

Full Council

4 April 2024

Report for Agenda Item | Rīpoata moto e Rāraki take [2]

Department: Corporate Services

Title | Taitara: Adopt user fees and charges draft Statement of Proposal

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to recommend that Council adopts the user fees and charges draft Statement of Proposal and proposed fee schedule for user fees and charges 2024/2025 in accordance with section 83 of the Local Government Act 2002 (LGA).

Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the contents of this report;
2. **Adopt** the user fees and charges draft Statement of Proposal for consultation (and accompanying proposed fee schedule for financial year 2024/2025) in accordance with section 83 of the Local Government Act 2002 (LGA); and
3. **Appoint** a hearings panel of four members [to be named] of which three are required to form a hearing panel to hear submissions and make a recommendation to Council on the user fees and charges for the financial year 2024/2025.

Prepared by:



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14 March 2024

Reviewed and Authorised by:



Name: Meaghan Miller
Title: General Manager, Corporate Services
15 March 2024

Context | Horopaki

1. Fees and charges are usually reviewed as part of the Long Term or Annual Plan process. In February 2024, Council agreed to defer the Long Term Plan 2024-2034 (LTP), following direction from the coalition government to include planning and funding for three waters service delivery for the full ten-year timeframe of an LTP. The LTP 2024-2034 will be recommended for adoption on 19 September 2024. LTP community consultation is planned to occur from 27 June – 28 July 2024.
2. Many of Council's fees and charges must be reviewed and set ahead of the start of the government sector financial year, coming into effect on 1 July 2024. This means consultation must be completed ahead of this year's LTP process.
3. Fees and charges are reviewed every year to ensure they are kept up to date and reflect the actual and reasonable costs to deliver an activity or service. The review also makes sure additional processes and new costs are fully covered, in line with the Revenue and Financing Policy which is adopted by the Council as part of the LTP.
4. The Revenue and Financing Policy is a requirement of the LGA and its purpose is to set out how each of Council's activities is to be funded – that is, who pays for what, and why. It provides the target proportion of user pays fee revenue for each council activity by considering the proportion of private versus community benefit that the activity creates. Activities with a higher proportion of private benefit (e.g. parking) are set in the policy to be funded by a higher proportion of user pays fees, whilst activities with a higher proportion of community benefit (e.g. library services) are set in the policy to be funded by a higher proportion of general rates.
5. The key considerations behind the proposed fee changes include increasing costs to deliver services, growth projections and demand, multi-year leases and contracts and benchmarking against other local authorities.
6. Income for the 2024-2025 financial year has been reviewed and adjustments have been proposed for several activities as follows:
 - a. Environmental health
 - b. Sports and recreation
 - c. Community facilities/Park and reserves
 - d. Library services
 - e. Planning and development
 - f. Parking
 - g. Mooring and jetty fees
 - h. Wānaka airport landing fees
7. User fees contributed \$50 million to Council in financial year 2022-2023, this was 29% of the total revenue of \$173 million that year. We are expecting an uplift of around \$1.29 million in income from user fees per year due to the proposed changes.

8. This report presents the draft Statement of Proposal and accompanying proposed fee schedule for user fees and charges 2024/2025.

Analysis and Advice | Tatāritaka me kā Tohutohu

9. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.
10. Option 1 Adopt the user fees and charges draft Statement of Proposal for consultation (and accompanying proposed fee schedule for financial year 2024/2025), for fees to be implemented from 1 July 2024.

Advantages:

- The draft reflects Council's actual cost to deliver the affected services and facilities and is consistent with the adopted Revenue and Financing Policy.
- Increased user pays fees reduces the amount of general rates required to fund the Council services and facilities.

Disadvantages:

- The draft proposes increased direct costs to those in the community that use and benefit from the affected services and facilities.

11. Option 2 Not adopt the user fees and charges draft Statement of Proposal for consultation (and accompanying proposed fee schedule for financial year 2024/2025)

Advantages:

- Charges to users of the private benefit services identified in this document remain the same.

Disadvantages:

- Current fees would not reflect the actual costs of delivering affected services and facilities.
- Current services with a private benefit will need to be further subsidised by rates. This means that rates would need to be increased to cover the shortfall.
- Funding targets set in the Revenue and Financing Policy would not be met.

12. This report recommends **Option 1** for addressing the matter in order to align with the Revenue and Financing Policy adopted by Council.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

13. This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy 2021 because a decision to not adopt the proposed user fees and charges may increase rates.
14. A decision to not adopt the proposed user fees and charges would be contrary to existing adopted Council policies.
15. The persons who are affected by or interested in this matter are residents, ratepayers and visitors to the Queenstown Lakes district community.
16. This matter will be subject to Queenstown Lakes district community consultation from 5 April - 5 May 2024.
17. Submissions will be heard by appointed hearing panel at a public meeting on Monday 27 May 2024.

Māori Consultation | Iwi Rūnaka

18. The Council will consult with local iwi as part of the user fees and charges consultation process.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

19. This matter relates to the Financial risk category. It is associated with RISK10005 Ineffective planning for community services or facilities within the QLDC Risk Register. This risk has been assessed as having a low residual risk rating.
20. The approval of the recommended option will allow Council to retain the risk at its current level. This will be achieved by ensuring there is sufficient funding to deliver community services and/or facilities.

Financial Implications | Kā Riteka ā-Pūtea

21. User fees and charges is one revenue source for Council to fund its services. Total Council income from user pays funding was \$50 million in financial year 2022/23.
22. The table on the following page sets out the proposed fee schedule for financial year 2024/25.

Table 1: Proposed fee schedule for financial year 2024/25

<u>CATEGORY</u>	<u>Forecast 24/25 Revenue Excl fee Increase</u>	<u>Proposed 24/25 Revenue Incl fee Increase</u>	<u>Proposed Fee Increase</u>
1. Environmental Health Fees	576,588	653,788	77,200
2. Sport & Recreation Community Facilities / Parks & Reserves	5,461,485 666,483	5,573,485 701,374	112,000 34,891
3. Library Services	107,068	112,068	5,000
4. Parking Fees	2,962,935	3,062,935	100,000
5. Mooring and Jetty Fees	123,522	236,522	113,000
6. Wānaka Airport Landing Fees	170,775	320,775	150,000
7. Planning and Development Fees & Charges	14,998,707	15,698,707	700,000
TOTALS	25,067,563	26,359,654	1,292,091

23. The proposed fee increases result in a total of \$1.29m in additional revenue for the 2024-2025 year of which \$1.19m will offset against the rates increase (Parking is 100% user pays). If these fees are not increased rates will need to increase by 0.92%, which is not seen as equitable. A proposed rates increase will be communicated and consulted on as part of the 2024-2034 Long Term Plan process in June/July.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

24. The following Council policies, strategies and bylaws were considered:

- [Our Vision and Mission - QLDC](#)
- [Revenue and Financing Policy July 21](#)
- [The QLDC Disability Policy](#)

25. The recommended option is consistent with the principles set out in the named Revenue and Financing Policy July 21.

26. This matter is included in the Long Term Plan.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

27. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. The recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

28. The recommended option:

- Can be implemented through future funding under the Long Term Plan;

- Is consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.

Attachments | Kā Tāpirihaka

A	User fees and charges draft statement of proposal
B	Proposed fee schedule for user fees and charges 2024/2025