



# What communities need from the framework for city/regional deals

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Local Government New Zealand (LGNZ) welcomes the Government's commitment to developing city/regional deals as a mechanism for partnership between central and local government, centred around joint priorities and investment.

This document is designed to support the Government's work to develop a framework. It sets out the outcomes the framework should deliver, why these matter, and how deals and their supporting architecture can achieve them.

## Outcomes the framework must deliver

To deliver growth and transformative change, city/regional deals need to avoid current challenges to partnership and enable new cost-effective and efficient ways to deliver improved outcomes for communities. This will require a city and regional deals framework that delivers:

1. Alignment on outcomes and investment between local and central government;
2. Increased trust and partnership between local and central government;
3. Long-term commitments, with evolution over time;
4. Access to new funding and financing mechanisms;
5. The opportunity for all cities or regions to propose a city/regional deal; and
6. Deals that are efficient to administer and deliver.

Outcome	Why this outcome matters	What deals need to contain	What the framework and supporting architecture needs to contain
<p><b>Alignment on outcomes and investment between local and central government</b></p>	<p>The first agreements are likely to be centred on key anchor projects that enable wider outcomes, such as housing development or economic growth and development. Clear agreement on outcomes, these anchor projects and aligned investments will provide certainty on what needs to be delivered – and ensure there is accountability for that.</p> <p>Clearly defined outcomes will make it easier for central and local government to ensure that their other investment aligns with those outcomes. They will also make it easier for third parties (such as business, infrastructure providers, tertiary institutions, iwi) to align their investments to the broader outcomes, which will increase the impact of the deal.</p> <p>Delivery on mutual priority anchor projects and outcomes are likely to set up a ‘virtuous cycle’ that builds on existing trust and commitment to further evolve agreements.</p>	<p>Agreement between central and local government on:</p> <ul style="list-style-type: none"> <li>• Outcomes of the city/regional deal (eg economic growth)</li> <li>• Where, when, what and how investment will be made to deliver/enable the outcomes sought</li> <li>• How performance/success is measured and monitored, and who is accountable for what</li> <li>• How central government agencies will be involved and coordinated in the delivery of the deal</li> <li>• How the above alignment will be maintained.</li> </ul> <p>Mechanisms and incentives to support councils with an interest in the deal to work together more collaboratively.</p>	<ul style="list-style-type: none"> <li>• Principles and guidance that shape how agreement will be formed and maintained on outcomes, investments, and the wider accountability framework, including the setting and assessment of success measures. This should include how the agreement could enable alignment with iwi and other key stakeholders, such as the business community and third-party infrastructure providers.</li> <li>• Identification of how a city/regional deal should integrate with central and local government’s existing plans, policies, strategies and approaches to maximise alignment and allow prioritisation. Statutory spatial planning would be one mechanism to support this.</li> <li>• Clear guidance and mechanisms to identify and involve government agencies.</li> <li>• How the councils that are directly or indirectly involved in a city deal can be supported or incentivised to work together collaboratively, and a principle that deals will promote this.</li> </ul>
<p><b>Increased trust and partnership between local and central government</b></p>	<p>High-trust partnerships lead to more collaborative and innovative approaches, and support greater alignment on big-picture goals. High trust means that parties are more likely to go beyond the specific requirements of the deal to align with shared outcomes.</p>	<p>Mechanisms that build and strengthen the relationship between parties at both operational and governance levels. This should include:</p> <ul style="list-style-type: none"> <li>• Governance structures bespoke to each agreement</li> <li>• Mechanisms for regular engagement on issues directly related to the deal, as well as</li> </ul>	<ul style="list-style-type: none"> <li>• Principles and objectives for governance structures that build support for the deal and its objectives, at both administrative and political levels. Embracing localism and approaches that support it is one principle local government is keen to see in the framework.</li> </ul>

