



EVENT BRIEFING

Meeting with Hon Simon Watts, 8 April 2025

Date:	3 April 2025	Priority:	Low
Security classification:	In Confidence	Tracking number:	REQ-0010626

Action sought		
	Action sought	Deadline
Hon James Meager Minister for the South Island	Meet with Hon Simon Watts	8 April 2025

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Karl Woodhead	General Manager Strategy, Planning and Performance, Kānoa – Regional Economic Development & Investment Unit (Kānoa)	Privacy of natural persons	
Cory Hagaraars	South Island Lead Advisor, Kānoa	Privacy of natural persons	√

The following departments/agencies have been consulted
The Department of Internal Affairs

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



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Purpose

To provide background and supporting information for your meeting with Hon Simon Watts, on Tuesday, 8 April 2025.

Recommendations

The Ministry of Business, Innovation and Employment (MBIE) recommend you:

- a **Note** the information in this briefing to support your meeting with Hon Simon Watts.

Noted

Karl Woodhead
General Manager
Strategy, Planning and Performance
Kānoa – Regional Economic Development &
Investment Unit, MBIE
03 / 04 / 2025

Hon James Meager
Minister for the South Island

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Summary

1. On Tuesday, 8 April 2025, you are meeting with Hon Simon Watts, at 8.00pm, in his office.
2. In addition to discussing your priorities for the South Island portfolio and how they align to Hon Watts' Energy and Local Government portfolios, key topics will be:
 - Energy.
 - Local Water Done Well.
 - City and Regional Deals.
 - Council amalgamation.

Energy

3. A modern, affordable, and secure energy system is fundamental to building a stronger and more productive economy. However, the energy system is changing. Globally, economies are seeking to lower emissions and to shift to renewable energy.
4. This process is also underway in New Zealand. Industry, transport, and other energy users are beginning to switch from fossil fuel-based energy to renewably generated electricity and are wanting access to alternative fuels such as hydrogen and bioenergy.
5. The Government has a goal of doubling renewable energy generation by 2035 and supporting the electrification of New Zealand's economy to enable growth and reduce emissions.
6. In August 2024, the Government announced it would progress a series of reforms as part of the 'Electrify NZ plan'¹ to make it easier and cheaper to consent, build, and maintain renewable electricity generation, as well as electricity distribution and transmission infrastructure. These reforms include:
 - Establishing a one-stop-shop fast track approvals and permitting regime.
 - Amendments to the Resource Management Act 1991 to speed up resource consenting.
 - Stronger national direction for renewable energy.
 - A new regime for offshore wind.
 - Updated regulatory settings for electricity networks and new connections.
7. The Statement of Government Policy to the Electricity Authority² in October 2024 makes it clear this Government expects the Electricity Authority to drive a more competitive, fuel agnostic, electricity sector that works in the long-term interests of consumers and avoids excessive prices.
8. Further, the Regional Infrastructure Fund (RIF) has a focus on supporting regions and communities to develop resilient, secure, reliable, and affordable energy and energy systems to support the wellbeing of communities and enable regions and communities to realise greater economic opportunity.

¹ [Electrify NZ Fact Sheet .pdf](#)

² [Government Policy Statement on Electricity - October 2024.pdf](#)

South Island context

9. Several South Island regions are more exposed to affordability, security, and resilience risks than other parts of New Zealand. Most regions identify energy as a regional priority in one form or another (e.g. from a resilience, or affordability perspective). These regions are also exposed to natural hazard risks, which threaten their energy security and resilience.
10. Marlborough, Tasman/Nelson and West Coast have higher than average electricity prices as well as lower household incomes than the national median. For example, power prices in Westport are roughly 29 per cent higher than the national average. Additionally, the price of energy on Stewart Island is an issue for the community and businesses, and the small ratepayer base means it struggles to fund any new energy infrastructure.
11. Along with Government efforts to reduce energy prices, increase the use of renewable energies, and improve energy resilience, several South Island regions have also developed strategies, either as standalone strategies or as part of broader economic development strategies to guide the transition towards lower-emissions energy production and future-proofing energy security. Some examples of strategies in the South Island are outlined below:

