

Item 1: Regional Deal Negotiation Approach – Further discussions

SESSION TYPE: Workshop

PURPOSE/DESIRED OUTCOME:

Queenstown Lakes District Council (QLDC), Central Otago District Council (CODC) and Otago Regional Council (ORC) have partnered on a proposed Regional Deal for the Otago Central Lakes region; the proposal was submitted to the Department of Internal Affairs in February 2025. A Cabinet decision is expected in June 2025 on proposals to advance to the next phase and the expectation is that successful regions will be ready to enter the negotiation process immediately.

The purpose of this workshop is to set out the options for the approach to negotiating a Regional Deal with Government, if Otago Central Lakes is invited to negotiate with Government. This workshop will briefly revisit the proposed structure of the negotiating approach, the process associated with establishing and managing these structures and a structured conversation relating to the values, principles and priorities that the Council wish to see reflected in the negotiation itself.

DATE/START TIME:

Monday, 9 June 2025 at 10.30am

TIME BREAKDOWN:

Presentation: 1.5 hours for discussion, feedback and questions

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29 May 2025

Reviewed and Authorised by:



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29 May 2025

ATTACHMENTS:

A	Proposed Negotiation Approach
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Discussion Paper

Otago Central Lakes Regional Deal Negotiation Approach

1 PURPOSE

QLDC, CODC and ORC have partnered on a proposed Regional Deal for the Otago Central Lakes (OCL) region; the proposal was submitted to the Department of Internal Affairs in February 2025. A Cabinet decision is expected in June 2025 on proposals to advance to the next phase and the expectation is that successful regions will be ready to enter the negotiation process immediately. Agreeing a negotiation approach in advance will put OCL in the best position to participate in the negotiation phase of the Regional Deal process.

The purpose of this paper is to set out the options for an approach to negotiation (and supporting rationale), priorities and negotiating principles for discussion with Council in a Workshop on 9 June 2025. This discussion will inform recommendations to be made to Full Council on 26 June 2025. CODC and ORC will recommend the approach to their Councils on 25 June 2025.

2 BACKGROUND – WHAT ARE WE ASKING FOR FROM A REGIONAL DEAL

Otago Central Lakes – From premier destination to hub for investment

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.

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

An Otago Central Lakes Deal will provide certainty for new infrastructure and services that are critical to the Region's growth and resilience, driving increased value from tourism and developing new growth sectors, such as technology, film and agriculture, enabling productivity growth to lift outcomes. The delivery of critical infrastructure and affordable housing will support a projected population growth of ~21,000 residents and ~25,000 (peak day) visitors, generating real annual average GDP growth of 5.6% pa, reaching \$12b in GDP value by 2035.

Economic growth in OCL needs to leverage its unique position as the tourism gateway to NZ while increasing the productivity of tourism and enabling more productive industries to thrive.

Under current trends OCL's economy will expand \$5 billion in 10 years, yet its dominant industries fall far behind the productivity levels for the rest of the country. Imagine if OCL's productivity could be lifted to match the rest of NZ by enabling emerging sectors to flourish, improving the value of tourism and tapping into capital and talent as the shopfront to NZ. This could grow OCL's economy by an additional \$1billion (\$6 billion total). To achieve this OCL needs to:

- > grow highly productive sectors
- > increase the total value of the visitor economy
- > position OCL as NZ's investment and business 'shopfront'
- > Power sustainable tourism through data driven insights

To enable OCL to achieve this government needs to:

- > establish bespoke settings to attract new businesses in targeted sectors
- > commit IVL funding for tourism productivity projects and the Optimal Visitation Model
- > commit NZTE to collaborating on marketing campaigns targeted at increasing post visit sales
- > establish an Invest NZ presence in OCL, positioning OCL as the 'shopfront' for international investment

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- > deliver 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 with the funding models, partnerships, and regulatory settings to allow things to happen.

To attract and retain highly productive businesses OCL needs to have infrastructure that enables those businesses to do business easily and for residents (their staff) to have a high quality of life. OCL council commitments will enable a further ~23,500 dwellings in the next ten years, more than double that required to meet projected demand. However, no commitments have been made by other infrastructure providers to support this growth. Traditional methods are not working here. OCL needs innovative models of funding, financing and delivery in three areas where committed investment is insufficient and/or existing services are already inadequate:

- > Transport. To enable OCL to transform its transport network government needs to:
 - commit NZTA to partnering on refreshing the transport strategy and network design assuming accelerated implementation of offline MRT
 - establish bespoke settings to enable timely partnering with the private sector and streamlined consenting / land acquisition pathways for an offline MRT corridor
 - facilitate the establishment of alternative funding / financing / ownership / delivery mechanisms for critical future public transport, roading and bridge infrastructure that would otherwise not be funded, using a combination of private financing, IFFA and PPP arrangements with revenue provided through road pricing (tolls or congestion charging), levies (eg development, visitor), and changes to the public transport funding model.
- > Healthcare. To enable OCL's healthcare needs to be met through innovative partnering between the public and private sector government needs to:
 - commit to accelerating the delivery of a comprehensive health needs assessment for the region
 - commit to, and fund via the IVL, the development of integrated private / public healthcare models
 - commit to delivery of partnered health services based on high priority needs and private opportunities
- > Energy supply. To enable Queenstown's electricity supply to be secured and to enable resilience through uptake of alternative energy solutions the government needs to:
 - 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 OCLs 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.

OCL consistently delivers the highest number of houses per capita (23 per 1,000 residents) at a rate 2-3 times the national average and ~9,400 dwelling have been consented across OCL since 2019. There is a seemingly insatiable demand for second homes, holiday homes and short term accommodation; even as a leader in housing delivery, the market is unlikely to deliver affordable housing on its own.