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	<p>Low-trust partnerships are less likely to be maintained over time, and can result in higher administrative cost through increased reporting and approvals processes. Low trust is also likely to reduce innovation.</p> <p>Ideally deals would be able to build political consensus over time so they endure through political cycles.</p>	<p>matters of mutual interest that may be related to the deal in some way</p> <ul style="list-style-type: none"> <li>• Clear mechanisms to resolve disputes</li> <li>• Clear allocation of roles and responsibilities between the parties for administering/ delivering the deal</li> <li>• Agreed ways of working between operational arms of central and local government in delivering on the deal (eg standard operating procedures).</li> </ul>	<ul style="list-style-type: none"> <li>• Guidance on how city/regional deals fit into the wider relationship between local and central government, and how this can be aligned and simplified.</li> <li>• Guidance on how other parties that would support the objectives of the deal could be connected to the deal.</li> </ul>
<p><b>Long term commitment, and evolution over time</b></p>	<p>City/regional deals often involve substantial investments. Long-term commitment would enable:</p> <ul style="list-style-type: none"> <li>• Alignment and stability across political and planning cycles (eg long terms plans, political terms)</li> <li>• Complex, multi-year projects to be within scope for deals</li> <li>• Alignment with the timeframe for delivering on outcomes</li> <li>• Ability to attract and retain external investment</li> <li>• Adaptation of the deal to changes and new opportunities</li> </ul> <p>The ability for deals to evolve over time would enable them to cover a broader scope and timeframe and adopt new, more efficient ways to deliver outcomes – such as through increased devolution.</p>	<ul style="list-style-type: none"> <li>• The initial deals should cover a reasonable scope of activity and length of time.</li> <li>• A deal should have clear mechanisms for its extension or evolution over time or the negotiation of the next deal.</li> <li>• Subsequent deals should have greater scope in terms of timeframe, ambition, and other aspects such as regulatory relief and devolution.</li> </ul>	<ul style="list-style-type: none"> <li>• The framework needs to promote and encourage deals that can easily be extended or form the basis for future deals that build on the relationship and outcomes achieved.</li> <li>• The framework needs to be flexible enough to enable deals to evolve over time towards higher-trust approaches to delivering on agreed outcomes, such as greater devolution of decision making, delivery and funding.</li> </ul>

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	<p>Greater devolution of decision making, delivery and funding enables more efficient delivery at the local level. Longer-term city/regional deals that evolve over time provide a platform for local and central government to negotiate greater devolution over time.</p> <p>Shorter-term deals that are unlikely to lead to further deals are less likely to deliver significant outcomes or gain wider commitment from local and central government or third parties, or build trust in the process of the deals itself.</p>		
<p><b>Access to new funding and financing mechanisms</b></p>	<p>Funding and financing mechanisms are necessary to support the delivery of agreed projects. Funding and financing is one of the key challenges city/regional deals are seeking to address.</p> <p>City/regional deals will require greater investment in agreed infrastructure and other areas. Councils will meet this in part through reprioritisation of existing investments and use of existing revenue and financing methods, but would be unlikely to agree to a city/regional deal unless additional funding and financing mechanisms were made available.</p>	<ul style="list-style-type: none"> <li>• Clear agreements on what direct funding from central government will be provided, and what new funding or financing tools will be available. These should be long-term commitments at least for the life of the agreement, and could endure after the agreement has been completed.</li> <li>• The funding and financing arrangements could be tied to a package of infrastructure or achievement of certain outcomes, eg payback mechanisms.</li> <li>• Deals may need to include mechanisms to enable councils to reduce costs of delivery or to repurpose existing investment. For example, through targeted regulatory relief, such as the reduction or removal of certain resource management consenting requirements, or removal of specific unfunded mandates.</li> </ul>	<ul style="list-style-type: none"> <li>• A principle that funding and financing arrangements need to provide for long-term certainty.</li> <li>• Guidance on the range of potential funding tools that could be incorporated into funding agreements.</li> <li>• This should also set out how to best incentivise the outcomes that have been agreed to, eg access to buoyant taxes (such as GST) being linked to economic growth outcomes, or bed taxes linked to tourism related infrastructure.</li> </ul>

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<b>All cities or regions have an opportunity to propose a city/regional deal</b>	<p>New Zealand’s cities and regions are at a range of scales with different needs and aspirations.</p> <p>It would be best to make decisions on proposed deals on their relative merits, rather than exclude a majority of cities and regions by setting a high barrier to entry through the framework and requirements for application.</p>	<ul style="list-style-type: none"> <li>• Key elements are scaled and tailored to the specific needs of the city or region the deal relates to.</li> </ul>	<ul style="list-style-type: none"> <li>• The framework needs to be flexible enough to support deals at a range of scales, and tailored to specific local circumstances.</li> <li>• The Government needs to have sufficient capacity to resource the negotiation of as many deals as are viable within the parameters it sets – and to fund and support all successful agreements.</li> </ul>
<b>City/regional deals are efficient to administer and deliver</b>	<p>There is a risk that city/regional deals become cumbersome or expensive to administer and deliver, as has been the experience of local government with some central government partnerships.</p> <p>Councils want to avoid the cost and non-delivery of outcomes that can result from deals that are cumbersome and difficult to administer.</p>	<ul style="list-style-type: none"> <li>• Outcomes, accountability and administrative requirements are proportionate to the scale of the deal and have a clear purpose.</li> <li>• Clear allocation of roles/responsibilities for administering and delivering the deal between the parties.</li> </ul>	<ul style="list-style-type: none"> <li>• The framework should include principles/guidance to ensure deals have administrative or reporting requirements that are appropriate to the size and scale of the deal, rather than a one-size-fits-all approach.</li> </ul>