ATTACHMENT A: OTAGO CENTRAL LAKES REGIONAL DEAL PROPOSAL SUMMARY

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
- 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 (e.g. 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.

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)