

Council

Meeting of 22 July 2026

Business Unit: Corporate

Date Created: 09 July 2026

Local Government Reform - Head Start Pathway

Purpose Te Aronga o te Pūrongo

The purpose of this report is to present the Government's Head Start pathway for local government reform, summarise the work undertaken by Council to date, and seek Council's decision on its preferred response to the Head Start and Back Stop pathways.

Recommendations Ngā Tūtohunga

That the Council:

1. Receives the report titled “Local Government Reform – Head Start Pathway”.
2. **Will not** submit an outline proposal under the Government’s Head Start pathway for local government reform.
3. Confirms its opposition to compulsory local government amalgamation while continuing to engage constructively with the Government on alternative local government reform approaches.
4. Authorises the Mayor and Chief Executive to continue exploring and advocating for alternative local government reform models outside the Head Start pathway that seek to achieve the Government's objectives while retaining local representation, local decision-making and local accountability, including working collaboratively with other councils where appropriate.
5. Authorises the Mayor to communicate Council's position to the Minister of Local Government, MCERT, or any affected councils should the Manawātū District Council be identified as a proposed partner in any Head Start proposal or other local government reform proposal that has not been endorsed by the Council.

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GM - Corporate

1 Background Ngā Kōrero o Muri

- 1.1 On 5 May 2026, the Government announced the Head Start pathway as part of its wider *Simplifying Local Government* reform programme. The Head Start pathway provides an opportunity for two or more territorial authorities to voluntarily develop and submit an outline proposal to form one or more new unitary councils by 9 August 2026. Councils that do not participate in the Head Start pathway are expected to move into a compulsory Back Stop process following the 2028 local elections, with the Government intending to introduce the necessary legislation before those elections.
- 1.2 The Government has stated that the purpose of the reform is to simplify local government, improve regional coordination, reduce duplication between councils, strengthen delivery of regional functions, and better support the new planning system. Outline proposals submitted through the Head Start pathway are intended to be high-level and will be assessed against five criteria:
- Support for the new planning system;
 - Simpler local governance;
 - Economies of scale;
 - Maintenance of local voice; and
 - Deliverability.
- 1.3 Following the Government's announcement, the Council considered the implications of the reform through a series of elected member workshops. Officers also undertook an assessment of a range of potential structural options and coordinated with neighbouring councils and the Horizons Mayoral Forum to better understand the opportunities, risks and implications of the Government's proposals.
- 1.4 Recognising the significance of the issue, the Council undertook a programme of community engagement during June 2026. This included public meetings, online engagement, information material and a community feedback process. A total of 745 valid submissions were received, with 85.7% of submitters supporting an approach that opposed compulsory amalgamation while exploring alternative reform options.
- 1.5 Community feedback consistently identified the importance of retaining local representation, local decision-making and local accountability, while also expressing concerns regarding the potential financial implications of amalgamation, including the sharing of debt and infrastructure costs. Many submitters also indicated that, should amalgamation ultimately be required, they would prefer any future discussions to focus on councils with similar rural communities and interests.
- 1.6 This report seeks Council's direction on its response to the Government's Head Start pathway, including whether to submit an outline proposal, and on any further work Council wishes to

undertake regarding alternative local government reform models as the Government's wider reform programme progresses.

2 Strategic Fit Te Tautika ki te Rautaki

2.1 The Government's local government reform programme has the potential to significantly influence how local government is structured and how services are delivered in the future. The Council's response to the Head Start pathway is therefore a strategic decision that will help shape the future governance and delivery of local government services within the Manawatū District.

2.2 This report aligns most strongly with the following Long-term Plan priorities:

2.2.1 A future planned together

The Council has undertaken extensive community engagement to understand local views and ensure the community has an opportunity to help shape Council's response to the Government's reform programme.

2.2.2 A prosperous, resilient economy

Future local government arrangements could influence the district's long-term financial sustainability, economic development and regional collaboration.

2.2.3 Value for money and excellence in local government

This report supports Council's responsibility to determine the approach that best serves the long-term interests of the Manawatū District and its communities, while ensuring local government continues to deliver value for money and high-quality services.

3 Discussion and Options Considered Ngā Matapakinga me ngā Kōwhiringa i Wānangahia

3.1 The Government's Head Start pathway requires councils to decide whether they wish to voluntarily develop and submit an outline proposal for local government reorganisation by 9 August 2026.

3.2 Council must determine the most appropriate response for the Manawatū District, taking into account:

- The Government's objectives for local government reform;
- The information currently available;
- The views of the Manawatū community;
- The likely impacts on local representation, decision-making and accountability; and
- The long-term interests of the Manawatū District.

3.3 Option One – Submit an outline proposal under the Head Start pathway

This option would involve Council working with one or more other councils to develop and submit an outline proposal to become a unitary authority to Government by 9 August 2026.