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OCL attracts a large number of tourists in contrast to its small resident base and those numbers continue to increase; on peak days the population is double the resident population. The additional demand placed by visitors on roads, water and waste are funded by ratepayers. \$756M (30%) of QLDC's 2024-34 LTP expenditure is attributable to visitors.

OCL has motivated developers that apply constant pressure to develop in areas not zoned or serviced. Developers building in new areas benefit from land value increases, while infrastructure providers (and ratepayers) must invest in unscheduled projects. In contrast there are landowners in zoned and serviced areas that don't develop; for example, this could provide more than 7,000 dwellings in the Queenstown suburb of Frankton alone. OCL struggles to recover timely infrastructure costs, leading to a mismatch where growth doesn't pay for itself.

To enable sustainable growth, OCL needs visitors and developers to pay their fair share of the costs of providing enabling infrastructure and affordable housing. The government can support this by enabling:

- > mining royalties to be returned to OCL and reinvested in infrastructure and economic growth
- > a local visitor levy, ensuring visitors pay their fair share
- > bespoke settings to ensure growth pays for growth (upfront DCs, incentivise building already zoned and serviced land)
- > bespoke settings to enable affordable housing (require developers to provide land or funding to housing trust, incentivise build to rent, update accommodation supplement boundary, require short term letting providers to share data)

3 GOVERNMENT EXPECTATIONS

While no formal communication or guidance has been provided on the negotiating process, DIA have indicated the following about Government's likely direction / expectations:

- > Three proposals will be accepted in the first instance, with the intent that one will be finalised this year and the next two following soon after. DIA indicated that the negotiations are likely to commence at the same time and occur simultaneously for all three.
- > One official is likely to be negotiating on behalf of Government; they are likely to be delegated to make decisions on behalf of all impacted agencies. The mechanism to enable this has not been identified. Presumably "preapproval" would be based on what is in the proposal, any variations to this may need to be taken back to responsible Ministers / officials.
- > Government will not dictate to Councils how they empower their negotiators but expect that they will be negotiating with a small group of officials who are delegated to make decisions. DIA indicated a preference to negotiate with at most one representative from each Council, or more likely one representative of all three. DIA also indicated a preference for the representative/s to be officials not politicians given the timing and associated risk around local body elections occurring in the midst of the negotiation period.

4 APPROACH COMPONENTS

There are four key components that make up the negotiation approach, as outlined below. These need to be considered separately and then in combination to determine the most appropriate approach to recommend.

- A. **Authorising Authority:** Who will be authorised to agree to what?

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- B. **Negotiating Authority:** Who will meet, and directly negotiate, with Government?
- C. **Negotiating Principles:** What are the principles that will guide negotiations with Government?
- D. **Priorities:** What are the priorities that will guide negotiation if Government is not able to agree to everything requested?

In all scenarios the Negotiating Authority and Authorising Authority will be supported by a cross council working group of relevant leadership and subject matter experts. A secretariat function will be needed to support the advisory work of this group. At this stage it is assumed that the private sector will be engaged through a separate mechanism, but this may need to be re-considered if further advice is provided to that effect.

5 APPROACH OPTIONS – AUTHORISING AUTHORITY

Outlined below are the key elements considered in determining the recommended approach:

- > Government has expressed a desire to be able to work with a small group of officials, empowered to negotiate in a timely and efficient manner. Any option that is unlikely to enable timely negotiation with Government was not recommended.
- > Councillors will expect that appropriate democratic oversight is maintained throughout the process, reflecting the importance and impact of the outcomes sought on the community. Any option that does not provide an appropriate level of democratic oversight was not recommended.
- > In considering democratic oversight it is important to note that the Council's role in delivering the full range of the programme is relatively limited. The primary role for the partner Councils lies in striking the deal and setting it up for success to achieve positive community outcomes. It is also important to note the following:
 - those components of the deal that Council is directly responsible for have previously been consulted on as part of the Economic Development and Destination Management Plans (e.g. enablement of highly productive sectors, increasing the value of tourism, NZTE / Invest NZ presence in OCL), Long Term Plan (e.g. alternative mechanisms for funding and financing infrastructure including a local visitor levy), Spatial Plan (e.g. local visitor levy, mechanisms supporting affordable housing, energy security, alternative mechanisms for funding and financing), Joint Housing Action Plan (e.g. mechanisms supporting affordable housing, including value capture for affordable housing), Transport Business Case (e.g. roading interventions to support growth including offline MRT).
 - those components of the deal that would be subject to further public consultation under the LGA still would be, unless the Government changed the legislative settings in the LGA. For example, if any changes to the transport strategy triggered consultation requirements for QLDC, consultation would be undertaken.
 - those components of the deal that fall within the remit of other agencies would be subject to the usual public sector oversight requirements of those sectors. For example, decisions about where public funded health services would be located and who in the private sector Te Whatu Ora will partner with will be driven by Te Whatu Ora's decision making framework.

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Option:	Recommendation:
<p>i. Joint Subcommittee – Some Delegation</p> <p>A joint subcommittee¹ is established by the three partner Councils and is made up of the Mayors/Chair, one other Elected Member and the CEs.</p> <p>Councils empower the sub-committee to:</p> <ul style="list-style-type: none"> > appoint the Negotiating Authority, > agree to deal components in line with the negotiating principles, > use its discretion to determine whether deal components are in line with, or outside of, the negotiating principles, and > use its discretion to determine whether direction needs to be sought from partner Councils, via workshop, to inform negotiations. <p>The sub-committee will provide regular updates to partner Councils on progress and agreements made with Government.</p> <p>Councils retain responsibility to:</p> <ul style="list-style-type: none"> > agree to deal components outside the negotiating principles, > ratify the final form of the deal. 	<p>Recommended: Provides an appropriate balance between ability to flexibly and efficiently negotiate with Government and democratic oversight of outcomes sought.</p> <p><i>Advantages:</i></p> <ul style="list-style-type: none"> > Provides ability to efficiently make decisions to progress the negotiation. > Provides for democratic oversight of outcomes for the region through Councils retaining responsibility to set the guardrails and as the ultimate approver on the final form of the deal. <p><i>Disadvantages:</i></p> <ul style="list-style-type: none"> > Doesn't provide the highest level of democratic oversight of outcomes for the region of all options. > Doesn't provide the highest ability of all options to efficiently make decisions to progress the negotiation.

