

WESTPAC SMARTS

Lets talk REGIONAL GROWTH



Westpac New Zealand Limited.

Queenstown
Business

CHAMBER OF COMMERCE

Queenstown - the centre of a growth proposition like none other

Benje Patterson

Independent economist

benje@benjepatterson.co.nz

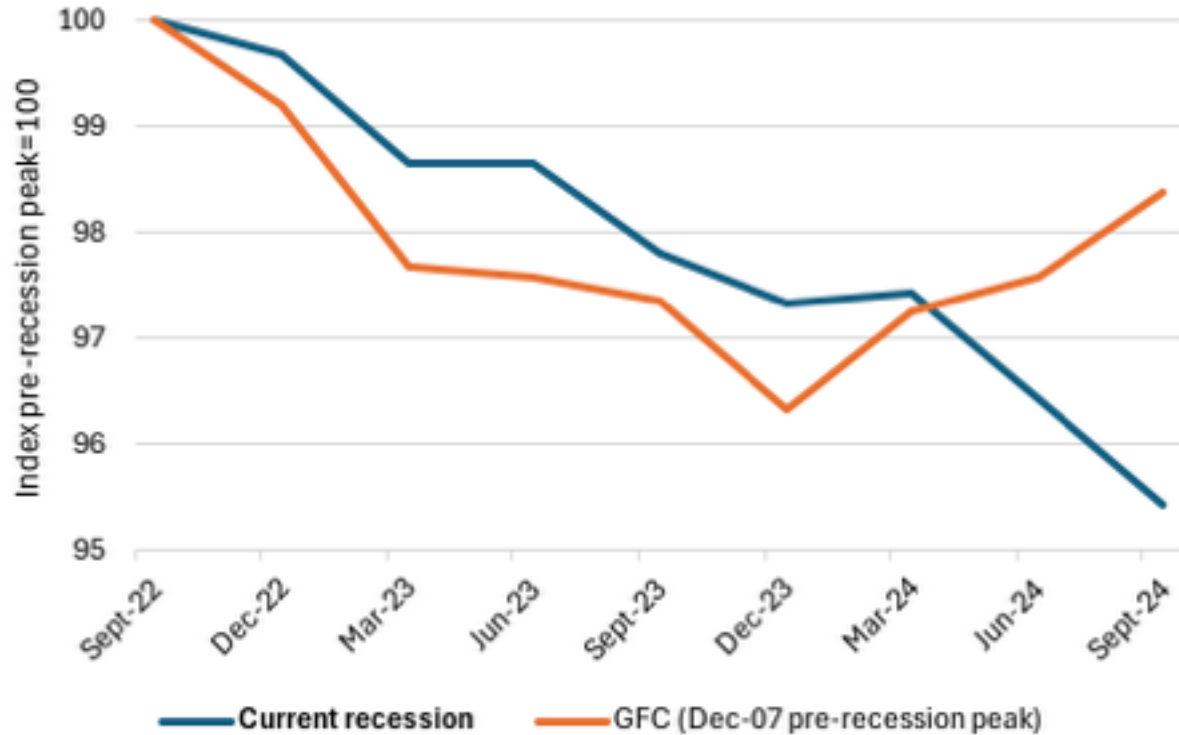
21 February 2025

Queenstown



New Zealand is in a recession deeper than the GFC

Recession and recovery: GFC vs current
GDP per capita, calculated from Statistics NZ data

