

QLDC Council
26 August 2019

Report for Agenda Item | Rīpoata moto e Rāraki take : 2

Department: Finance, Legal & Regulatory

Title | Taitara Setting of Rates for 2019/20

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

The purpose of this report is to set the rates for the Queenstown Lakes District Council for the 2019/20 financial year as per section 23 of the Local Government (Rating) Act 2002.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

1. **Notes** the contents of this report; and
2. **Sets** the rates for the Queenstown Lakes District Council for the 2019/20 financial year as per section 23 of the Local Government (Rating) Act 2002.

Prepared by:



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15/08/2019

Reviewed and Authorised by:



Mike Theelen
Chief Executive

16/08/2019

CONTEXT | HORPOAKI

- 1 The Council adopted the 2019/20 Annual Plan on 27 June 2019, and the detailed work required to calculate the rates for 2019/20 has been completed. The rates are largely as expected. The rates resolution can only be made after the Annual Plan has been adopted.
- 2 The process for setting and assessing rates changed in 2002. The enactment of the Local Government (Rating) Act 2002 and the Local Government Act 2002 has meant that the draft Annual Plan or draft 10 Year Plan (LTP) has become the primary notification to the public of the proposed rates for the new year.
- 3 Rates can only be set by resolution of the Council.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 4 The final rates for the 2019/20 year as per the attached resolution are substantially as expected.
- 5 The indicative rates information published in the 2019/20 Annual Plan are the Council's best estimate at that time. They are subject to change as a result of alterations made to the draft budgets through the submission process which may have a funding impact and to changes in the capital value of the district which may occur between adoption of the draft plan and the 30th June.
- 6 District-wide the actual annual increase in capital value is 4.1% (2018: 2.51%) compared to 3.5% allowed for in the 10 Year Plan (LTP). The overall increase in the Wānaka ward was 4.38% (2018: 2.4%) compared to 3.97% (2018: 2.6%) within the combined Wakatipu/Arrowtown wards.
- 7 The total number of rateable properties for the 2019/20 year is estimated to be 27,454 (2018: 26,198) which represents an increase of 4.8% (2018: 4.41%) on last year. The overall growth factor for the year is therefore essentially as per forecast at 4.4%; slightly more than the 3.5% allowed for in the 10 Year Plan (LTP).

Impact on Rates

- 8 As a result of the Annual Plan submission process, the overall average rates increase moved from 8.72% to 8.87% (after allowing for growth). Due to the additional growth in the district (see above), this average increase now sits at 7.93%. In addition to this, the Council agreed to support the submission from Destination Queenstown to increase its funding allocation to \$4.5m for 2019/20 from \$3.6m in 2018/19.
- 9 This proposal was supported by Destination Queenstown members in April 2019. The effect of this change will be an additional increase in the total rates paid by businesses in the Wakatipu ward of between 2.6% to 4.7%. This is more than the increase signalled for the year in the 10 Year Plan (LTP).

- 10 The impact of the new solid waste contract which offers a universal (3 bin) residential service from 1 July 2019, is that ratepayers no longer have to privately contract for the residual waste collection service.
- 11 The new service provides for a 120L residual waste bin and two recycling bins which will now be charged for in rates (Waste Management Charge). The Waste Management Charge for residential, mixed use and country dwelling properties will increase to \$302 per annum from \$152; an increase of \$150. Overall, the new contract structure adds approximately 3.25% to rates.
- 12 There is however, a clear transfer of cost for many households. It is expected that many ratepayers will benefit from savings under the new contract as the additional \$150 in rates can be offset against the cost of an Allwaste bin or the cost of blue bags no longer required. In simple terms, a ratepayer who previously had a 120L Allwaste bin will save approximately \$110 per year and someone buying 52 bags (at \$213 per annum) will save \$63.
- 13 The impact of the rates increase for 2019/20 will not be even across all property types and locations. This is because of the impact of targeted rates which are often ward or scheme based. The change to the solid waste contract will impact Residential; Country Dwelling and Mixed Use categories more than other rates categories but the increase for DQ will impact the total rates paid by businesses in the Wakatipu ward by between 2.6% to 4.7%.
- 14 The main features of the 2019/20 rates movement are:
- Increase in waste management charge of \$150 for residential properties;
 - Decrease in uniform annual general charge of \$18 per property;
 - Increase in rates for Alpine Aqualand of \$10 per annum; this impacts residential in the Wakatipu/Arrowtown wards;
 - Increase in rates for Wānaka Pool of \$5 per annum - this impacts residential in the Wānaka ward;
 - Increase in rates for wastewater - Queenstown \$32 per connection per annum; Wānaka \$28, Luggate \$40; and Arthurs Point \$20;
 - Decrease in rates for water supply - Wānaka \$20 and Luggate \$60 per connection per annum; increase for Arrowtown of \$50 per connection per annum
 - Change in rates policy for Hawea and Glenorchy moving to the 2 tier system used in all other urban areas (this was a matter consulted on in the LTP);
 - Decrease in rates for the sports, halls and libraries charge of \$15 per annum which impacts residential properties only;