¹ The committee would be in place for the duration of the negotiations only. A different ongoing governance structure to provide oversight of the deal itself will be agreed during the negotiations.

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Option:	Recommendation:
<p>ii. Joint Subcommittee – Full Delegation</p> <p>A joint sub-committee¹ is established by the three partner Councils and is made up of the Mayors/Chair, one other Elected Member and the CEs.</p> <p>The sub-committee is delegated full authority to negotiate and approve the deal; Councils empower the sub-committee to:</p> <ul style="list-style-type: none"> > appoint the Negotiating Authority, > agree the negotiating principles, > agree deal components within or outside the negotiating principles, and > agree the final form of the Regional Deal. <p>The sub-committee will provide regular updates to partner Councils on progress and agreements made with Government.</p>	<p>Not recommended: Would not provide sufficient democratic oversight from partner Councils.</p> <p><i>Advantages:</i></p> <ul style="list-style-type: none"> > Provides the highest ability of all options to efficiently make decisions to progress the negotiation. <p><i>Disadvantages:</i></p> <ul style="list-style-type: none"> > Does not provide sufficient involvement from Councils to ensure that that democratic oversight is appropriate.
<p>iii. No subcommittee</p> <p>The three partner Councils retain responsibility for all components of negotiating and finalising a Regional Deal.</p>	<p>Not recommended: Would not enable efficient decisions to progress the negotiation.</p> <p><i>Advantages:</i></p> <ul style="list-style-type: none"> > Provides the highest level of democratic oversight of outcomes for the region of all options. <p><i>Disadvantages:</i></p> <ul style="list-style-type: none"> > Does not provide the ability to efficiently makes decisions to progress the negotiation and therefore would not meet Government expectations.

Process to establish joint subcommittee:

For options i and ii the process below will need to be followed to establish the joint subcommittee.

1. Reach agreement with partner councils to appoint a joint committee.

An agreement to establish a joint committee must be made between the partner councils, and the agreement must specify:

- the number of members each partner council may appoint to the committee,
- how the chairperson and deputy chairperson of the committee are to be appointed,
- the terms of reference of the committee,
- what responsibilities (if any) are to be delegated to the committee by each partner council, and

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- how the agreement may be varied.

The agreement will also specify, although it is not required to specify:

- the procedure by which the chairperson or deputy chairperson may be removed,
- whether a quorum must include 1 or more members appointed by each partner council, and
- the extent to which the standing orders of any partner council apply to meetings of the joint committee.

The agreement will additionally specify:

- that the committee will not be discharged at the point of the next election to ensure that new members (if necessary) can be quickly appointed without disruption to the negotiation process,
- which council will provide general secretariat support to ensure that a committee can be quickly established, and
- that the committee has been created expressly created for the purposed of negotiating the deal, and it will be discharged on completion of the deal negotiations.

Refer to Attachment A for the proposed Memorandum of Agreement covering the matters above.

2. Partner Councils appoint, and agree delegations and powers of, the joint committee

By approving the Memorandum of Agreement, the partner councils will appoint the joint committee. The MoA will be recommended for approval at the 26 June 2025 Council Meeting at which point the joint committee will be established.

The MoA sets out the role, functions, activity areas and delegations of the Committee and as such encompasses the Terms of Reference. In approving the MoA the role and delegations of the Committee will be approved by the partner councils.

3. Joint committee appoints Chairperson and Deputy Chairperson.

The joint committee once established can appoint a chairperson and deputy chairperson.

4. Joint committee appoint a subcommittee and delegates its powers to that subcommittee

Membership of the Committee cannot include an employee of the partner councils acting in the course of their employment, as such the Chief Executives cannot be members of the Committee. However, employees can be members of a subcommittee. To ensure continuity of membership of the group overseeing deal negotiations over the local body election period, the Committee will establish a subcommittee and delegate all its powers and responsibilities to that subcommittee.

5. Joint committee and subcommittee are discharged on completion of the negotiation

On completion of the negotiation and finalisation of a deal, the joint committee and subcommittee will be automatically discharged. Separate governance for the deal itself will be agreed during the course of the negotiations and will depend on the final form of the deal.

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6 APPROACH OPTIONS – NEGOTIATING AUTHORITY

Outlined below are the key elements considered in determining the recommended approach:

- > Government has expressed a desire to be able to work with a small group of officials, empowered to negotiate in a timely and efficient manner. Any option that is unlikely to enable timely negotiation with Government was not recommended.