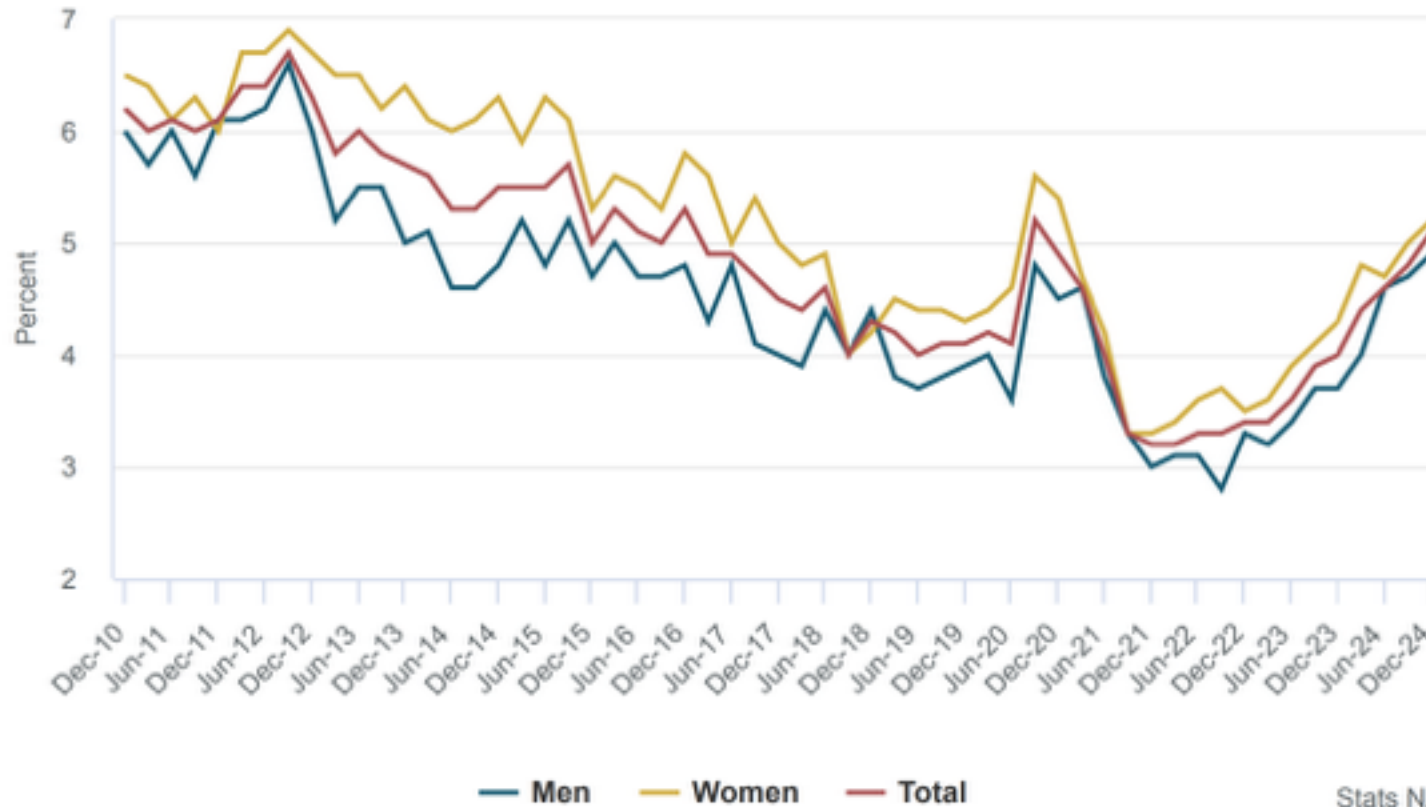


8 quarters recession to date VS. 5 for the GFC

4.6% fall in GDP per capita

33,000 more unemployed across NZ in 2024

Unemployment rate by sex, seasonally adjusted, December 2010–December 2024 quarters



Job losses widespread (except Otago/Canty)