West Coast – Te Tai Poutini Renewable Energy Strategy (November 2022)	<ul style="list-style-type: none"> • This strategy aimed to support alignment and leverage cost-effective services that meet energy efficiency and decarbonisation needs while safeguarding the environment, iwi, local businesses, and communities. • The West Coast holds a range of energy resources, skills and infrastructure that could be utilised to help meet wider energy security needs. With supporting transmission and distribution networks, the strategy identifies the role West Coast can play in its own regional and wider national energy security. • In the West Coast, the key components of the strategy are to: <ul style="list-style-type: none"> ○ Improve energy efficiency and use of renewable energy on the demand side. ○ Diversify energy production through development of local renewable resources. ○ Coordinate local leadership for overall system efficacy.
Southland – Murihiku Southland Regional Energy Strategy 2022-2050 (February 2024)	<ul style="list-style-type: none"> • The announcement of the potential closure of the New Zealand Aluminium Smelter (NZAS) at Tiwai Point triggered work programmes on the need to identify current and future challenges around demand and supply of energy to Southland. In response, in 2022, Southland developed a Regional Energy Strategy to transition to a net zero economy by 2050. • In May 2024, NZAS signed 20-year electricity arrangements securing the future of the Tiwai Point aluminium smelter to continue producing metal. • Within the Southland energy strategy, it noted the ongoing operation of NZAS would lead to insufficient generation in the region to meet forecast demands, and a combination of new onshore and offshore energy sources would be needed to ensure overall grid resilience.

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| | <ul style="list-style-type: none"> • The need for more renewable energy sources (in isolated communities such as Stewart Island) remains an important focus of Southland's regional strategy Beyond 2025. |
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Questions you may wish to ask Minister Watts

- I know the volatility of wholesale energy prices in 2024 had a big impact on businesses across the country. Have you heard of any specific South Island challenges linked to this, and how do you think these will play out in 2025?
- Some of the South Island regions have developed energy strategies specifically to support the transition towards lower-emissions renewable energy production. Are you looking to focus any work programmes on renewable energy development in the South Island?
- Are you aware of any other South Island matters/challenges related to energy?
- What can I do as Minister for the South Island to support work in the energy space?

Local Water Done Well

- Local Water Done Well (LWDW) is the Coalition Government's approach to address New Zealand's long-standing water (drinking water, wastewater, and stormwater) infrastructure challenges. It focusses on delivering safe, reliable, and environmentally resilient water services while ensuring economic and regulatory requirements are met; and local decision making and flexibility for communities and councils to determine how their water services will be delivered in the future is recognised.
- Key components of LWDW include:
 - Fit-for-purpose service delivery models and financing tools.
 - Ensuring water services are financially sustainable.
 - Introducing greater central government oversight, economic and quality regulation.
- LWDW also asks councils to amalgamate water services with neighbouring councils to create cost efficiencies for ratepayers.
- Under the new legislation, regional councils will need to develop a Water Services Delivery Plan that sets out how water services will be delivered in a sustainable way that meets future health, economic, and environmental regulations. The plan must include detailed information about water services operations, assets, revenue, expenditure, pricing, future capital expenditure, and how Councils plan to finance and deliver its preferred model.
- The Water Services Delivery Plans must also demonstrate how water services will be financially sustainable by June 2028. Financial sustainability means water services revenue is sufficient to meet the costs of delivering water services.
- Confidential advice to Government

South Island context

- Councils are currently undertaking consultation on preferred delivery models, with different parts of the South Island at different stages. For example, submissions have closed on Nelson City Council's consultation, whereas Christchurch City Council submissions are still open until 6 April 2025.

