these communities form a coherent community of interest, not only in principle, but in the way people live, work, and experience the area.

This can be:

> 1. *Does the option group together communities with aligned needs and expectations of council?*

This table tests whether the option brings together communities that look and live alike. We compare the spread between districts across social and economic measures, deprivation, age, home ownership, and rural/urban balance where a smaller spread points to more shared needs and expectations of council. This data suggests a broader mix of communities and a higher risk of competing priorities across the option.

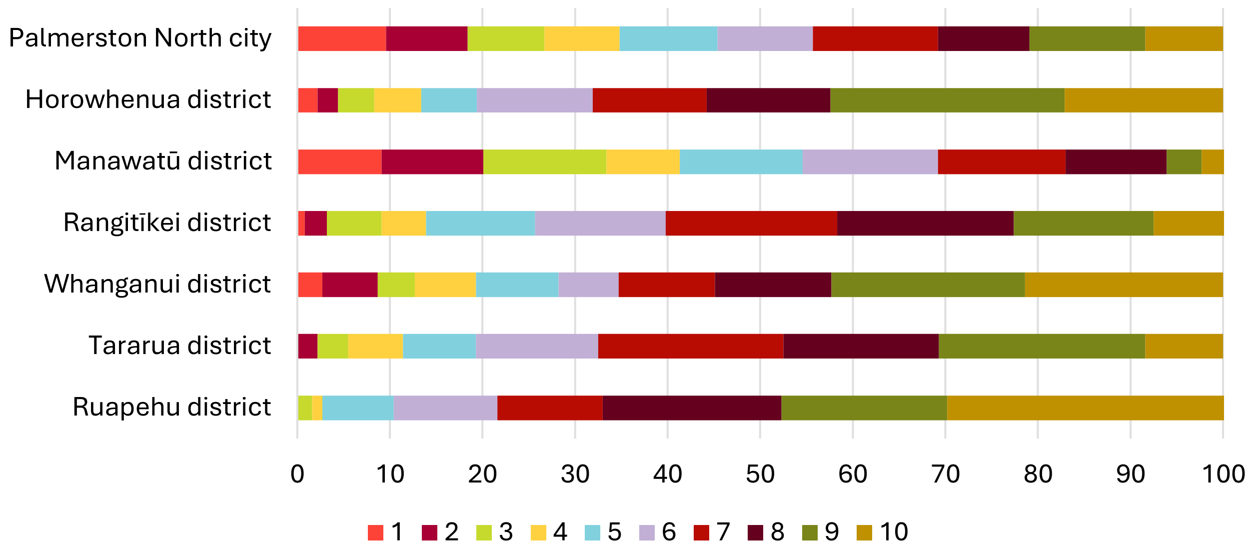
	Option spread
Deprivation (% of population in index levels 9 - 10)	42% Manawatū Ruapehu 6% 48%
Age (% of population aged 65+)	11% Palmerston North Horowhenua 18% 29%
Home ownership (% of population who own their own home)	14% Ruapehu Manawatū 62% 76%
Rural / Urban split (% of population 'urban')	41% spread Manawatū Palmerston North 52% 93% 77% of total population
Māori identity spread (% identify as Māori)	27% Manawatū Ruapehu 17% 44%
Population balance (largest council as % of total option population)	35% Palmerston North = 90,500 Total = 254,400

A Horizons unitary model has a wide internal spread across several indicators, meaning it contains a diverse mix of communities and is more likely to face competing priorities.

A 42% point gap on deprivation between the Manawatū and Ruapehu means the communities within have fundamentally different social needs. This is further illustrated in the table below. The urban rural split is also pronounced with 77% of the total population classified as urban, dominated by Palmerston North. Home ownership varies by 14 percentage points, and the age profile spans from a young, working-age-skewed Palmerston North to significantly older populations in Horowhenua.