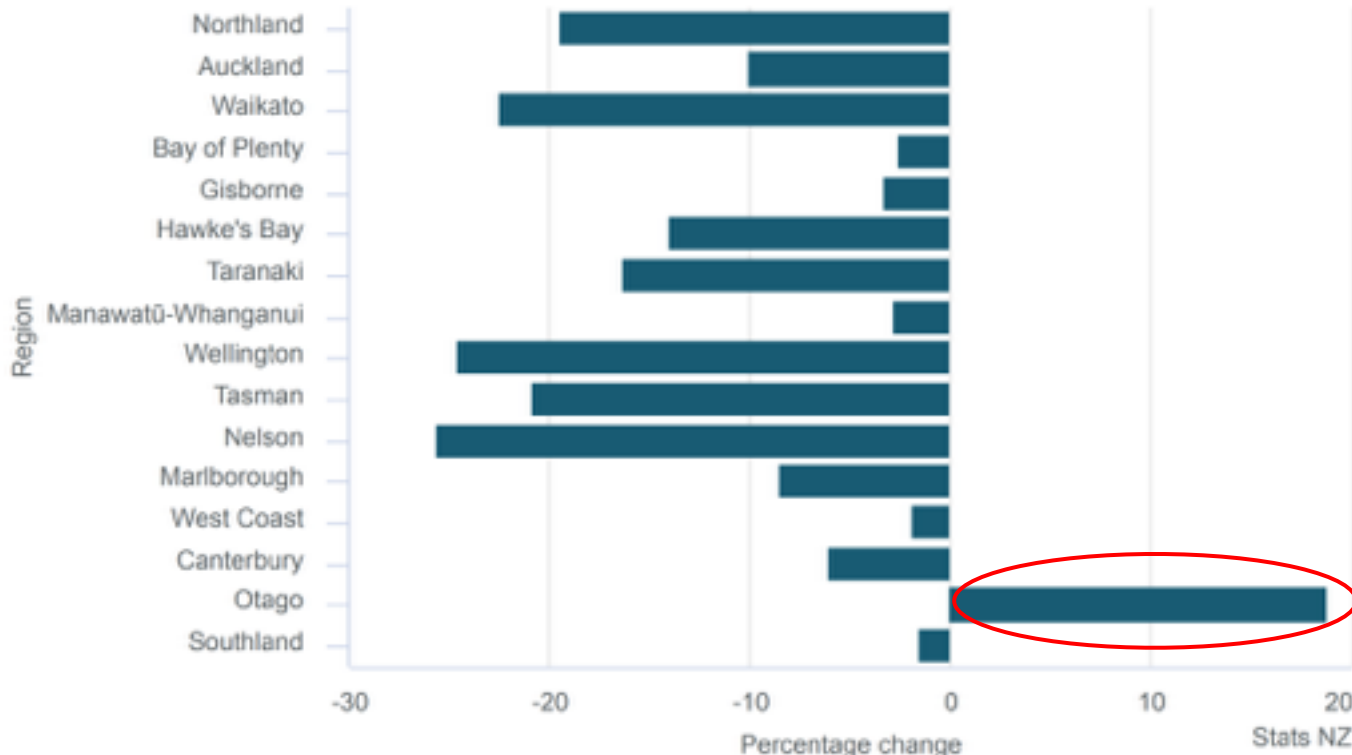
Region	Jobs change (Dec 24 vs Dec 23)
Otago	0.9%
Canterbury	0.0%
Marlborough	-0.4%
Tasman	-0.5%
Waikato	-0.6%
Bay of Plenty	-0.6%
Northland	-0.8%
West Coast	-0.8%
Southland	-1.2%
Hawke's Bay	-1.4%
Manawatu-Whanganui	-1.5%
Taranaki	-1.5%
Auckland	-1.7%
Wellington	-1.8%
Nelson	-2.1%
Gisborne	-4.1%

Within Otago:

- Queenstown Lakes up 3.2%
- Central Otago up 0.2%

Queenstown just does things differently

Percentage change in number of new homes consented, by region, 2023–2024



46% lift in Queenstown Lakes
Dec-24 year

- 1,035 consents in 2023
- 1,514 consents in 2024

Otago Central Lakes is Otago's engine room

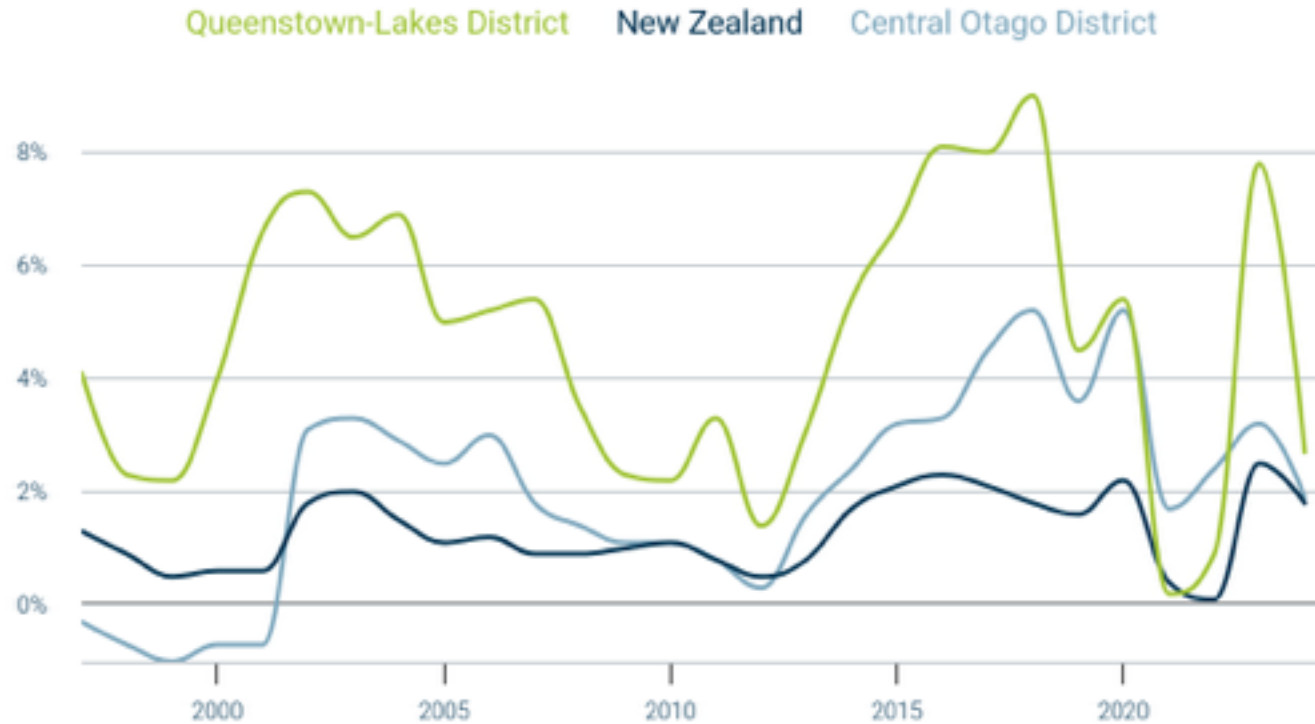
- ▶ 50% of Otago Region's GDP growth since 2000 has occurred in Otago Central Lakes:
 - ▶ Otago Central Lakes' economy has more than tripled since 2000, while NZ has not yet doubled
 - ▶ From \$2.1b billion pa of GDP to \$6.6bn
- ▶ From 17% of Otago's population living in Otago Central Lakes in 2000 to 31% by 2024



Otago Central Lakes averaged 4.6%pa population growth the past decade (NZ was 1.7%pa)

