

**Full Council**

**25 February 2025**

**Report for Agenda Item | Rīpoata moto e Rāraki take [1]**

**Department: Strategy & Policy**

**Title | Taitara: Regional Deal Proposal Approval**

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to obtain approval of the attached Regional Deal Proposal, due to be submitted to the Department of Internal Affairs (DIA) on 28 February 2025.

Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the contents of this report;
2. **Approve** the Otago Central Lakes Regional Deal “light touch” proposal [Attachment A];
3. **Note** that the proposal is being submitted separately to the Central Otago District Council and Otago Regional Council for approval on 26 February 2025;
4. **Note** that the proposal is due to be submitted to the Department of Internal Affairs by 28 February 2025; and
5. **Delegate** authority to the Mayor and Chief Executive to make any final minor changes to the proposal.

**Prepared by:**



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**Title:** Strategy and Reform Manager  
18 February 2025

**Reviewed and Authorised by:**



**Name:** Michelle Morss  
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18 February 2025

## Context | Horopaki

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### **Regional Deals will be based on a 30-year vision, with negotiated 10-year strategic plans to deliver shared objectives and outcomes between central and local government.**

1. Government intends Regional Deals to be long-term commitments that endure and focus both central and local governments on building economic growth. To better deliver shared objectives and outcomes between central and local government, the deals will align with local government 10-year planning cycles rather than central government's three-year planning cycles.
2. Government intends Regional Deals to be a vehicle for greater regional collaboration and coordination, enhanced private sector involvement and improved local government decision-making, funding and financing. This is intended to promote innovative and collaborative ways of working between central and local government, ensuring resilient cities and regions. Deals will aim to unlock economic and regional growth, remove regulatory bottlenecks and support investment in infrastructure funding and provisions, in exchange for commitments from local government to investment and support for key government initiatives. Government's aspiration is that this will provide better value for ratepayers and taxpayers.
3. The government has re-established a competitive process for 'regional deal groupings' to submit proposals. These are due by 28 February and require all parties in a deal to support. The government will then determine how it will process these and the process for determining how much of the 'light touch' proposal it will carry forward towards more substantial discussion.
4. The purpose of this report is to present the joint light touch proposal to be agreed between the three Councils of Central Otago District, Otago Regional and Queenstown Lakes District for submission to government as an opening gambit for a future decision on a substantial regional package.

### **Regional Deals will be built on foundational components designed to ensure clear objectives and joint commitment.**

5. Though each Regional Deal will cater for local priorities, they will share the following foundational components:
  - A defined economic/geographic area,
  - a 10-year strategic plan with clear outcomes sought and the actions required to achieve them,
  - decision-making arrangements, delivery timeframes and accountabilities,
  - the capital and operational investments required,
  - performance metrics with monitoring and reporting requirements, and
  - regulatory and institutional settings to support the deal.

**The framework outlines objectives and outcomes that deals must be centred around to ensure a focus on building economic growth and productivity.**

6. The framework includes priority objectives that will be the focus for central government across Regional Deals. Central and local government will need to agree on projects that will be best placed to support these objectives, which could involve trade-offs and priority setting as regional deals are negotiated.

<b>Priority Objectives</b>	<b>Outcomes</b>
<b>Build economic growth</b>	<ul style="list-style-type: none"> <li>&gt; Increased jobs and skills</li> <li>&gt; Improved standard of living</li> <li>&gt; Increased productivity</li> </ul>
<b>Deliver connected and resilient infrastructure</b>	<ul style="list-style-type: none"> <li>&gt; Better connected communities and businesses through infrastructure</li> <li>&gt; Infrastructure built (and identified investment in support of it) is more resilient against the impacts of natural hazards and climate change</li> <li>&gt; Infrastructure built enables development, including housing objectives</li> </ul>
<b>Improve the supply of affordable, quality housing</b>	<ul style="list-style-type: none"> <li>&gt; Increased supply of build ready land (both greenfield and brownfield), including ensuring the necessary infrastructure is in place for development.</li> <li>&gt; Improved housing affordability for rental and home ownership</li> </ul>

**Government has outlined what Regional Deals will/will not do, and how it will participate.**

7. Regional deals will:

- Bring together councils and Central Government to develop a long-term approach to meeting key regional needs.
- Coordinate existing investment better and identify new ways to fund essential infrastructure development and delivery.
- Encourage participation from the private sector and iwi / māori.
- Provide an opportunity to remove regulatory barriers that get in the way of the work of councils, communities and businesses.
- Contribute to certainty over future investment in infrastructure pipelines.

8. Regional deals will not:

- Provide guaranteed Government funding for projects.
- Enable devolution of powers to local government.

- Replace existing partnerships, commitments and processes.
- Support “non-core” initiatives.