Option:	Recommendation:
<p>i. Independent negotiator.</p> <p>Under this scenario negotiations with government representative/s would be undertaken by someone with specific experience and expertise in both negotiation and establishing long term work programmes with Government.</p> <p>The negotiator would be independent of all partner councils in that they would not have specific ties to, or previous political or employment experience with, any individual partner council.</p> <p>The negotiator would likely be appointed through a direct appointment process following the government rules of sourcing guidance for such appointments. The procurement approach would be agreed by the relevant party based on the authorising authority agreed above.</p>	<p>Recommended if Government requires one party to negotiate.</p> <p><i>Advantages:</i></p> <ul style="list-style-type: none"> > Someone independent of the three partner councils would bring a neutral perspective, ensuring that the views of the three partners were appropriately weighted in discussions and negotiations with Government. > Someone skilled in negotiation would maximise the opportunities available through the regional deal by being able to navigate best where there is flexibility and where there is not. > Someone skilled in establishing long term work programmes with Government would be able to “speak the same language” as Government and enable OCL to best understand what Government is looking for and how to integrate this what is best for OCL. <p><i>Disadvantages:</i></p> <ul style="list-style-type: none"> > An independent negotiator won’t have detailed knowledge of the proposal or the supporting strategies that informed the proposal as such they will need to be given very clear and specific instructions about where they can make agreements and where they must revert to the subcommittee or partner councils. > An independent negotiator won’t understand the unique context of the sub-region or have “skin in the game” and so might miss identifying “game changing” opportunities.
<p>ii. Negotiating team made up of the CEs of the three partner councils.</p>	<p>Recommended if Government allows a small group to negotiate.</p> <p><i>Advantages:</i></p> <ul style="list-style-type: none"> > The CEs have detailed knowledge of the proposal and the supporting strategies that informed the proposal as such they will have a clear understanding of what

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Option:	Recommendation:
	<p>falls within the scope of their decision making and where they must revert to the subcommittee or partner councils.</p> <ul style="list-style-type: none"> > The CEs understand the unique context of the sub-region and have “skin in the game” and so will not miss identifying “game changing” opportunities. > While the CEs are not independent of the three partner councils, having all three negotiating would ensure that the views of the three partners were appropriately weighted in discussions and negotiations with Government. <p><i>Disadvantages:</i></p> <ul style="list-style-type: none"> > While CEs have broad management experience, they may lack the specialised negotiation skills that an expert independent negotiator possesses. This could result in less effective negotiation strategies and outcomes > Differences in opinions and approaches among CEs could lead to internal conflicts, which could weaken the negotiation stance and reduce overall effectiveness of the negotiating team.
<p>iii. Negotiating team made of the mayors / chair of the three partner councils.</p>	<p>Not recommended.</p> <p><i>Advantages:</i></p> <ul style="list-style-type: none"> > The mayors and chair have good knowledge of the proposal and the supporting strategies that informed the proposal as such they will have a clear understanding of what falls within the scope of their decision making and where they must revert to the subcommittee or partner councils. > The mayors and chair understand the unique context of the sub-region and have “skin in the game” and so will not miss identifying “game changing” opportunities. > While the mayors and chair are not independent of the three partner councils, having all three negotiating would ensure that the views of the three partners were appropriately weighted in discussions and negotiations with Government. <p><i>Disadvantages:</i></p> <ul style="list-style-type: none"> > The local body election scheduled for October 2025 is in the middle of the negotiation period. This could result in all, or some, of the members of the committee, and therefore all Councillor members of the subcommittee, not being re-elected. This would

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Option:	Recommendation:
	<p>result in new members having to be appointed and brought up to speed. This would slow down the ability to negotiate and would be unlikely to meet Government expectations.</p> <ul style="list-style-type: none"><li data-bbox="771 451 1404 609">> While the mayors and chair have broad management experience, they may lack the specialised negotiation skills that an expert independent negotiator possesses. This could result in less effective negotiation strategies and outcomes<li data-bbox="771 630 1404 756">> Differences in opinions and approaches among the mayors and chair could lead to internal conflicts, which could weaken the negotiation stance and reduce overall effectiveness of the negotiating team.

7 APPROACH OPTIONS – NEGOTIATING PRINCIPLES

This section sets out proposed negotiating principles for discussion.

- > Any streamlined planning / consenting / permitting pathways / land acquisition must relate only to specified projects defined under the Regional Deal.
- > Any streamlined planning / consenting pathways must ensure that the values of the respective Council's climate and biodiversity, spatial or master plans and destination management plans are respected.
- > Use of road pricing on roads won't progress on its own unless the complementary package of transformation to public transport and parking occurs.
- > Any agreement to partnering with the private sector in relation to health services improves the access to public services in the sub-region and is done in alignment with a Health Needs Assessment completed by Te Whatu Ora.
- > Any royalties to be provided from mining activities are to be invested in those areas impacted by growth related to the mine; based on independent economic analysis of where those impacts are likely to be experienced, or on other economic development initiatives.
- > Any discussions that require additional funding or financing from OCL will be for the joint subcommittee to consider. If outside of the subcommittee's delegation, the decision will be made by the relevant council(s).
- > Any local visitor levy enabled is to ringfenced in the district that it was collected.
- > Any land or financial contribution paid by developers reflecting value capture for affordable housing is to be ringfenced in the district the development is occurring.
- > An agreed deal will uphold Te Tiriti o Waitangi and its principles and will be delivered in partnership with Ngāi Tāhu.

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8 APPROACH OPTIONS – PRIORITIES

Prioritisation Principles:

All packages identified are critical to enable Queenstown Lakes to “grow well”. The packages were selected because they all relate to delivering critical infrastructure that if not delivered will result in significantly decreasing quality of life for residents, experience for visitors, resilience and impacts on the environment. The packages all reflect key priorities for the district, that have been discussed for many years. In any negotiations with Government, we would push to incorporate all these packages, however Government may not be able to progress all these packages at the same time. The Regional Deal is intended to be a long term partnership, and it will likely be necessary to stage delivery.

We are asking for feedback on which of the package have the highest priority. The packages all represent critical priorities for the district and if preferably they would be ranked equally. This is prioritisation at the margins and will inform and not direct negotiations. Understanding Council’s priorities will guide negotiation discussions on what should be progressed first. However, priorities will not dictate staging of delivery; Government’s priorities and resources will ultimately dictate this. As the packages all represent key priorities for the district it is unlikely that the order they are delivered in would be a key barrier to agreeing a deal. As such we have proposed a high level qualitative prioritisation and have not attempted to complete a quantitative MCA. Any dependencies between initiatives have also been considered in determining priority.

