Queenstown Business

CHAMBER OF COMMERCE

July 2026

Queenstown Business Chamber of Commerce -
Simplifying local government / Head Start process – Position statement

An opportunity to structure ourselves for success

The Government's Head Start local government reform process presents Queenstown Lakes with an important strategic choice: what form of governance will best position the district to manage growth, protect community identity, and secure the infrastructure and funding tools needed for the future?

Any reform needs to: Support the new Planning system, simplify local governance, deliver economies of scale, maintain a strong local voice, and be deliverable. It should create governance arrangements that reflect real communities of interest, support sustainable growth, preserve local decision-making and equip the region to succeed over the next generation. These are strategic and structural decisions that have generational implications and deserve time.

On that basis, a standalone Queenstown Lakes unitary authority represents the strongest outcome in the short term given deliverability and local voice; and if/when amalgamation is required, Central Otago remains the most natural and strategically aligned partner.

Why? Queenstown's economy, growth profile, infrastructure challenges, visitor pressures and future development needs are distinct not only from coastal Otago, but increasingly from most other districts in New Zealand.

Our district of approximately 53,000 residents' hosts millions of visitors annually, generates around $200 million in GST from visitor expenditure, supports more than $1.5 billion of tourism GDP, yet (currently) must largely fund visitor infrastructure to support New Zealand's most significant tourism economy predominantly through local rates.

We face challenges unlike any other district in Otago:

- New Zealand's fastest growth rate.
- A visitor economy serving millions of visitors annually.
- Peak populations significantly exceeding resident numbers.
- Unique housing, workforce and infrastructure pressures.
- Nationally significant economic contribution through tourism and visitor spending

At the current rate of growth, Queenstown Lakes population is projected to reach 150,000 in the next 12 years making it the second largest urban area in the South Island (larger than Dunedin). On top of this we have seen 7.8 million cumulative visitor days, representing 9% growth over the previous 12 months.

The district already possesses many of the characteristics of a unitary authority and, according to the Mayoral Forum assessment, a standalone model would result in no material deterioration in financial performance while preserving maximum local representation and decision-making.

Whilst reducing the number of local councils is the government's priority, they are also open to considering bespoke solutions that will best suit communities.

For these reasons, the Queenstown Business Chamber's preferred position is that **Queenstown Lakes should remain a standalone unitary authority**, assuming this option remains available under the Government's final reform framework. A standalone model would provide the strongest local voice, maintain direct accountability for decision-making, and ensure the district's unique visitor-economy challenges remain the clear focus of governance.

Preparing for the alternative

<u>If Government determines that amalgamation is necessary, the evidence points to **Central Otago (CODC) as the most logical and mutually beneficial partner**, forming an Inland Otago Unitary, with consideration given to most logical and deliverable boundaries</u>

Perhaps the most compelling argument is that the Crown has already recognised the Otago Central Lakes region as a meaningful economic unit.

Queenstown Lakes and Central Otago already operate as an increasingly interconnected inland system. We share labour markets, housing pressures, transport networks, economic growth patterns and environmental catchments. Residents move between the districts for employment, businesses operate across district boundaries, and growth pressures in Queenstown are increasingly influencing development patterns, particularly in Cromwell and Alexandra.

The Otago Central Lakes Regional Deal has already recognised this reality by treating the two districts as a single growth region for the purposes of infrastructure, housing and economic development. Economist Benje Patterson projects that this inland "golden triangle" could have a combined population around 20,000 higher than Dunedin by 2041.

With the much more dynamic and faster growing Queenstown Lakes and Central Otago economies we need leadership and decision making that best works for our community, it needs to be based in our community, not in a completely different environment 4 hours' drive away.

An **Otago Central Lakes Unitary Authority** would optimise the opportunities for people and businesses of this area and align governance with this interconnected inland economy. It would allow coordinated planning for housing, transport, infrastructure and environmental management while preserving a stronger local voice than would be possible within a much larger province-wide authority. The Mayoral Forum analysis found that an inland model better reflects communities of interest and growth patterns than a region-wide structure and aligns closely with emerging public sentiment regarding local representation.

In terms of the mutual benefits for Queenstown Lakes and Central Otago residents - they would have significantly greater influence within an inland authority of approximately 150,000+ projected residents than within a province-wide authority serving more than 260,000 people.

An outcome we should avoid:

The Queenstown Business Chamber does not support a **whole-of-Otago unitary authority**.

The strongest case against a whole-of-Otago model is that it is based on historical boundaries rather than current and future realities. While a region-wide model may 'potentially' offer some administrative efficiencies and stronger catchment-wide planning, it risks diluting the interests of the region that is driving much of Otago's future economic and population growth.

Queenstown Lakes and Dunedin are fundamentally different economies with different pressures, priorities and service requirements. Within a province-wide authority there is a significant risk that the unique challenges associated with growth, tourism, housing and infrastructure in the Southern Lakes become one issue among many competing regional priorities.

Whole of Otago unitary does not perform well against criteria:

- **Economies of scale cut both ways**. A region built around arresting Dunedin's decline and one built around servicing Queenstown Lakes' runaway growth need opposite capital, rating and infrastructure strategies. Combining them doesn't create economies of scale - it creates internal contradiction, which undercuts the government's core rationale for reform.

- **Fair and effective representation is an explicit criterion.** In a c.260,000-person province-wide authority, our 53,000 residents (heading to 150,000) would be structurally outvoted by a larger, slower-growing, differently-motivated base - the opposite of effective local representation.

- **Support for the new planning system** - our planning priorities (visitor infrastructure, housing supply, peak-population servicing) diverge sharply from Dunedin's (urban regeneration, population retention). One planning framework trying to serve both isn't simplification, it's a new source of exactly the duplication and disagreement the reform is meant to eliminate.

- **Deliverability** - merging all Otago councils with actively divergent strategic goals will be slower and more contested than merging two (QLDC/CODC) that already function as one economic system via the Regional Deal.

Importantly, governance reform alone will not solve the challenges facing Queenstown Lakes.

Regardless of the eventual structure, success will depend on securing the funding and legislative tools currently being pursued through the Otago Central Lakes Regional Deal, including a visitor levy, workforce housing mechanisms, infrastructure financing tools and a fairer share of revenue generated by visitors.

The structure and the funding package should be viewed as complementary components of the same solution.

In summary, the Queenstown Business Chamber's position is:

1. **Preferred option:** Queenstown Lakes becomes a standalone unitary authority, at least in the short-medium term
2. **Accepted option:** An Otago Central Lakes Unitary Authority (Inland Otago) comprising Queenstown Lakes and Central Otago.
3. **Not supported:** A whole-of-Otago unitary authority.

Other important considerations need to be worked through: *Enabling effective regional economic development and collaboration beyond borders, ie; our economic synergies with neighbours in Southland need to be considered as well as a wider Inland Otago economic development function.*

The choice facing Otago is not just about 'simplification of local government'. It is about selecting a governance model that reflects how people live, work, travel and invest today and into the future.

The evidence suggests that Queenstown Lakes has the capability, scale and economic distinctiveness to stand alone as a unitary authority while continuing to partner regionally where it makes sense.

What should be avoided is a return to governance based on historic provincial boundaries rather than modern economic geography. The future of Otago is increasingly inland, and the future structure of local government should recognise that reality.