

Item 1: Regional Deal Proposed Negotiation Approach

SESSION TYPE: Workshop

PURPOSE:

Queenstown Lakes District Council has partnered with Otago Regional Council and Central Otago District Council on a proposed Regional Deal for the Otago Central Lakes region. The proposal was submitted to the Department of Internal Affairs in February 2025, and it is expected that in June 2025 Cabinet will decide on the proposals to take forward to the next phase.

If Otago Central Lakes are invited to participate in the next phase, Central Government will expect that the three partner councils have identified the mechanism by which it will negotiate with them and that they are ready to enter a negotiation process.

The purpose of this workshop is to discuss the options for an approach to negotiating a Regional Deal with Government ahead of recommending an approach to the three partner Councils. Otago Regional Council and Central Otago District Council are also holding Council Workshops to discuss the approach, with all three Councils considering recommendations in late June 2025.

The key elements of the negotiation approach that will be discussed are a) who will be authorised to make decisions and what is the role of the partner's Full Councils in this and b) who will meet and directly negotiate with Government.

DATE/START TIME:

Tuesday, 27 May 2025 at 1.00pm

TIME BREAKDOWN:

Presentation: 30 minutes

Debate/Discussion: 30 minutes

Prepared by:



Name: Pennie Pearce

Title: Manager Strategy and Reform

16 May 2025

Reviewed and Authorised by:



Name: Michelle Morss

Title: GM Strategy and Policy

16 May 2025

ATTACHMENTS:

A	Regional Deal Negotiation Approach Options (to follow)
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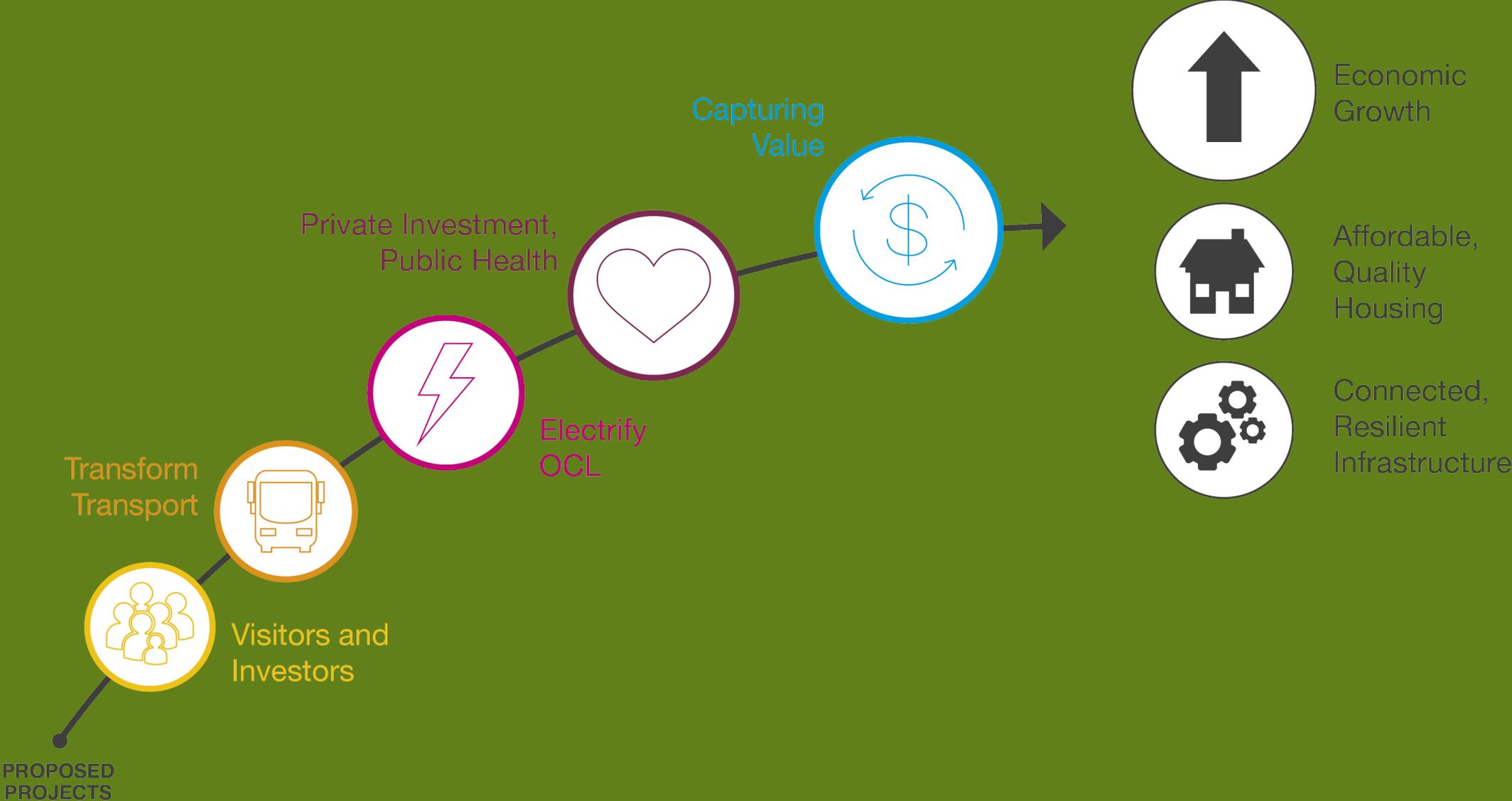
Negotiating a Regional Deal for Otago Central Lakes