The principles below have informed the preliminary prioritisation outlined below:

> Level of alignment with Spatial Plan priorities

High = directly relates to 3 or more priority initiatives of the Spatial Plan, Moderate = directly relates to at 1 or 2 priority initiatives of the Spatial Plan, Low = indirectly referenced in the Spatial Plan but not related to specific priority initiative.

> Impact on ability to fund council infrastructure

High = Increases QLDC’s ability to fund infrastructure that would otherwise be funded by the ratepayer or potentially would result in more streamlined processes that would decrease costs to QLDC, Low = No impact on QLDC’s ability to fund infrastructure it is responsible for delivering or could have a negative impact (e.g. add costs).

> Certainty of delivery without Regional Deal

High = High likelihood that the package could be delivered without the regional deal, Moderate = Some indications that some elements of the package could progress without the Regional Deal, but Regional Deal would ensure this and enable the work to progress at pace, L = Regional Deal is required to progress as it unlikely that package could be delivered without Government support and coordination)

> Key QLDC strategy alignment (Climate and Biodiversity Plan, Economic Diversification Plan, Destination Management Plan)

High = Aligned with at all three key supporting strategies, Moderate = Aligned with two of the three key supporting strategies, Low = Aligned with only one (or none) of the three key supporting strategies.

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Preliminary Package Prioritisation:

Outlined below is the initial prioritisation of the packages based on the prioritisation criteria outlined above.

Packages:	Spatial Plan alignment	Council funding impact	Certainty of delivery without regional deal	Other council strategy alignment
1. Transform Transport	High	High	Low	High
2. Capturing Value	High	High	Low	Moderate
3. Electrify Otago Central Lakes	Moderate	Low	Low	High
4. Private Investment, Public Health	Low	Low	Low	Moderate
5. Visitors and Investors	Moderate	Low	Moderate	Moderate

Preliminary Package Component Prioritisation:

Outlined below is the initial prioritisation of the key components of each package based on the prioritisation criteria outlined above, as well as identification of dependencies between components.

Packages:	Spatial Plan alignment	Council funding impact	Certainty of delivery without regional deal	Other council strategy alignment
1. Transform Transport a. Refresh transport strategy and network design around offline MRT. b. Establish bespoke settings to enable offline MRT. c. Establish alternative funding / financing / ownership / delivery mechanisms for public transport, roading and bridge infrastructure.	<i>Ability to deliver on a is dependent on b and c. While c could be progressed without a and b this would not ensure that alternative mechanisms were focussed on the right projects, so it is not recommended that these are ranked; they must be delivered as a package. Once the transport strategy and network design has been refreshed then individual projects can be prioritised. They have been listed here in order they should be undertaken.</i>			
2. Capturing Value a. Bespoke settings to ensure growth pays for growth b. A local visitor levy, ensuring visitors pay their fair share c. Bespoke settings to enable a pipeline of affordable housing d. Mining royalties to be returned to OCL and reinvested in economic growth	<i>No dependencies between these elements have been identified; they could all be delivered independently.</i>			
	Moderate	High	Low	Moderate
	Moderate	High	Low	Moderate
	Moderate	N/A	Low	Moderate
	Low	Low	Low	Low

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Packages:	Spatial Plan alignment	Council funding impact	Certainty of delivery without regional deal	Other council strategy alignment
<p>3. Electrify Otago Central Lakes</p> <p><i>No dependencies between these elements have been identified; they could all be delivered independently.</i></p> <p><i>Ensuring that energy security is confirmed through network improvements is the most important element. Likelihood of Government being able to influence the relevant settings informed the prioritisation of the three network initiatives:</i></p>				
a. Provide streamlined planning and land acquisition pathway for a transmission corridor.	Moderate	High - Could reduce costs	Low	Moderate
b. Establish bespoke settings to allow Queenstown to be treated as part of the Grid	Moderate	N/A	Low	Moderate
c. Require Transpower to undertake additional options analysis for the new Queenstown line	Moderate	N/A	Low	Moderate
<p><i>Uptake of solar and other alternative energies is a critical component of our energy resilience but must be building off a base of network supply being secure. Ease of implementation informed the prioritisation of the three solar related initiatives:</i></p>				
d. Launch the Ratepayer Assisted Scheme for rooftop solar and batteries.	Moderate	Low - Funding required	Low	High
e. Establish bespoke settings to enable innovation in alternative energy generation	Moderate	N/A	Low	High
f. Establish bespoke settings to enable increased uptake of solar	Moderate	N/A	Low	High
<p>4. Private Investment, Public Health</p> <p>a. Revised health funding approach to ensure adequate funding for visitors to Queenstown Hospital is provided and baseline funding uses the correct resident population figures.</p> <p><i>a is independent of the other elements in that it could occur even if b – d did not progress and is the most important element in ensuring health services of the future are adequately funded. As such this has been given the highest priority.</i></p> <p>b. Accelerate the delivery of a comprehensive health needs assessment for the region</p> <p><i>d is dependent on b + c; partnering with the private sector should not be progressed without a comprehensive understanding both the private opportunities, development of new delivery models and the health needs of the sub-region. As such these have been prioritised in the order that they should be done.</i></p> <p>c. Develop integrated private / public healthcare models</p> <p><i>While a is not directly dependent on any other initiatives, to ensure accurate return on investment informs future investment b – b are dependent on a.</i></p> <p>d. Deliver partnered health services based on high priority needs and private opportunities</p>				
<p>5. Visitors and Investors</p> <p><i>No dependencies between these elements have been identified; they could all be delivered independently.</i></p>				
a. Grow highly productive sectors	Moderate	N/A	Moderate	Moderate
b. Increase total value of the visitor economy	Moderate	N/A	Moderate	Moderate