Advantages

- Enables Council to directly influence the development of a reform proposal.
- Demonstrates early engagement with the Government's preferred process.
- May provide greater opportunity to influence the design of any future local government arrangements.

Disadvantages

- The timeframe provides limited opportunity to fully understand the financial, governance and operational implications of reform.
- Significant uncertainty remains regarding the future delivery and funding of regional council functions.
- Limited opportunity exists to investigate alternative reform models.
- Officers consider that the current evidence base is insufficient to confidently recommend a preferred structural model.

3.4 Option Two – Do not submit an outline proposal (Recommended)

Under this option, Council would not participate in the Head Start pathway and would instead continue engaging with Government and other councils through the wider reform programme, and potentially the Back Stop process.

Advantages

- Aligns with the clear direction received through community engagement.
- Allows additional time to investigate alternative reform models.
- Enables further assessment of financial implications, particularly relating to regional council functions.
- Retains flexibility as Government policy and implementation arrangements continue to develop.
- Supports ongoing collaboration with other councils on alternative approaches that achieve the Government's objectives.

Disadvantages

- Reduces Council's ability to directly influence the development of a reform proposal.
- The detail of the Government's Back Stop process remains uncertain.

- Other councils may submit proposals that include the Manawatū District, requiring Council to respond. The DIA's official guidance on the Head Start pathway states that the Government will have the discretion to consider these types of applications. This creates a risk that Government could progress an outline proposal involving the Manawatū District without Council's support.
- 3.5 Officers acknowledge the Government's objectives of 'simplifying' local government, improving regional coordination and strengthening delivery of regional council functions. However, officers consider that the current level of information is insufficient to recommend participation in the Head Start pathway. In particular, further work is required to better understand the financial implications, governance arrangements, future delivery of regional council functions, and the potential impacts on the Manawatū District.
- 3.6 The community engagement undertaken by Council also provides a clear indication that the community wishes Council to oppose compulsory amalgamation while continuing to investigate alternative approaches.
- 3.7 Accordingly, officers consider that not submitting an outline proposal under the Head Start pathway, while continuing to investigate alternative reform models and engage constructively with Government and other councils, best balances the Government's reform objectives with Council's responsibility to act in the long-term interests of the Manawatū District.

4 Risk Assessment Te Arotake Tūraru

- 4.1 This decision is strategic in nature and involves balancing the risks of participating in the Government's voluntary Head Start pathway against the risks of not participating and continuing engagement through the wider local government reform process.
- 4.2 The Council's Risk Appetite Statement recognises that some risks are appropriate where they support positive long-term outcomes, while other areas require a more cautious approach.
- 4.3 The principal risks associated with this decision are summarised below:

4.3.1 Financial and investment risk

The Regional Council has only recently provided information regarding the costs and revenues associated with delivering some of the regional council functions within the Manawatū District. While this is a valuable first step, there has not yet been sufficient time to undertake detailed financial modelling or assess the long-term implications of the range of structural options that may emerge through the reform process.

Submitting an outline proposal before these assessments are available creates a risk that Council could commit to a preferred direction without fully understanding the long-term financial consequences for the Manawatū District. Given the Council's cautious appetite for financial and investment risk, this uncertainty weighs against submitting a Head Start proposal at this time.

4.3.2 Reputational risk

Regardless of the decision reached, some members of the community, neighbouring councils and central government may disagree with Council's position.

This risk has been mitigated through an extensive programme of community engagement and by ensuring Council's decision is informed by both community feedback and available evidence. While reputational risk cannot be eliminated, officers consider the process undertaken by Council provides a strong basis for whichever decision is ultimately made.

4.3.3 Political risk

The Council has an open appetite for political risk where proactive engagement with central government supports positive outcomes for our District.

Not submitting a Head Start proposal does not remove the need to continue engaging constructively with Government. Officers therefore recommend that Council continues working with Government and other councils to explore alternative reform models and communicate the District's position throughout the wider reform process.

4.4 Overall assessment

Officers acknowledge that choosing not to participate in the Head Start pathway carries its own risks, including reduced influence over the first stage of the Government's reform programme and the possibility that other councils may include the Manawātū District within their own proposals.

While these risks are significant, Council will continue to engage with Government and neighbouring councils to mitigate the likelihood and/or impacts of this occurring. In contrast, the financial and strategic risks associated with committing to a Head Start proposal before key information is available are considered more significant.

For these reasons, officers consider the recommended approach represents the more prudent risk position while preserving Council's ability to continue influencing future local government reform.

5 Engagement Te Whakapānga

Significance of Decision

- 5.1 Officers consider this to be a significant decision under the Council's Significance and Engagement Policy. The decision has the potential to influence the future governance of the Manawātū District, including local representation, decision-making, accountability and the future delivery of council services. Consistent with the Policy, a significant decision warrants a high level of community engagement.