**Queenstown Lakes District Council (QLDC) has partnered with Central Otago District Council (CODC) and Otago Regional Council (ORC) in preparing a Regional Deal Proposal for Otago Central Lakes.**

9. The Regional Deal Strategic Framework outlines that ‘regions’ for Regional Deals can be any defined economic and geographic area with functional local authorities, whether regional, sub-regional, or another scale. Regional councils must be a partner to any Regional Deal Proposal.
10. DIA gave clear guidance that it was expecting QLDC to partner with Central Otago District Council and Otago Regional Council in any Regional Deal Proposal. As such, on 18 December 2024 the QLDC Mayor, alongside the Mayor of CODC and Chair of ORC, co-signed a letter expressing interest in submitting a Regional Deal Proposal for the combined districts of Queenstown Lakes and Central Otago. The combined districts are referred to through the proposal as “Otago Central Lakes”.
11. While it was originally indicated that specific regions would be invited to submit a proposal, in the end all regions were invited to submit a proposal.

**The attached “light touch” Regional Deal Proposal has been jointly prepared by staff from QLDC, CODC, ORC with input from key external stakeholders and is grounded in existing strategies**

12. Staff from the respective councils, along with representatives from the private and public sectors have been working together to refine a proposal to put to Central Government. Staff have received input from the following organisations (plus other expert stakeholders) in putting together the proposal:
  - Destination Queenstown (staff and Board)
  - Lake Wānaka Tourism (staff and Board)
  - Tourism Central Otago (part of CODC)
  - NZ Transport Agency
  - Queenstown Lakes Community Housing Trust
  - Ministry of Housing and Urban Development
  - Queenstown Airport Corporation
  - Queenstown Chamber of Commerce
  - QLDC’s Climate Reference Group
  - Destination Southern Lakes Board
  - Rewiring Aotearoa
  - Regional Electricity Development Plan Project Lead (Aurora Energy)
  - Southern Infrastructure
  - Whoosh
  - Aukaha

- Te Ao Marama Inc

13. The proposal is based on the following key strategic documents:

- Queenstown Lakes Spatial Plan
- Cromwell Masterplan
- Vincent Spatial Plan
- CODC's Economic Diversification Plan
- Queenstown Lakes' Economic Diversification Plan
- Queenstown Lakes' Destination Management Plan
- CODC's Destination Management Plan

**The attached proposal recommends five key packages for the Regional Deal to focus on**

14. To be considered for inclusion in the Regional Deal, projects needed to be aligned with the sub-region's strategic vision for the district (as listed at paragraph 11, have economic rationale and research that support the need for inclusion and must be agreeable to all three partner councils.

15. The guidance clearly instructs any proposal to be tightly focused on economic growth. This has been further reinforced several times by DIA officials. As such while the packages of work themselves are based in existing strategic documents, the narrative surrounding them is focused on the economic benefits rather than for example the environmental or community wellbeing benefits.

16. The guidance clearly instructs that any proposal be "light touch", as the intent was not to burden councils with major research and feasibility work. Existing work should be relied upon, and anything further would be done for only those proposals that are taken forward into negotiations.

17. The core narrative behind the proposal is as follows:

- Economic growth can leverage Otago Central Lakes' unique position as the tourism gateway to New Zealand through increasing the value of tourism, building new industries to diversify the region's economic base and positioning the region as the investment gateway to New Zealand
- For the economy to grow, investment in critical infrastructure is needed to maintain a positive visitor experience and the quality of life for residents
- Otago Central Lakes needs alternative methods for delivering affordable housing and funding growth infrastructure.

18. The five packages of work in the proposal to support economic growth are:

- Leverage the visitor economy to boost economic growth
- Transform the transport system

- Electrify Otago Central Lakes
- Leverage private investment to deliver public health services
- Share the value created from growth.

19. Full detail of the packages can be found at Appendix A. It should be noted that the request to have a portion of mining royalties returned to the impacted communities does not endorse mining activity to be undertaken. There will be a consenting process for mining activity to go through before it can progress. This request is included so that in the event the application is successful, the communities impacted can benefit from this.

**In compiling this proposal, Otago Central Lakes has been required to provide an initial suggested governance structure for the Regional Deal.**

20. The 'light touch' proposal requires consideration of a suggested governance structure through which the Regional Deal can be delivered. DIA has advised that the urban growth partnership structures would be appropriate to utilise.

21. The Grow Well Whaiora Partnership is an urban growth partnership, of which QLDC and the ORC are currently members with an agreed, active Spatial Plan and governance structure. CODC has provided input into the Grow Well Whaiora partnership during its development to ensure alignment with neighbouring plans and strategies.

22. CODC has recently initiated the process of requesting to join the partnership.

23. Whilst the urban growth partnership provides an initial framework, it is acknowledged and understood that it would require redesign to be fit for purpose. This redesign would be dependent upon the specific projects selected through the Regional Deal process.

**In agreeing to submit this proposal councils are agreeing in principle to partner in negotiations with Government for a Regional Deal, based on the proposal as a starting point for discussions.**

24. QLDC, CODC and ORC are agreeing, in principle, to enter a partnership with each other, central government, and the private sector, to deliver a range of initiatives to address critical needs and support economic growth. This proposal is a starting point for discussion and negotiation of a potential deal, it is not final. The Government has not yet written the "rules of engagement" for regional deals. Agreeing to submit this proposal means councils are agreeing to work together on "one side of the table" when negotiating with central government, with this proposal as the starting point.