Discussion Paper

Otago Central Lakes Regional Deal Negotiation Approach

Packages:	Spatial Plan alignment	Council funding impact	Certainty of delivery without regional deal	Other council strategy alignment
c. Position OCL as NZ's investment and business shopfront	Low	N/A	Low	Low
d. Power sustainable tourism through data driven insights	Low	N/A	Moderate	Moderate

9 WORKSHOP OUTLINE

1. Workshop purpose
2. Overview of key elements of the negotiation approach
3. Authorising Authority
 - > Walk through options and supporting rationale
 - > Discussion: Questions or concerns about rationale to support recommended approach
4. Establishing a joint subcommittee
 - > Walk through proposed process to establish subcommittee
 - > Discussion: Questions or concerns on the process to establish subcommittee
5. Role, functions and delegations of a joint subcommittee
 - > Walk through proposed role, functions and delegations of the subcommittee
 - > Discussion: Questions or concerns on the role / functions / delegations set out in the MoA
6. Negotiating Authority
 - > Walk through options and supporting rationale
 - > Discussion: Questions or concerns on the rationale to support the recommended approach
7. Negotiating Principles
 - > Walk through the proposed negotiating principles
 - > Discussion: feedback on the proposed negotiation principles. In particular is there anything included that Councillors don't agree with, or anything that isn't included that should.
8. Priorities
 - > Walk through prioritisation approach and resulting preliminary "priority order".
 - > Discussion: Discussion on whether the preliminary prioritisation is appropriate to inform negotiations. In particular, if there are any alternate views of the priority order these should be shared, discussed

Discussion Paper

Otago Central Lakes Regional Deal Negotiation Approach

and direction from the group obtained as to the priority order to take forward.

Attachment A

Draft Memorandum of Agreement to Establish Joint Committee

1. PURPOSE OF THE AGREEMENT

- 1.1 This agreement is made pursuant to Clause 30A of Schedule 7 of the Local Government Act 2002 (LGA 2002).
- 1.2 The purpose is to provide for a joint Committee of Central Otago District Council, Otago Regional Council and Queenstown Lakes District Council ("Partners") to negotiate the terms of a Regional Deal for the combined districts of Central Otago and Queenstown Lakes (referred to as "Otago Central Lakes"). The joint committee will be known as the Otago Central Lakes Regional Deal Negotiation Committee (the Committee).
- 1.3 The Committee is a formal joint committee pursuant to the LGA 2002 (clauses 30 and 30A, Schedule 7). The committee will not be discharged at the point of the next election (in line with Clause 30(7) of Schedule 7, LGA 2002).

2. COMMITTEE MEMBERSHIP

- 2.1 The Committee is to be comprised of two elected member representatives from each Partner and this must include the Mayor or Chair of each Partner.
- 2.2 The Partners will each appoint their additional representatives to the Committee.
- 2.3 There is no provision for alternates.
- 2.4 All members are voting members of the Committee.
- 2.5 The Committee will not be discharged at the point of each election period (in line with Clause 30(7) of Schedule 7 of the LGA 2002). If appointed members remain on Partner Councils, they will remain members of this committee. Any vacancies created because of local body elections will immediately be fill by new members appointed by the relevant Partner Council.

3. CHAIRPERSON AND DEPUTY CHAIRPERSON

- 3.1 A Chairperson and Deputy Chairperson will be appointed by the Committee at the commencement of the Committee and will continue in the role unless resolved by the Committee or upon a resignation being received.
- 3.2 There will be no remuneration for the Chairperson or Deputy Chairperson.

4. QUORUM AND CONDUCT OF MEETINGS

- 4.1 The quorum for each meeting shall be three members, which must include one member representing each Partner.
- 4.2 In line with Schedule 7 clause 30A(6A) of the LGA 2002, as the Mayors and Chair are members of the Committee by design and not solely because of the requirement for Mayors to be members of all committees, the Mayors and Chair can be included in determining the number of members required to constitute a quorum or whether a quorum exists.
- 4.3 Voting shall be based on those present at the meeting, with no alternates or proxies.
- 4.4 The standing orders of the administering council, Queenstown Lakes District Council, shall apply.

Attachment A

Draft Memorandum of Agreement to Establish Joint Committee

5. MEETING FREQUENCY

- 5.1 The Committee shall meet fortnightly, or as necessary and determined by the Chair in liaison with the Committee.
- 5.2 Notification of meetings and the publication of agendas and reports shall be conducted in accordance with the requirements of Part 7 of the Local Government Official Information and Meetings Act 1987.

6. TERMS OF REFERENCE

- 6.1 The role of the Committee is to oversee the negotiation of a Regional Deal between the Partners and Central Government, ensuring that a mutually beneficial deal, aligned with the sub-region's strategic direction, can be struck.
- 6.2 The functions of the Committee are to:
 - a. Foster and facilitate a collaborative approach between the Partners and central government.
 - b. Establish and maintain effective dialogue and relationships with central government or their agencies, advocating on issues of concern to the Partners.
 - c. Undertake wider engagement and consultation as necessary to assist the finalisation of the negotiation.
 - d. Report back to Partner Councils at each Council Meeting with progress made during negotiations and any recommendations if required to progress the negotiations. A standing agenda item will be held for each partner Council's Meetings during the negotiation phase to ensure that timely decisions can be made as required.
 - e. Overseeing and providing direction to the negotiating authority that will be interfacing directly with central government, ensuring that negotiations are staying with the agreed activity areas and are in line with the negotiating principles.
 - f. Providing direction to the negotiating authority on whether something is consistent with the agreed negotiating principles and within the agreed activity areas.
 - g. Use its discretion to determine whether direction needs to be sought from partner Councils to inform negotiations.
 - h. Identify and manage risks associated with the negotiation process.
- 6.3 The activity areas that the Committee is responsible for overseeing are restricted to those outlined in the Otago Central Lakes Regional Proposal dated 28 February 2025. For the avoidance of doubt, the activity areas covered by the Regional Deal proposal are:
 - a. Transform Transport
 - Refresh transport strategy and network design around offline MRT
 - Establish bespoke settings to enable offline MRT
 - Establish alternative funding / financing / ownership / delivery mechanisms for critical public transport, roading and bridge infrastructure.
 - b. Capturing Value
 - Bespoke settings to ensure growth pays for growth