Council Workshop

May 2025

Proposal Refresher

Otago Central Lakes – from tourism gateway to investment hub



Otago Central Lakes – from tourism gateway to investment hub

Building on its dominant tourism and agriculture sectors, OCL has a vision for growth that maximises investment and visitation for New Zealand, whilst ensuring it remains the attractive and liveable place in which talent and investors want to be.

OCL has a supercharged housing market, but urgent improvements to critical infrastructure and alternative methods for delivering affordable housing are required to successfully deliver the vision.

The proposal aims to deliver a more productive future for OCL

OCL will already add billions of growth to NZ's GDP over the next decade, but the sub-region could add billions more with the right infrastructure and services in place.

Current GDP:	~\$6 billion pa
GDP in 10 years if current trends continue:	~\$11 billion pa
GDP in 10 years if productivity is increased to match NZ's average:	~\$12 billion pa
GDP in 10 years if productivity exceeds NZ's average by 25%:	~\$15 billion pa

The proposal aims to increase GDP by an additional \$1 billion over 10 years through increasing the value of tourism, supporting more productive sectors to flourish and providing enabling infrastructure to preserve resident quality of life and the visitor experience.

Economic growth in Otago Central Lakes needs to leverage its unique position as the tourism gateway to NZ while increasing the total value of tourism and enabling more productive industries to thrive

INITIATIVES:

- > Grow highly productive sectors
- > Increase the total value of the visitor economy
- > Increase the productivity of tourism
- > Position OCL as NZ's investment and business 'shopfront'
- > Power sustainable tourism through data driven insights

ASKS FROM GOVERNMENT:

- > Establish bespoke settings to attract new businesses in targeted sectors
- > IVL funding for tourism productivity projects and operationalising Optimal Visitation Model
- > NZTE commitment to marketing campaigns targeted at increasing post visit sales
- > Establish Invest NZ presence in OCL, positioning OCL as the 'shopfront' for international investment
- > Commitment to implementing MBIE's Tourism Data Leadership Group's Ara Whānui 2-year road map

Lifting productivity requires the right enablers, including having infrastructure and services in place and funding models, partnerships, and regulatory settings to allow things to happen

INITIATIVES:

- > Transform transport
 - Refresh Queenstown strategy and network design around an offline MRT spine
 - Accelerate offline MRT in Queenstown
 - Develop Alex – Cromwell – Wānaka – Queenstown commuter bus route
 - Find alternative ways to fund, finance and deliver critical roading projects (including resilience projects) assuming that these won't be funded through the NLTP

ASKS FROM GOVERNMENT:

- > NZTA commitment to partnering on refreshing the transport strategy and network design
- > Establish bespoke settings to enable timely partnering with the private sector
- > Establish bespoke planning and land acquisition pathway for an offline MRT corridor
- > Update public transport funding model to enable long term private sector partnering
- > Facilitate establishment of alternative ownership and delivery mechanisms for public transport and state highway upgrades, that would otherwise not be funded, using a combination of privately financed IFFA and PPP arrangements with revenue provided through road pricing (tolls or congestion charging), levies (eg development, visitor).

Lifting productivity requires the right enablers, including having infrastructure and services in place and funding models, partnerships, and regulatory settings to allow things to happen

INITIATIVES:

> Private investment, public health

Develop model for partnering with private hospitals, clinics and investors based around:

- Public services delivered through private operators under contract (common in NZ)
- Working with private providers to identify profitable markets that will subsidise and make affordable health services for residents
- Public services delivered from privately owned facilities that the public service leases and from which private services are also delivered
- Building a shared workforce

ASKS FROM GOVERNMENT:

- ✓ Health NZ commitment to using the region's population and visitor projections as the basis for service funding
- ✓ Health NZ commitment to accelerating the delivery of a comprehensive health needs assessment for the region
- > Health NZ commitment, and IVL funding, to progress development of integrated private / public healthcare models
- > Health NZ commitment to delivery of partnered health services based on high priority needs and private opportunities

Lifting productivity requires the right enablers, including having infrastructure and services in place and funding models, partnerships, and regulatory settings to allow things to happen

INITIATIVES:

- > Electrify OCL
 - Interconnected National Grid: Include Queenstown as part of the “Interconnected National Grid”
 - Innovation Hub: Use OCL as the preferred pilot location for innovative projects and schemes
 - Supercharge Solar and Batteries: Provide easy access to long term funding for rooftop solar and batteries
 - Regional Electricity Development Plan: Ensure REDP includes options analysis of cost implications per household, implications of rapid solar and battery uptake and trigger points for investment deferral.