Community Engagement

- 5.2 Although the Government indicated that the timeframe for the Head Start pathway did not allow for formal consultation before councils made their decisions, the Council determined that community input was important given the significance of the issue.
- 5.3 Accordingly, Council undertook a comprehensive programme of engagement during June 2026. This included:
- Five public meetings (including an online Facebook Live session);

- A dedicated information webpage;
 - A community factsheet and feedback form;
 - Media and social media communications; and
 - Opportunities for written submissions.
- 5.4 A total of 745 valid submissions were received through the community engagement process, demonstrating a high level of public interest in the future of local government within the Manawātū District. Of those who provided feedback, 85.7% supported an approach of opposing compulsory amalgamation while continuing to explore alternative reform options, 6.9% supported participating in the Government's Head Start pathway, 4.3% supported waiting for the Government's Back Stop process, and 3.1% expressed another view. The results of the engagement have been considered alongside technical advice, discussions with other councils, and Government guidance in developing the recommendations contained in this report.

Māori and Cultural Engagement

- 5.5 Given the significance of the Government's proposed local government reforms to mana whenua, Māori representation and future governance arrangements, Council recognised the importance of engaging directly with Māori alongside the wider community engagement programme.
- 5.6 Councillor Bridget Bell, as the Council's Ngā Tapuae o Matangi Māori Ward Councillor, led this engagement on behalf of the Council. This included direct engagement with iwi, marae leadership and Māori communities. Councillor Bell also undertook direct communications with Māori stakeholders to encourage participation and ensure Māori perspectives could inform Council's decision.
- 5.7 The views expressed through this engagement have been considered alongside the broader community feedback and have informed the recommendations contained within this report.

6 Operational Implications Ngā Pānga Whakahaere

- 6.1 The decision will have operational implications for the Council regardless of which option is adopted.
- 6.2 If Council resolves **not** to submit an outline proposal under the Head Start pathway, officers will continue to:
- Engage with the Government and neighbouring councils as the wider reform programme progresses;
 - Investigate alternative local government reform models, including options for the future delivery of regional council functions;
 - Monitor the development of the Government's Back Stop process; and
 - Provide further advice to Council as additional information becomes available.

- 6.3 If Council resolves to submit an outline proposal under the Head Start pathway, a significant programme of work, including unbudgeted expenditure for urgent financial modelling, would be required within a compressed timeframe to develop the proposal in collaboration with other councils before the Government's deadline of 9 August 2026.
- 6.4 The preferred option will require a continued programme of work to investigate alternative local government reform models, undertake detailed financial and governance modelling, and better understand the implications of transferring regional council functions. This work is likely to require external expertise and will have resource and budget implications that are not currently provided for. Officers will report back to Council with proposed work programmes and any associated funding requirements as these become clearer.

7 Financial Implications Ngā Pānga Ahumoni

- 7.1 The recommendations contained in this report do not commit Council to any immediate expenditure beyond existing operational activities.
- 7.2 However, if Council wishes to continue investigating alternative local government reform models and undertake the detailed financial, governance and service delivery analysis required to inform future decisions, additional funding is likely to be required. This may include external specialist advice, financial modelling, legal advice and technical analysis.
- 7.3 The extent of this work, and any associated funding requirements, is not yet known. Officers will bring proposed work programmes and budget requirements back to Council for consideration before any significant expenditure is incurred.

8 Statutory Requirements Ngā Here ā-Ture

- 8.1 The Head Start pathway is an initiative established by the Government as part of its *Simplifying Local Government* reform programme. Participation in the Head Start pathway is voluntary and there is no legislative requirement for councils to submit an outline proposal.
- 8.2 The Council is required under the Local Government Act 2002 to make decisions that promote the current and future interests of the Manawātū District and to consider the views and preferences of its community when making significant decisions.
- 8.3 The Government has indicated its intention to introduce legislation to give effect to the wider local government reform programme, including the proposed Back Stop process. At the time of writing this report, that legislation has not yet been introduced to Parliament.

9 Next Steps Te Kokenga

- 9.1 Subject to Council's decision, officers will implement the resolutions of this report.
- 9.2 If Council resolves not to submit an outline proposal under the Government's Head Start pathway, officers will continue to engage with the Government and other councils as the wider local government reform programme progresses. This will include supporting the Mayor in developing a joint position with other councils where appropriate and continuing to investigate alternative local government reform models that seek to achieve the Government's objectives while retaining local representation, local decision-making and local accountability.

- 9.3 Officers will also continue to develop the evidence base required to inform future Council decisions, including further financial modelling and assessment of options for the future delivery of regional council functions. Any proposed work programme requiring materially additional resources or budget will be reported back to Council for approval.
- 9.4 Should there be any material changes to the Government's reform programme, or if the Manawātū District Council is identified as a proposed participant in another council's reform proposal, officers will provide further advice to Council or support the Mayor to communicate Council's position, consistent with the resolutions of this report.

10 Attachments Ngā Āpitihanga

- Head Start pathway – Simplifying Local Government
- Guidance for Head Start outline proposals