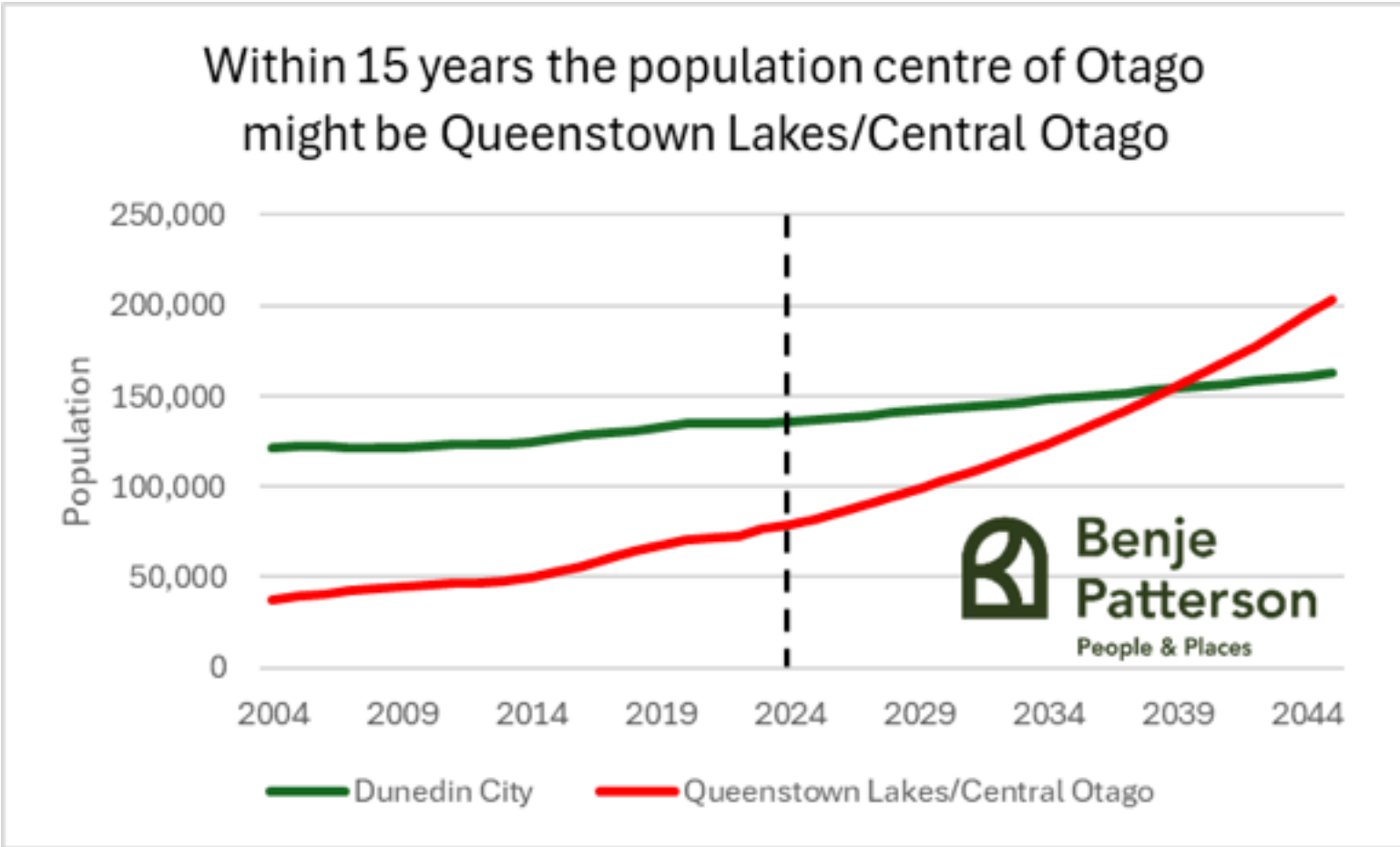
Population growth

Annual % change, June years



- Queenstown Lakes: 5.3%pa growth last 10 years
- Central Otago: 3.4%pa

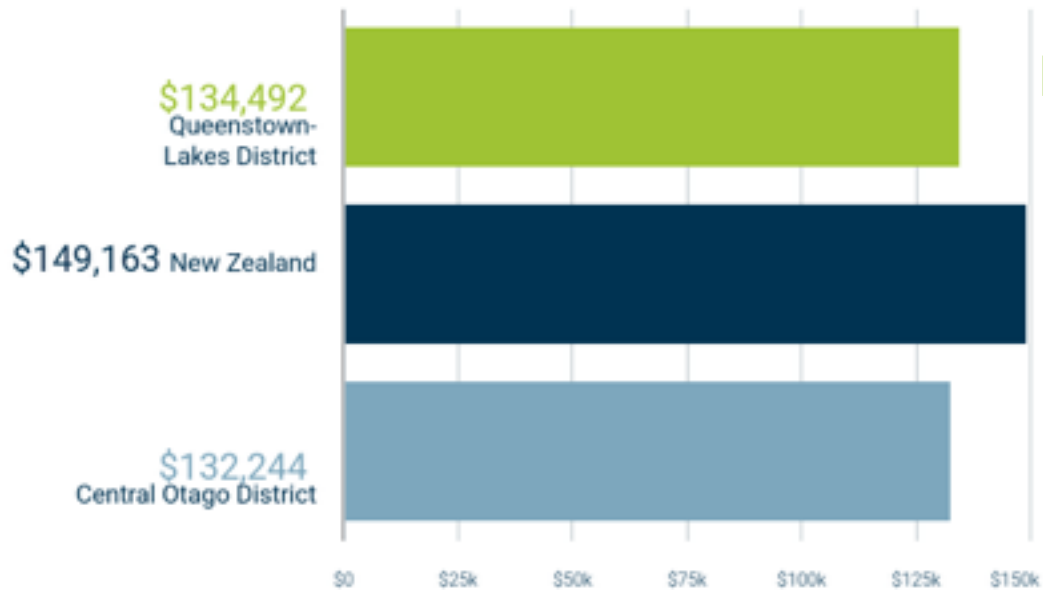
Queenstown-Wānaka-Cromwell golden triangle will soon be the population centre of Otago



Under current trends Otago Central Lakes' economy will expand \$5 billion in 10 years, but we could do better!