19. In line with the LWDW ask for councils to amalgamate water services with neighbouring councils to create cost efficiencies for ratepayers, some South Island councils are proposing to collaborate on their model of water service delivery. For example, Timaru District Council has committed to working with the Waitaki, Clutha, Central Otago and Gore District Councils on delivering on the LWDW programme.
20. The Nelson City Council has publicly stated their intent to continue to manage their own water infrastructure rather than amalgamate services with Marlborough and Tasman Districts.

Questions you may wish to ask Minister Watts

- I understand that councils are currently going through the consultation process on many of their water delivery strategies. Do you have oversight of the types of delivery models that are common across councils?
- Some of the South Island councils – for example, Timaru, Waitaki, Clutha, Central Otago and Gore – are proposing a collaborative service delivery approach. How do you see the collaborative model for water delivery benefitting the overall programme?
 - What about those councils that are opting to manage the infrastructure alone?
- Are you aware of any South Island matters/challenges related to Local Water Done Well?
- What can I do as in my role as Minister for the South Island to support Local Water Done Well?

City and Regional Deals

21. City and Regional Deals (CRD) are long-term agreements between central and local government, based on shared objectives. CRDs are a commitment in the National Party and ACT Party Coalition agreement.
22. CRDs aim to help reduce New Zealand's infrastructure deficit through unlocking productivity, attracting investment, and improving connectivity across the country.
23. CRDs are designed to be enduring and will provide the certainty needed to attract and retain the necessary investments to deliver change. CRDs make use of existing resources rather than relying solely on new funding, with central and local governments aligning budget cycles and investment strategies to ensure resources can be used effectively.
24. Each CRD will cater to local priorities while sharing the following foundational components:
 - Be based around a 30-year vision for the region and have a 10-year strategic plan with clear outcomes and actions to achieve them.
 - Rely on existing resources to achieve shared goals over new funding.
 - Establish a framework through which new funding can be allocated as it becomes available.

Current status

25. Councils were asked to work together to form regions and to outline, via a light-touch proposal, how a deal of up to five priority projects would unlock economic growth in their area. Regions were required to submit their light-touch proposals to the Department of Internal Affairs by 28 February 2025.
26. Councils were requested to develop collaborative proposals across more than one council (except for Auckland) where possible.

Confidential advice to Government

Confidential advice to Government

29. Information provided to agencies on CRDs has identified alignment with the South Island portfolio around economic growth and infrastructure development, and stronger partnership between central government and the South Island.

Confidential advice to Government

- What ways do you see the South Island portfolio supporting your aspirations and targets for CRDs?
- The Canterbury Mayoral Forum said they did not submit a proposal for a CRD but are intending to later in 2025. Will this be a challenge for progressing a Canterbury Deal?
- Are you aware of any particular South Island matters/challenges related to CRDs?
- How can I, as Minister for the South Island, support with South Island CRDs?

- Do you have any specific plans around how to progress an Island Deal for the Chatham Islands?

Council amalgamation

31. Amalgamation of local government continues to be a significant topic across various regions in New Zealand. Recent discussions surrounding Local Water Done Well collaboration and City and Regional Deals has brought the issue to attention, with regions such as Hawke's Bay and Taranaki identifying potential pathways to amalgamation. In the South Island:
- The potential amalgamation of Nelson and Tasman districts into one has been discussed again recently but is reported to have been 'put on pause' at a council meeting in March 2025. This has been a long-standing issue for the region since the local government reshuffle in the early 1990s, with residents voting on amalgamation of the two councils in 2012.
 - Southland has discussed options for two unitary authorities – one district-based and one unitary-based. This would see the amalgamation of the four existing councils into two, but there has been some opposition from communities on this.

Questions you may wish to ask Minister Watts

- Have you engaged with any of the South Island councils that have discussed potential amalgamation?
- What opportunities and challenges do you see from potential council amalgamation?
- Can I support you with any issues around this as Minister for the South Island?

Risks and mitigations

32. No risks identified.