25. It is also possible that the government will set or offer its own priorities for any deal and these would have to be considered as part of reaching any agreement.

26. In agreeing to submit this proposal councils are not agreeing to deliver the packages in exactly the form set out in this proposal. Some of the needs identified are not immediate and the proposed initiatives may not be necessary for some time. Entering a regional deal sets the basis

of a long-term partnership with government. If QLDC is unsuccessful in securing a regional deal this proposal provides a strong basis for ongoing regional collaboration on critical spatial priorities.

27. It should be noted that at this time, the process for undertaking negotiations has not yet been defined. Submission of the proposal is not binding and membership of the negotiation team not yet determined. Resources will be allocated upon further information about the nature of the negotiations and the skillset required. This will be revisited should the proposal be successfully accepted.

#### Analysis and Advice | Tatāritaka me kā Tohutohu

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28. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.

29. Option 1 (Recommended): Approve the proposal for submission on 28 February 2025.

*Advantages:*

- Ensures QLDC's vision for the district can be considered by Central Government for a Regional Deal
- Gives QLDC, and the other partners in the proposal, an opportunity to negotiate with Central Government should the proposal be progressed.

*Disadvantages:*

- The proposal lacks the level of detail some of the public may expect because it is necessarily "light touch" (as per the guidance provided by DIA).

30. Option 2: Reject the proposal so that it will not be submitted on 28 February 2025

*Advantages:*

- QLDC's position will not be misrepresented through participation in the process and may choose to pursue alternate ways to secure positive outcomes for the community.

*Disadvantages:*

- QLDC's vision for the district will not be considered by Government for inclusion in a Regional Deal
- Damage to relationships with participating partner councils and key stakeholders in the community.

31. This report recommends **Option 1** for addressing the matter because participation in the Regional Deal process will enable consideration of changes and investments that are not available under current settings within the system.

#### Consultation Process | Hātepe Matapaki

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#### Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

32. This matter is of low significance, as determined by reference to the Council’s Significance and Engagement Policy 2024. The packages themselves represent high (positive) impact to the district, but that are not the responsibility of, and would not be delivered by, QLDC.
33. The proposal will be made publicly available but there is no consultation with the community planned as all packages of work are consistent with the Queenstown Lakes Spatial Plan, which was consulted on with the community. Future consultation will be considered by a collective of councils in the event that the proposal is successful and the next stages in the process are made clear by government.

#### Māori Consultation | Iwi Rūnaka

34. Kāi Tahu’s seven Papatipu Rūnaka have expressed their collective support for an Otago Central Lakes Regional Deal to drive smart economic growth and much-needed infrastructure. This support has been confirmed via a letter of support to Ministers. They have confirmed commitment to collaborating with the QLDC and CODC to realise shared goals. Ngāi Tahu noted that this collaboration will secure the durability of the Ngāi Tahu Claims Settlement Act 1998 and enable Papatipu Rūnaka to realise economic and environmental aspirations that benefit the whole community.

#### Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

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35. This matter relates to the Strategic/Political/Reputation risk category. It is associated with RISK10003 Economic impacts and prosperity within the QLDC Risk Register. This risk has been assessed as having a high residual risk rating.
36. The approval of the recommended option will allow Council to implement additional controls for this risk. This will be achieved by exploring the options a regional deal may provide.

#### Financial Implications | Kā Riteka ā-Pūtea

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37. There are no operational or capital expenditure requirements associated with submitting the proposal, however if the proposal is selected to progress to the negotiation stage additional capability may be required, and changes to existing LTP budgets around transport may need to be revised; this could be a timing impact or a revision up or down depending on the nature of the negotiations. Decisions on any such changes will be brought back to Full Council for approval.



## Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

38. The following Council policies, strategies and bylaws were considered:

- Queenstown Lakes Spatial Plan
- New Pathways to a Thriving Future (Economic Diversification Plan)
- Travel to a Thriving Future (Destination Management Plan)
- 2024-34 Long Term Plan
- 2024-54 Infrastructure Strategy

39. The proposal was developed specifically in alignment with the vision set out for the Queenstown Lakes Spatial Plan, Economic Diversification Plan and Destination Management Plan and as such the recommended option is consistent with the principles set out in these plans.

40. The proposal refers to, and relies upon, growth related transport and infrastructure outlined in the 2024-34 Long Term Plan. If the proposal is accepted by Government certain projects maybe be able to be accelerated through alternative funding or financing arrangements, depending on the outcome of future negotiations.

## Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

41. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

42. The proposal sets out a package of work that would build economic growth across the district, while in parallel addressing infrastructure constraints and housing affordability challenges. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

43. The recommended option:

- Can be implemented through current funding under the Long Term Plan and Annual Plan;
- Is consistent with the Council's plans and policies;
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council; and
- Does not commit any of the councils to a future set of outcomes but provides a comprehensive basis for discussion with government, should the bid be successfully taken to the next stage in the process.

44. As identified above, if the proposal is accepted and a Regional Deal is negotiated, there may be funding implications. These will be identified at such a time that negotiations for a Regional Deal are confirmed and further decisions sought.

**Attachments | Kā Tāpirihaka**

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A	Regional Deal Proposal
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