

**Full Council**

15 February 2024

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

**Department: Corporate Services**

**Title | Taitara: Long Term Plan 2024-2034: Deferred adoption**

**Purpose of the Report | Te Take mō te Pūroko**

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The purpose of this report is to discuss deferring the adoption of both the Long Term Plan 2024-2034 by up to three months and the Annual Report 2023-2024 by up to two months.

**Recommendation | Kā Tūtohuka**

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That the Council:

1. **Note** the contents of this report and the letter sent by Minister of Local Government Hon Simon Brown to Queenstown Lakes District Council on 14 December 2023 titled *New direction for water services delivery* (Attachment A);
2. **Agree** to defer the adoption of the Queenstown Lakes District Council Long Term Plan 2024-2034 by up to three months, (no later than 30 September 2024); and
3. **Agree** to defer the adoption of the Queenstown Lakes District Council Annual Report 2023-2024 by up to two months, (no later than 31 December 2024).

**Prepared by:**



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**Title:** Business Planning Manager

25 January 2024

**Reviewed and Authorised by:**



**Name:** Meaghan Miller  
**Title:** General Manager, Corporate Services

25 January 2024

## Context | Horopaki

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1. Section 93 of the Local Government Act 2002 requires Queenstown Lakes District Council (hereafter: 'Council') to prepare its Long Term Plan on a triennial basis, and for this to be adopted before the commencement of the first year to which it relates (before 1 July of the given year).
2. Council has until this point planned to adopt its Long Term Plan 24-34 no later than 30 June 2024. The Long Term Plan has been prepared in the current legislative context for water service delivery set out by the former Labour Government. This prescribed that Councils should plan for water service delivery to be handed over to an external water services entity by 1 July 2026. As at the beginning of December 2023, Council was significantly advanced in its work to prepare the Long Term Plan. Capital and operating expenditure programmes underpinning the plan were prepared to the extent required ahead of consultation with the community.
3. Council has been aware of the National Government's intention to repeal this approach to water service delivery in the event it was elected to office. In light of this, Council created a 'shadow-plan' of water capital projects for years 3-10 of the Long Term Plan. Water service delivery makes up a significant percentage of overall Council expenditure and service delivery effort. It was understood that further detailed work on the water projects within the shadow-plan would be required if or when these were to be added back into the Long Term Plan.
4. On 14 December 2023 Minister of Local Government Hon Simeon Brown wrote to all New Zealand local government authorities confirming the National Government's intentions to repeal existing water service delivery legislation. This included the consequential need for Long Term Plans to now include planning and funding for water service delivery throughout their full 10-year timeframe.
5. The 14 December 2023 Ministerial letter provided Councils with the option to defer the adoption of their Long Term Plans by up to three months. This was to enable completion of additional detailed work to ensure that planned water investment met required quality standards and were well-integrated into the overall plan. It also enabled Councils to defer the adoption of their Annual Reports for 2023-2024 by up to two months, to account for the knock-on impact of working on Long Term Plans later into the calendar year. Lastly, the letter provided Councils with the option to audit their Long Terms Plans later in the process than would normally be the case.
6. Deferral of the Long Term Plan would move the planned consultation period with the community from March-April 2024 to June-July 2024. The approach for informing the community of this timeframe shift is detailed in the Significance and Engagement section of this paper.

## Analysis and Advice | Tatāritaka me kā Tohutohu

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### *Audit of the Long Term Plan*

7. Initial advice from our auditors indicates that it would be achievable and sensible to conduct an audit of the draft Long Term Plan and Consultation Document prior to community consultation – this is the standard timing for this activity to take place within the process. Conducting an audit

at this time provides additional, independent assurance that the documents Council provides to the community meet the quality standards required by legislation.

*Operational implications from deferral of the Long Term Plan*

8. Deferring the adoption of the Long Term Plan has operational implications. These include matters such as delayed project commencement and operational budget over the interim period. They do need to be considered and appropriately addressed in the coming months.
9. If the Long Term Plan is deferred, the process of updating user fees and charges in 2024 will need to be amended. Due to legislative requirements for setting fees and charges ahead of the commencement of the next financial year, these will need to be consulted with the community separately from, and ahead of, the timeframe for public consultation on the Long Term Plan. This consultation is anticipated to take place in April.
10. Prior to the deferral of the Long Term Plan, Council had already been working to separate the process for community grants from the Long Term Plan process. Public consultation on the Long Term Plan has previously been leveraged as the vehicle for community groups to make grant applications and for Council to consider these and take funding decisions. The timeframe for grants applications has not yet been confirmed but we anticipate this will occur in the coming weeks. Once this is known, Council will inform past community grant recipients and the community at large of the timing and other details of the 2024 grants process.
11. Further work items that are impacted also include among them:
  - a) The deferral of the Annual Report 2023-2024 by up to two months to manage the flow-on impacts of Long Term Plan deferral.
  - b) An amended timeframe for rates to be issued in September at the same meeting that the Long Term Plan is adopted – this will be slightly later than normal and will result in a small delay to the dates for the first two instalments. Due dates for Instalment 1 will be mid-October and for Instalment 2 will be early December.