Productivity level, 2024

GDP per filled job, 2024 prices, year to March 2024



- ▶ Otago Central Lakes productivity is around 10% lower than NZ
- ▶ Imagine if we:
 - ▶ Had world class infrastructure
 - ▶ Enabled emerging sectors to flourish (e.g. Tech Queenstown)
 - ▶ Tapped into capital and talent, hiding in its hills
 - ▶ Acted as the shopfront for NZ Inc (e.g. trade and investment)

Talent, capital, and international connections are big within Queenstown

- ▶ Anecdotally: We see the jets and hear the stories
- ▶ Queenstown is internationally orientated:
 - ▶ 1/3 of all tourists to NZ visit
 - ▶ Residents are 40% more likely to have been born overseas
- ▶ There is greater wealth:
 - ▶ Similar mortgage free homeownership rate to NZ, but houses are worth double
- ▶ Higher educated and more directors:
 - ▶ Residents are 30% more likely to have a degree/postgrad qualification
 - ▶ Twice the per capita membership to Institute of Directors than rest of NZ

There is untapped potential to act as a shopfront for NZ Inc

- ▶ Tourism is not just about visitor experiences, we can also showcase what NZ has to offer:
 - ▶ 1/3 of international travellers pass through Queenstown - opportunity to be NZ's shopfront
- ▶ Research commissioned by QLDC and friends (including CODC) showed:
 - ▶ 53% of visitors regularly purchase NZ products once they return home (already \$600m pa)
 - ▶ 20% of visitors want to learn more about what NZ has to offer (invest, study, migrate)



Imagining a better, more productive future for Otago Central Lakes

- ▶ Current GDP:
 - ▶ \$6.6 billion pa

- ▶ GDP in 10 years, if:
 - ▶ Current trends continue: \$11.3 billion
 - ▶ Productivity matches NZ: \$12.4 billion
 - ▶ Exceed NZ productivity by 25%: **\$15.5 billion**

Otago Central Lakes is the logical first cab off the rank for a regional deal

- ▶ Lifting productivity outcomes, requires the right enablers:
 - ▶ Including improved infrastructure and services in place, and funding models, partnerships, and regulator settings to allow these things to happen
- ▶ Otago Central Lakes will already add billions of growth to NZ's GDP within the next decade, but we could:
 - ▶ Add billions more with the right infrastructure and services in place
 - ▶ Act as a shopfront for broader opportunities in NZ Inc (i.e. we could showcase NZ products and investment opportunities to visitors)
 - ▶ Be a test bed for regional models that could be rolled out elsewhere.

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Westpac Smarts: Let's Talk Regional Growth

21 February 2025

The background is a solid dark blue color. Overlaid on this is a white wireframe illustration of a mountain range. The mountains are composed of numerous interconnected lines forming a mesh-like structure, giving them a three-dimensional, geometric appearance. The range consists of several peaks of varying heights, with the most prominent ones in the center and right. The overall style is clean and modern, typical of a corporate or technical presentation.

Regional Deal – Requirements

Purpose



- > Deals are intended to deliver on shared objectives between central and local government
- > Deals will be based on a (existing) 30-year vision
- > Deals will have negotiated 10-year strategic plans
- > Deals represent long-term commitments intended to endure

“Regional can be regional, sub-regional or another appropriate scale, so long as they are defined economic and geographic areas with functional local authorities”

Government expectation that CODC and QLDC partner + regional council must be a partner to the regional deal.

Priority Objectives



Build economic growth

- > Increased jobs and skills
- > Improved standard of living
- > Increased productivity



Deliver connected and resilient infrastructure

- > Better connected communities and businesses through infrastructure
- > Infrastructure built (and identified investment in support of it) is more resilient against the impacts of natural hazards and climate change
- > Infrastructure built enables development, including housing, objectives



Improve supply of affordable, quality housing

- > Increased supply of build ready land (both greenfield and brownfield), including ensuring the necessary infrastructure is in place for development
- > Improved housing affordability for rental and home ownership

Clear link to economic growth in our region

Proposals must identify, and provide evidence to support:



key economic growth sectors



annual expected growth in revenue for identified sectors



actions the region intends to take to enable economic growth



what the region needs from Central Government to support growth



anticipated economic growth that would be triggered by a regional deal

Commitment to regional collaboration



Participating Councils must demonstrate:

- > commitment to clear regional spatial priorities
- > how proposed regional deal delivers on regional spatial priorities
- > previous collaboration with each other and Central Government

Capability, Capacity and Readiness to Deliver



Proposals must outline:

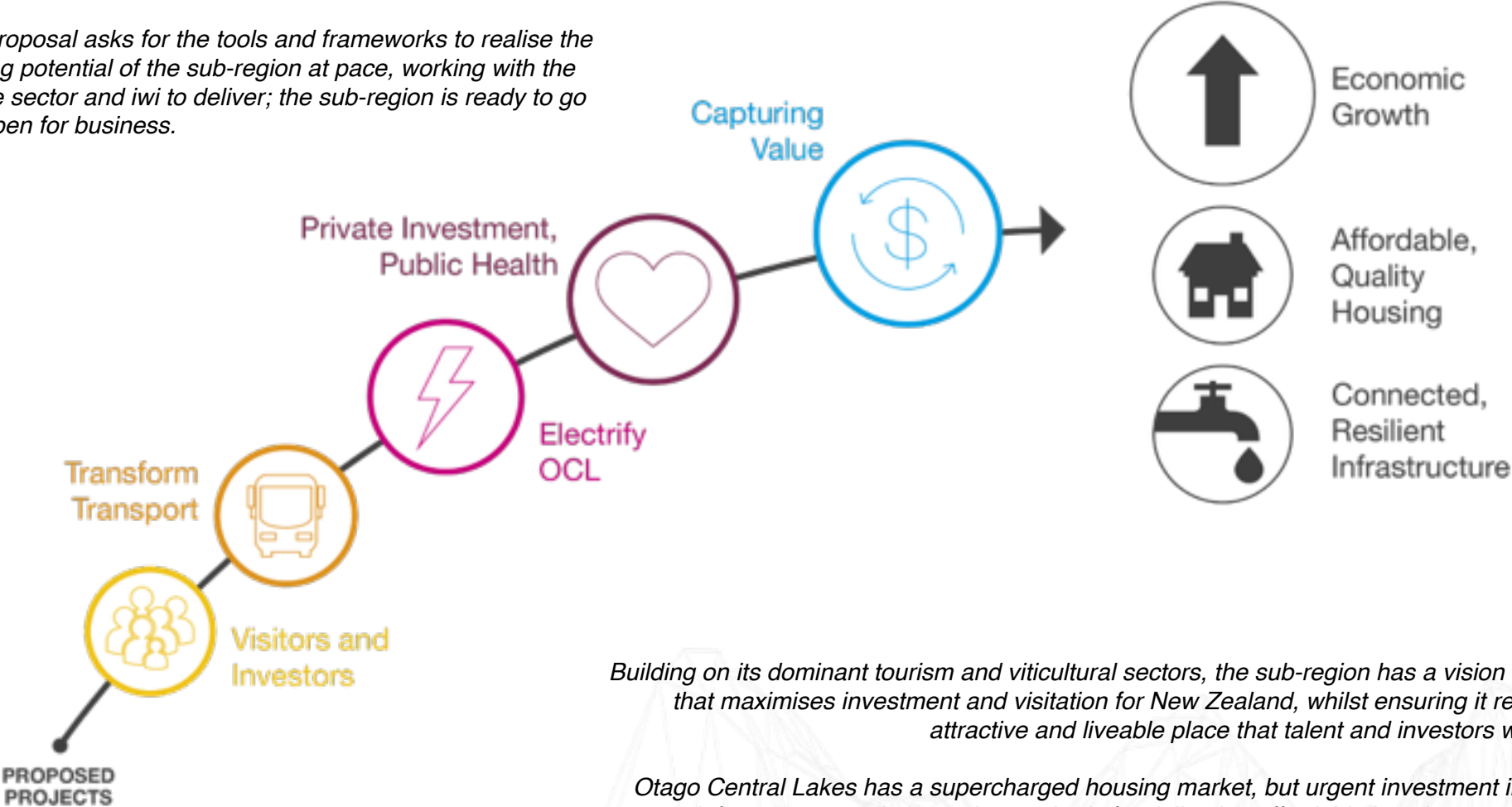
- > how projects will be successfully delivered
- > examples of successfully delivering infrastructure projects and how these were managed
- > support from the private sector and Ngāi Tāhu, including what role they might play in funding and implementing projects
- > proposed governance arrangements between Councils and other key actors e.g. private sector and Ngāi Tāhu

The background features a dark blue gradient with a white wireframe mountain range. The mountains are composed of interconnected lines forming a low-poly, geometric landscape. The text "Proposed Regional Deal" is centered in the lower half of the image.

Proposed Regional Deal

Otago Central Lakes – from tourism gateway to investment hub. High growth, massive opportunity.

This proposal asks for the tools and frameworks to realise the exciting potential of the sub-region at pace, working with the private sector and iwi to deliver; the sub-region is ready to go and open for business.