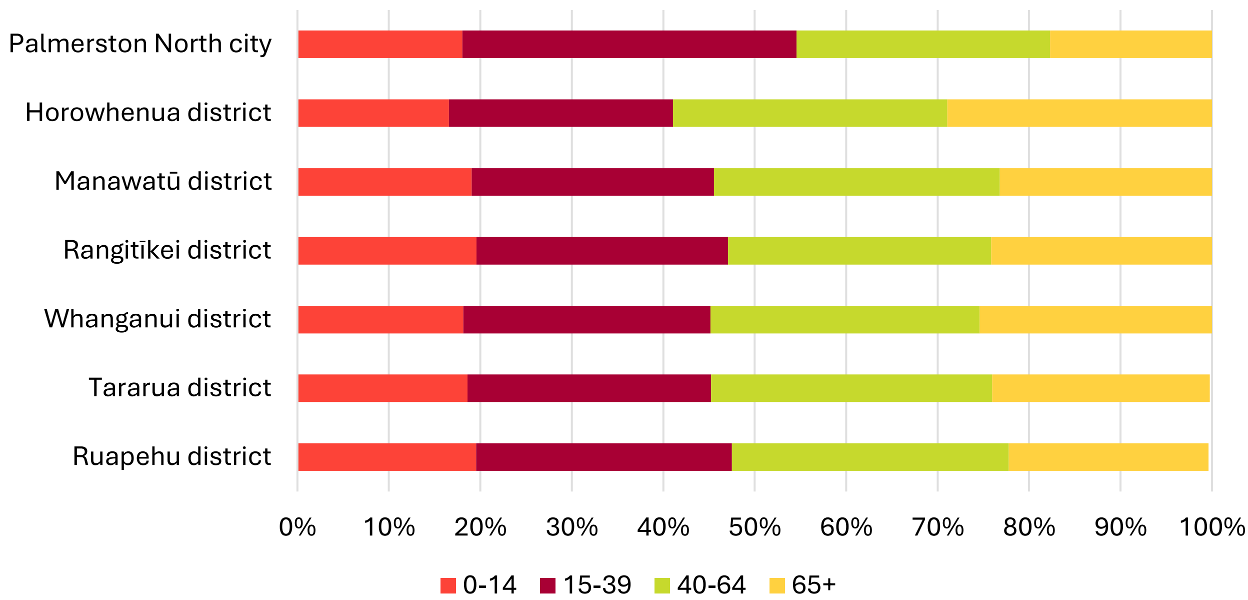
In practical terms, this is an option where a large urban centre with a university-driven economy, moderate deprivation, and growth pressure would sit alongside small, highly deprived rural districts with ageing populations, declining services, and very different rate-base expectations. While none of these differences are individually disqualifying, taken together they represent the greatest risk of any option, that priorities will pull in competing directions making it a strong option for environmental planning coherence, but potentially the weakest for community alignment under a single set of council priorities. The spread is especially noted for social deprivation:

Socio-economic deprivation profile



Age is a lot more homogeneous as shown in the following graph.

Demographic profile of region by current territorial council.