ASKS FROM GOVERNMENT:

- > Establish bespoke settings to allow Queenstown to be treated as part of the “Interconnected National Grid”
- > Establish bespoke settings to enable innovation in alternative energy generation (relaxation of code, regulation and legislation)
- > Establish bespoke settings to enable increased uptake of solar (flexible pricing, symmetrical import/export tariffs)
- > Launch the Ratepayer Assisted Scheme for rooftop solar and batteries as devised by LGNZ, LGFA, RA, provide 20% investment share from central government, create a pilot project in OCL
- > Require Transpower to undertake additional options analysis for the new Queenstown line
- > Provide streamlined planning and land acquisition pathway for a transmission corridor.

To address the Otago Central Lakes' unique housing and growth challenges we need to capture the value from growth and visitors and reinvest this back into critical infrastructure and affordable housing

INITIATIVES:

- > Local visitor charge
- > Direct mining royalties to fund growth infrastructure
- > Upfront developer contributions
- > Tools to enable affordable housing

ASKS FROM GOVERNMENT:

- > Return a portion of mining royalties to OCL
- > Establish bespoke settings to ensure visitors pay their fair share (local visitor levy)
- > Establish bespoke settings to ensure growth pays for growth (upfront DCs, incentivise building already zoned and serviced land)
- > Establish bespoke settings to enable a pipeline of affordable housing (require developers to provide land to housing trust, incentivise build to rent, update accommodation supplement boundary, require short term letting providers to share data)

Approach to Negotiation

Background

- > QLDC, CODC and ORC have partnered on a proposed Regional Deal for the Otago Central Lakes region
- > Proposal was submitted to the Department of Internal Affairs in February 2025
- > Cabinet decision expected in June 2025 on proposals to advance to the next phase
- > Expectation that three proposals will be accepted initially with one finalised in 2025
- > Negotiations for all proposals likely to commence simultaneously
- > Successful regions will be expected to be ready to enter the negotiation process immediately

Workshop Purpose

To put Otago Central Lakes in the best position to negotiate with Government by discussing options for an approach to negotiation, and priorities and bottom lines before recommending an approach to the three partner Councils

- > QLDC: Workshop 27 May 2025 Meeting 26 June 2025
- > CODC: Workshop 28 May 2025 Meeting 25 June 2025
- > ORC: Workshop TBD Meeting 25 June 2025

Government expectations on negotiations

- > One official to negotiate on behalf of the Government, delegated to make decisions for all impacted agencies
- > Government will not dictate how Councils empower their negotiators, but have indicated preference for negotiation to occur with:
 - a small group of officials delegated to make decisions
 - one representative at most from each Council
 - officials, not politicians, due to risks associated with timing of elections

Key elements of negotiations approach

Decision-Making Authority: Who will be authorised to make decisions?

Negotiator: Who will meet and directly negotiate with Government?

Bottom Lines: What are the parameters within which decisions can be made?

- > Regardless of the approach, support from a cross-council working group of subject-matter experts and a secretariat will be required
- > Private sector engagement is assumed to be excluded at this point

Decision making authority – options

1. **Joint sub-committee, made up of the Mayors/Chair, one other Elected Member [who?] and the CEs. Partner councils delegate to that sub-committee the ability to:**
 - a. make all decisions related to the Regional Deal. *Not recommended, unlikely to align with Councillor expectations.*
 - b. appoint a Negotiator, make decisions within the bottom lines (partner councils agree the bottom lines, make decisions outside the bottom lines). *Recommended***
 - c. make decisions within the bottom lines (partner councils appoint the Negotiator, agree the bottom lines, make decisions outside the bottom lines). *Not recommended, unlikely to align with Government expectations.*
2. All decisions related to the Regional Deal made by the three Full Councils. *Not recommended, unlikely to align with Government expectations.*

Negotiator – options

1. **Independent negotiator with specific experience and expertise in both negotiation and establishing work programmes with Government. *Recommended.***
2. Team made up of the CEs of the three partner councils. *Not recommended, unless Government indicates a group is acceptable.*
3. Team made of the Mayors / Chair of the three partner councils. *Not recommended, unlikely to align with Government expectations.*

Recommended negotiation approach

Decision Making Authority:

Joint sub-committee, made up of the Mayors/Chair, one other Elected Member from each Council and the CEs.

- > Sub-committee appoints a negotiator and is delegated to make decisions within the bottom lines
- > Partner councils agree the bottom lines and make decisions outside these

Negotiator:

Independent negotiator with specific skills and experience related to negotiation with central government.

Bottom lines

Discussion: What are your bottom lines / priorities?