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

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

Visitors and Investors

Leverage the region's unique position as the tourism gateway to NZ to support the region as NZ's centre of tourism innovation excellence focussed on increasing tourism productivity for NZ Inc.

Outcomes sought:

- > A sustainable tourism system
- > A diverse economy where everyone can thrive

Action required:

- > Make it a priority for Invest NZ, NZ Trade and Enterprise, Overseas Investment Office, and Immigration NZ to partner together with us to further productivity building these initiatives through "people on the ground".
- > Seed funding to progress high priority initiatives.

Transform Transport

This package outlines a transformation that maximises the limited operating capacity of the of the network through accelerating the delivery of offline Mass Rapid Transport (MRT), supported by resilient transport routes that cater to the growing population, delivered through partnership with the private sector and enabled by non-traditional planning, funding and financing tools

Outcomes sought:

- > Provides more efficient and reliable access for people and goods that
- > Adaptable to change and disruption
- > Enhances the livability and quality of the natural and built environment

Action required:

- > Accelerate delivery of offline MRT
- > Investigate private sector partnership to develop commuter bus routes linking Queenstown, Wanaka, Cromwell and Alexandra
- > Accelerate roading improvements and resilience projects
- > To be funded via a mix of private sector financing, commuter/ user charges, reprioritised central govt funding, and contributions from the three councils.
- > Any legislative roadblocks/ lengthy processes to be sped up via bespoke legislation agreed through the regional deal

Electrify OCL

To be the most highly electrified, innovative place in NZ

Outcomes sought:

- > Energy infrastructure that allows the economy to grow and thrive
- > A highly innovative, electrified destination that provides a strong brand proposition
- > Reliable, resilient and affordable energy supply for businesses and households

Action required:

- > Change regulation to include Queenstown in the interconnected national grid and require Transpower to undertake additional options analysis of cost implications per household, implications of rapid solar uptake and trigger points to defer investment in additional line upgrades.
- > Bring power and innovation home: Explore the possibilities presented by a relaxation of code, regulation and legislation for energy innovation in the sub-region. Use OCL as the pilot location for innovative schemes as part of the Special Economic Zone.
- > Supercharge Solar and Batteries: Launch a Ratepayer Assisted Scheme for rooftop solar and batteries, providing 20% investment share from central government (will earn a return). Leverage the potential of the RAS to build and train a solar and advanced electrification installation workforce from within the OCL.
- > Provide streamlined planning and land acquisition pathway for a transmission corridor.

Private Investment, Public Health

Support continued growth in Otago Central Lakes through a partnered approach to delivering public health services that results in a significant increase in public health services for Otago Central Lakes, with limited increases in operational costs and no capital costs. There are opportunities to enhance publicly-funded health services by partnering with private hospitals, clinics and investors that either going through the planning process or have started building in the region.

Outcomes sought:

- > Timely, fit-for-purpose, and contemporary health infrastructure that supports the district's future population, workforce and economic growth.
- > Medical tourism contributes to both the economy and the community, increasing the availability of health services to New Zealanders while developing new economic growth from international markets.
- > Health infrastructure is available to grow the local health system, making existing health services more resilient and able to treat more complex patients.

Action required:

- > A small up front investment, and commitment to the approach, to develop the partnered model to a point where it can be implemented for six high priority projects:
 - Otago Central Lakes Hospital in Queenstown
 - Te Taumata Lakeview Clinic maternity services
 - Integrated Care Hub in Wānaka
 - Aged Care Facilities in Clyde
 - Wānaka Health Precinct
 - Further Investigation in Central Otago

Capturing Value

Address the Otago Central Lakes' unique housing and growth challenges by capturing the value from growth and visitors and reinvesting it back into critical infrastructure and affordable housing using new tools.

Outcomes sought:

- > Community can easily access quality, stable, affordable housing now and into the future
- > Growth pays for growth
- > Visitors contribute their fair share of the cost of providing infrastructure and services

Action required:

- > Local Visitor User Charge collected by accommodation providers for all visitors.
- > Legislation to enable bespoke agreements with developers to provide land, or funding, for perpetual affordable housing through a registered Community Housing Provider.
- > Incentives for building on land already zoned and serviced and for build to rent
- > Update to Accommodation Supplement boundary to reflect existing urban areas
- > Mandate short-term letting providers (such as AirBNB) to provide data to Councils
- > Portion of anticipated \$300M pa mining royalties be reinvested in wider economic resilience of the region and infrastructure that will be impacted by mining growth.

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