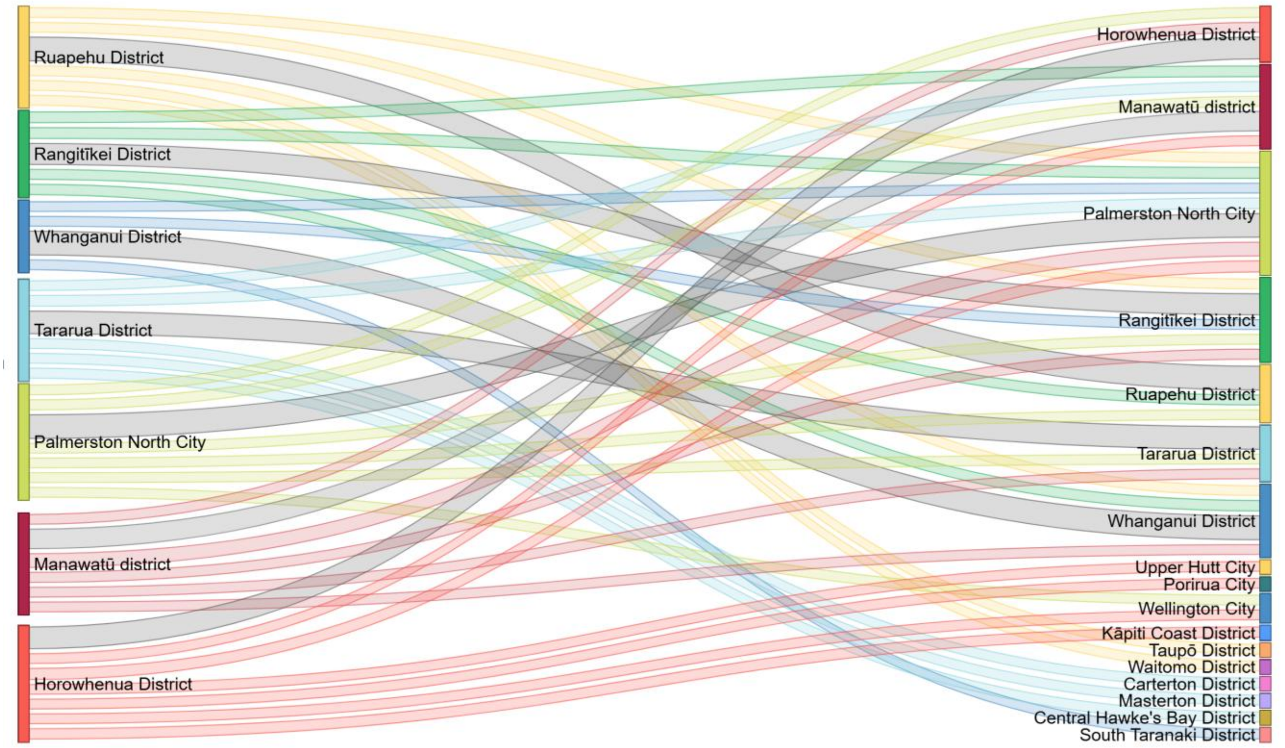


The next question is

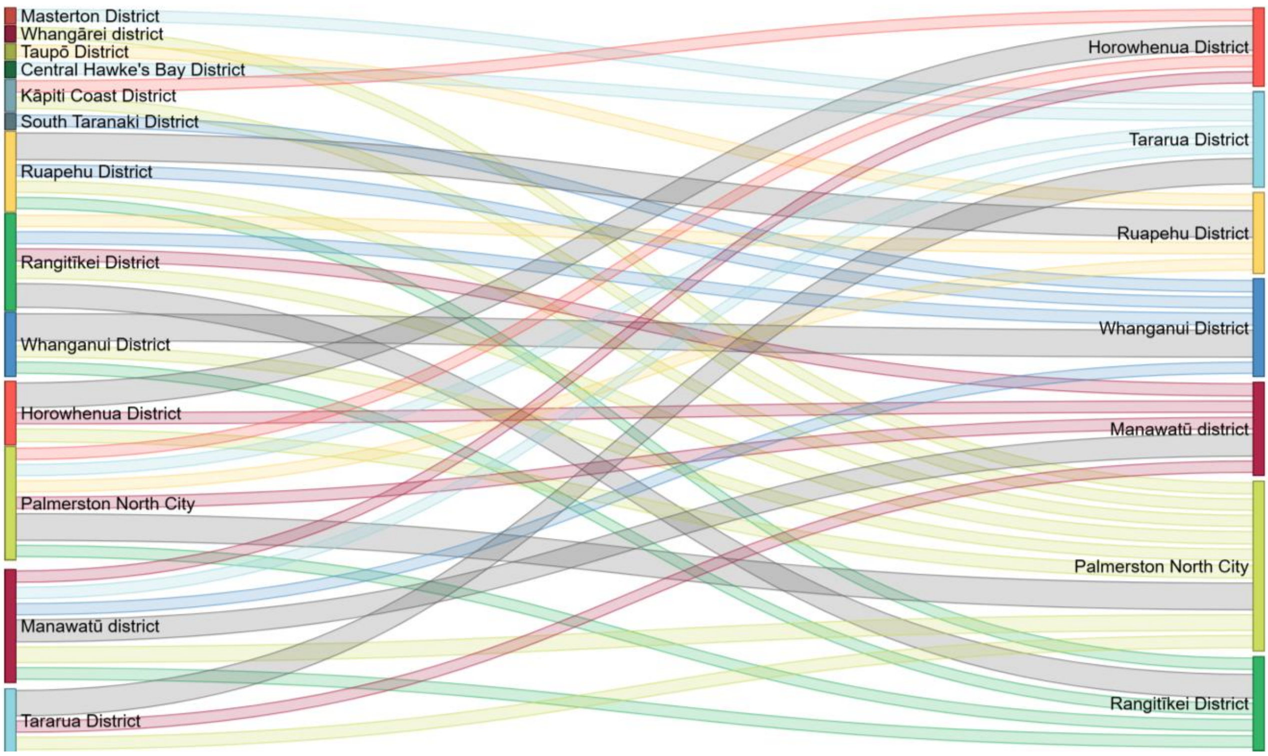
> *2. Will this council make sense economically and functionally?*

The Horizons unitary option is tested against four economic and functional measures; internal linkage, economic alignment, strategic connectivity, and development trends; to gauge how well it would work as a single, coherent council.

Economic and functional measures	Horizons
Internal functional linkage (journey to work and education data)	99% Partial internal linkage
Economic structure alignment (based on relationship between top 3 industries by GDP)	Diversified industries. PN is strong hub – but not really a hub for Ruapehu
Strategic connectivity (connectivity of area to major highways, rail, ports, and airports)	Anchored to major freight corridor but Ruapehu sits off that corridor
Development trends (based on building consents issued last 5 years and no. private dwellings)	One dominant growth centre (Palmerston North)



Commuter movement out of Horizons' councils



Commuter movement into Horizons' councils

Governance and representation

Widespread across representation related factors.

- Largest council as share of total population: Palmerston North 35 percent
- Māori identity spread: 27 percent, from Manawatū 17 percent to Ruapehu 44 percent
- Urban share spread: 41 percent
- Deprivation spread: 42 percent.

This suggests a more complex representation challenge than the narrower options, because the region includes very different communities, settlement patterns, and levels of deprivation.

Inconsistent wards and boards

A structure where representation could be harder to balance across the full region.

Financial and economic factors

- Economic size and growth
- Economic composition and linkages
- Financial position of councils
- Service delivery and efficiency considerations

On three waters delivery, this option cuts across four different actual water arrangements, which is a practical warning sign for implementation:

- Ruapehu and Whanganui
- Palmerston North, Horowhenua, and Rangitīkei
- Manawatū standalone
- Tararua with Wairarapa-Tararua.

Document Status

Job #	Version	Written	Reviewed	Approved	Report Date
3129	1	J.Williams-Shigeeda, S.Cross, K.Lam, G. Drake	D.Bonifant	D.Bonifant	19 June 2026
3129	2	J.Williams-Shigeeda, S.Cross, K.Lam, G. Drake	D.Bonifant	D.Bonifant	29 June 2026
3129	3	J.Williams-Shigeeda, S.Cross, K.Lam	D.Bonifant	D.Bonifant	9 July 2026

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