*Options*

12. 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.
13. Option 1 – Defer the adoption of the Long Term Plan 2024-2034 by up to three months, and Annual Report 2023-2024. Adoption of the Long Term Plan would occur in mid-September 2024, to enable sufficient time for rates to be set and invoiced.

*Advantages:*

- This option provides the necessary time for Council to conduct the additional work required to plan for water service delivery throughout the entirety of the Long Term Plan (detailed at paragraph 6 above).

*Disadvantages:*

- This option results in the Long Term Plan being adopted approximately two and half months later than it would originally have been delivered.

14. Option 2: Do nothing – do not defer the adoption of the Long Term Plan 2024-2034 and Annual Report 2023-2024.

*Advantages:*

- The Long Term Plan would be delivered by 30 June 2024, two and a half months earlier than under Option 1.

*Disadvantages*

- The Council assesses that the work required to plan for water service throughout the entirety of the Long Term Plan is of such a scale that working to a deadline of 30 June 2024 would result in significant risks to the Long Term Plan.

15. This report recommends **Option 1** for addressing the matter because it enables Council to meet the quality standards for Long Term Plans required by legislation. It also enables Council to meet its obligations by incorporating water service delivery throughout the entirety of the Long Term Plan 2024-2034, as directed by Central Government.

Consultation Process | Hātepe Matapaki

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**Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka**

16. This matter is of medium significance, as determined by reference to the Council’s Significance and Engagement Policy because while the adoption of the Long Term Plan is an important element of Council’s engagement with the community on items that are likely to significantly affect community wellbeing, including delivery of Council’s core functions, community facilities, levels of service, rates and borrowing, the decision would simply delay the consultation and adoption by a matter of months.

17. The persons who are affected by or interested in this matter are residents/ratepayers of the Queenstown Lakes District community over the coming 10 years out to financial year 2034/35.

18. Under the recommended option for adoption of the Long Term Plan by 30 September 2024, the public consultation is planned to occur from 28 June – 29 July 2024.

19. Council will inform the community of the deferred timeline for the Long Term Plan, and the consequential deferral to the timing of public consultation on this, through multiple channels, including direct messaging to key stakeholders. This communication will take place following the Full Council meeting of 15 February.

### **Māori Consultation | Iwi Rūnaka**

20. The Council will consult with Te Ao Marama and Aukaha on behalf of Mana Whenua as part of the Long Term Plan 2024-2034 process. Under the recommended option for adoption of the Long Term Plan by 30 September 2024, this public consultation is planned to occur around in early May 2024.
21. Council has engaged directly with Te Ao Marama and Aukaha on the deferred timing of their consultation on the Long Term Plan.

### **Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka**

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22. This matter relates to the Regulatory/Legal/Compliance risk category. It is associated with RISK10029 Ineffective compliance management practices within the QLDC Risk Register. This risk has been assessed as having a low residual risk rating. The option to defer to the adoption of the Long Term Plan has been provided by Central Government, and will not result in Council breaching its legislative obligations.
23. The approval of the recommended option, by providing additional time, will support Council to undertake the additional work required to bring water service into the entity of the 10 year programme. It will reduce the risk of the Long Term Plan not meeting the quality standards required by legislation if we were to work to a shorter timeframe.
24. While the course of action we are following is a technical departure from legislation as it currently stands, we are doing so under clear Ministerial direction and have been advised that the new legislation to enable this will be submitted in February. Whilst it is a unique situation that all local government authorities in New Zealand find themselves in, it is one that requires a degree of pragmatism as the legislative environment shifts over the coming months.

### **Financial Implications | Kā Riteka ā-Pūtea**

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25. The Long Term Plan provides a key mechanism for informing the community of Council's intended capital investment and operational expenditure over a 10 year timeframe. There are some financial implications to be worked through in relation to the deferral which will be managed, such as the parallel timing around the striking of rates (the impact is anticipated to be minimal) and the delay relating to operational budgets. Some guidance is anticipated in the pending legislation as these matters impact all Councils opting to defer.

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

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26. The following Council policies, strategies and bylaws were considered:
  - Long Term Plan 2021-2031
  - Annual Plan 2023-2024
27. The recommended option is consistent with the principles set out in the named materials.

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

28. 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.

Attachments | Kā Tāpirihaka

A	<i>New direction for water services delivery</i> – letter from Minister of Local Government Hon Simeon Brown
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