Attachment A

Draft Memorandum of Agreement to Establish Joint Committee

- Local visitor levy
- Bespoke settings to enable a pipeline of affordable housing
- Mining royalties
- c. Electrify Otago Central Lakes
 - Provide streamlined planning and land acquisition pathway for a transmission corridor.
 - Establish bespoke settings to allow Queenstown to be treated as part of the Grid
 - Require Transpower to undertake additional options analysis for the new Queenstown line
 - Launch the Ratepayer Assisted Scheme for rooftop solar and batteries.
 - Establish bespoke settings to enable innovation in alternative energy generation
 - Establish bespoke settings to enable increased uptake of solar
- d. Private Investment, Public Health
 - Use OCL resident and visitor numbers in funding model
 - Accelerate the delivery of a comprehensive health needs assessment for the region
 - Develop integrated private / public healthcare models
 - Deliver partnered health services based on high priority needs and private opportunities
- e. Visitors and Investors
 - Grow highly productive sectors
 - Increase total value of the visitor economy
 - Position OCL as NZ's investment and business shopfront
 - Power sustainable tourism through data driven insights

6.4 The negotiation principles to be applied by the Committee in undertaking its role are:

a. [insert once agreed]

7. DELEGATIONS

- 7.1 Undertaking engagement with central government to progress negotiations.
- 7.2 Commissioning additional work from Partners to provide additional evidence, or further definition of requirements, to support negotiations with central government.
- 7.3 Agreeing to deal components during negotiations that are consistent with the agreed negotiating principles and within the agreed activity areas.
- 7.4 Appointing a Negotiating Authority to be the interface with central government for negotiations.
- 7.5 Selecting a Chairperson and Deputy Chairperson in accordance with any process agreed by the Committee and the requirements of the LGA 2002.
- 7.6 The Committee may delegate any or all its responsibilities, duties or powers to a subcommittee.
- 7.7 The Committee's powers exclude:
 - a. ability to agree to deal components that are not consistent with the agreed negotiating principles or outside the agreed activity areas.
 - b. ability to approve the final form of the regional deal agreement,
 - c. making any financial decisions that may impact the statutory plans of the Partner councils prepared under the LGA 2002 or RMA 1991.

Attachment A

Draft Memorandum of Agreement to Establish Joint Committee

d. powers that cannot be delegated to committees under the Local Government Act 2002.

8. LIMITATION OF POWERS

- 8.1 In of itself the Committee does not have the authority to commit any Partner to any course of action or expenditure and its recommendations do not compromise the Partners' freedom to deliberate and make decisions.
- 8.2 For the avoidance of doubt, the Partners are under no obligation to accept the recommendations of the Committee.
- 8.3 In accordance with legislative requirements Partners will retain decision-making and other statutory responsibilities in relation to their functions and responsibilities under the LGA 2002 and RMA 1991.

9. OPERATING PRINCIPLES

- 9.1 The practice of the Committee will be to achieve consensus so that alignment and integration across all Partners can be achieved.
- 9.2 The Committee will work in a collaborative and cooperative manner and take into account the interests of all sectors of the community.
- 9.3 The Committee will at all times operate in accordance with the requirements of the Local Government Official Information and Meetings Act 1987.

10. COMMITTEE SUPPORT

- 10.1 Queenstown Lakes District Council will act as the administrating authority to the Committee.
- 10.2 A dedicated secretariat supports effective functioning of the Partnership and works with the Committee Advisor to provide secretariat support to the Committee.
- 10.3 The Committee is also supported through the provision of advice by a Subject Matter Expert Working Group made up of staff from across the Partners.
- 10.4 The Chief Executives will each appoint their respective officials to the Working Group.

11. VARIATIONS

- 11.1 The Committee may, at any time, make a recommendation to voting member Partners to vary this Agreement.
- 11.2 A recommendation to vary this Agreement must be ratified at the governance meetings of all the individual voting member Partners.
- 11.3 Any variation to this Agreement will be attached to a copy of this document

Attachment B

Rationale Supporting Prioritisation

Transform Transport

<p><i>Spatial Plan Alignment:</i></p>	<p>Outcome:</p> <ul style="list-style-type: none"> > Consolidated growth and more housing choice. > Public transport, walking and cycling is preferred option for daily travel. > A sustainable tourism system priority initiative > A diverse economy where everyone can thrive priority initiative 	<p>Priority Initiative:</p> <ul style="list-style-type: none"> > Investigate the use of alternative funding and financing tools to accelerate infrastructure delivery > Complete and implement the Queenstown Transport Business Cases including the delivery of the Frequent Transit Network > Complete and implement a mode shift plan for Queenstown including travel demand management measures > Investigate and protect the extension of the Frequent Transit Network to Remarkables Park and the Southern Corridor. > Investigate establishing Upper Clutha and Sub-Regional public transport networks. > Develop and implement a Tourism Travel Demand Strategy to encourage the use of public and active modes by visitors > Investigate establishing a sub-regional public transport network that provides for both local residents and visitor needs. > Identify and ensure the efficient operation of main freight routes by developing a Network Operating Plan
<p><i>Climate & Biodiversity Plan Alignment:</i></p>	<p>Outcome:</p> <ul style="list-style-type: none"> > Our transport system is low-emission and better connected. 	<p>Action:</p> <ul style="list-style-type: none"> > Investing in our future transport network. > Exploring innovative mass transport solutions
<p><i>Economic Diversification Plan Alignment:</i></p>	<p>Pillar:</p> <ul style="list-style-type: none"> > Best fit businesses have the infrastructure they need. 	<p>Objective:</p> <ul style="list-style-type: none"> > The housing and infrastructure needs of best-fit businesses are met

Attachment B

Rationale Supporting Prioritisation

<i>Destination Management Plan Alignment:</i>	<p>Pillar:</p> <ul style="list-style-type: none"> > Enrich communicates and enhance the visitor experience. > Restore the environment and decarbonise the visitor economy. > Build economic resilience, capability and productivity. 	<p>Objective:</p> <ul style="list-style-type: none"> > Positive community sentiment, strong visitor satisfaction. > Reach carbon zero by 2030 > Zero waste and pollution > Biodiversity health. > Ensure workforce availability and improve workforce retention.
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Capturing Value

<i>Spatial Plan Alignment:</i>	<p>Outcome:</p> <ul style="list-style-type: none"> > Consolidated growth and more housing choice. > A sustainable tourism system, 	<p>Priority Initiative:</p> <ul style="list-style-type: none"> > Investigate the use of alternative funding and financing tools to accelerate infrastructure delivery > Establish a coordinated programme that draws together central government, community providers, iwi and council projects and initiatives to improve affordable housing outcomes. > Implement a levy on visitor accommodation across the QL.
<i>Climate & Biodiversity Plan Alignment:</i>	None	
<i>Economic Diversification Plan Alignment:</i>	<p>Pillar:</p> <ul style="list-style-type: none"> > Best fit businesses have the infrastructure they need. 	<p>Objective:</p> <ul style="list-style-type: none"> > The housing and infrastructure needs of best-fit businesses are met.
<i>Destination Management Plan Alignment:</i>	<p>Pillar:</p> <ul style="list-style-type: none"> > Enrich communicates and enhance the visitor experience. > Build economic resilience, capability and productivity. 	<p>Objective:</p> <ul style="list-style-type: none"> > Positive community sentiment > Strong visitor satisfaction. > Increase the total value of the visitor economy (Project 13: Direct Funding for Infrastructure) > Ensure workforce availability and improve workforce retention.

Attachment B

Rationale Supporting Prioritisation

Private Investment, Public Health

<i>Spatial Plan Alignment:</i>	Not directly referenced in spatial plan priority initiatives but referenced as being a critical enabler for growth.	
<i>Climate & Biodiversity Plan Alignment:</i>	None	
<i>Economic Diversification Plan Alignment:</i>	Pillar: > Best fit businesses have the infrastructure they need.	Objective: > The housing and infrastructure needs of best-fit businesses are met.
<i>Destination Management Plan Alignment:</i>	Pillar: > Enrich communicates and enhance the visitor experience. > Build economic resilience, capability and productivity.	Objective: > Positive community sentiment, strong visitor satisfaction. > Ensure workforce availability and improve workforce retention.

Electrify Otago Central Lakes

<i>Spatial Plan Alignment:</i>	Outcome: > A diverse economy where everyone can thrive.	Priority Initiative: > Establish a QL utility infrastructure providers forum to improve coordination with SP outcomes and resilience of the networks.
<i>Climate & Biodiversity Plan Alignment:</i>	Outcome: > Our energy system is resilient, renewable, and responsive.	Action: > Supercharge the rollout of residential solar and batteries. > National regulatory reform. > Local regulations review
<i>Economic Diversification Plan Alignment:</i>	Pillar: > Best fit businesses have the infrastructure they need.	Objective: > The housing and infrastructure needs of best-fit businesses are met > Businesses have the capability and resources to launch, innovate and grow.
<i>Destination Management Plan Alignment:</i>	Pillar: > Enrich communicates and enhance the visitor experience. > Restore the environment and	Objective: > Positive community sentiment > Strong visitor satisfaction. > Reach carbon zero by 2030

Attachment B

Rationale Supporting Prioritisation

decarbonise the visitor economy.	> Zero waste and pollution
	> Biodiversity health.
> Build economic resilience, capability and productivity.	> Ensure workforce availability and improve workforce retention.

Visitors and Investors

<i>Spatial Plan Alignment:</i>	<p>Outcome:</p> <ul style="list-style-type: none"> > A diverse economy where everyone can thrive. 	<p>Priority Initiative:</p> <ul style="list-style-type: none"> > Develop an economic diversification plan > Support the Otago Regional Economic Development Network to continue to deliver regionally connected initiatives.
<i>Climate & Biodiversity Plan Alignment:</i>	None	
<i>Economic Diversification Plan Alignment:</i>	<p>Pillar:</p> <ul style="list-style-type: none"> > Our hosting experience supports diversification. > Grow niche export industries. 	<p>Objective:</p> <ul style="list-style-type: none"> > Exportable tourism and hospitality products and services grow > The value of creative industries rises > Training and education options increase. > The potential for niche opportunities is understood > Businesses within the niche grow > New businesses are attracted because of the strength of the niche.
<i>Destination Management Plan Alignment:</i>	<p>Pillar:</p> <ul style="list-style-type: none"> > Enrich communicates and enhance the visitor experience. > Build economic resilience, capability and productivity. 	<p>Objective:</p> <ul style="list-style-type: none"> > Positive community sentiment, strong visitor satisfaction. > Increase the total value of the visitor economy. > Maintain tourism business satisfaction.