15 The following tables shows the final indicative rate movements, in the vast majority of cases the movements shown here reflect a more favourable outcome than presented in the final 2019/20 Annual Plan:

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 19/20				
Median Values				
PROPERTY TYPE	CV	LOCATION	Rates %	Rates \$
RESIDENTIAL	\$1,090,000	QUEENSTOWN	11.14%	\$325
COMMERCIAL	\$1,890,000	QUEENSTOWN	8.14%	\$505
ACCOMMODATION	\$2,081,000	QUEENSTOWN	8.24%	\$812
M/U ACCOMMODATION	\$1,260,000	QUEENSTOWN	10.94%	\$418
VACANT	\$700,000	QUEENSTOWN	4.72%	\$101
M/U COMMERCIAL	\$1,250,000	QUEENSTOWN	10.73%	\$386
RESIDENTIAL	\$845,000	WANAKA	9.40%	\$262
COMMERCIAL	\$1,045,000	WANAKA	5.12%	\$248
ACCOMMODATION	\$1,100,000	WANAKA	6.05%	\$427
M/U ACCOMMODATION	\$900,000	WANAKA	8.95%	\$318
PRIMARY INDUSTRY	\$5,050,000	WANAKA	10.88%	\$435
COUNTRY DWELLING	\$1,560,000	WANAKA	12.48%	\$276
VACANT	\$550,000	WANAKA	3.35%	\$71
M/U COMMERCIAL	\$880,000	WANAKA	8.64%	\$289
RESIDENTIAL	\$890,000	ARROWTOWN	12.72%	\$347
COMMERCIAL	\$1,650,000	ARROWTOWN	5.87%	\$342
ACCOMMODATION	\$1,700,000	ARROWTOWN	7.00%	\$516
M/U ACCOMMODATION	\$900,000	ARROWTOWN	11.59%	\$386
VACANT	\$720,000	ARROWTOWN	5.57%	\$118
M/U COMMERCIAL	\$900,000	ARROWTOWN	11.39%	\$359
PRIMARY INDUSTRY	\$4,100,000	WAKATIPU	9.67%	\$288
COUNTRY DWELLING	\$2,050,000	WAKATIPU	11.36%	\$258
RESIDENTIAL	\$700,000	GLENORCHY	9.08%	\$204
RESIDENTIAL	\$820,000	LAKE HAYES	9.06%	\$233
RESIDENTIAL	\$570,000	HAWEA	8.31%	\$203
RESIDENTIAL	\$520,000	LUGGATE	9.95%	\$194
RESIDENTIAL	\$650,000	KINGSTON	15.02%	\$219
RESIDENTIAL	\$860,000	ARTHURS POINT	9.40%	\$264

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 19/20				
Lower Values				
PROPERTY TYPE	CV	LOCATION	Rates %	Rates \$
RESIDENTIAL	\$750,000	QUEENSTOWN	11.27%	\$291
COMMERCIAL	\$430,000	QUEENSTOWN	7.44%	\$193
ACCOMMODATION	\$685,000	QUEENSTOWN	8.93%	\$345
M/U ACCOMMODATION	\$830,000	QUEENSTOWN	11.19%	\$357
VACANT	\$345,000	QUEENSTOWN	4.04%	\$73
M/U COMMERCIAL	\$800,000	QUEENSTOWN	10.99%	\$327
RESIDENTIAL	\$730,000	WANAKA	9.37%	\$249
COMMERCIAL	\$520,000	WANAKA	4.86%	\$152
ACCOMMODATION	\$570,000	WANAKA	6.43%	\$249
M/U ACCOMMODATION	\$690,000	WANAKA	9.06%	\$288
PRIMARY INDUSTRY	\$1,330,000	WANAKA	12.49%	\$232
COUNTRY DWELLING	\$1,100,000	WANAKA	12.95%	\$240
VACANT	\$440,000	WANAKA	2.84%	\$57
M/U COMMERCIAL	\$600,000	WANAKA	8.78%	\$253
RESIDENTIAL	\$925,000	ARROWTOWN	12.74%	\$352
COMMERCIAL	\$550,000	ARROWTOWN	6.18%	\$183
ACCOMMODATION	\$520,000	ARROWTOWN	7.88%	\$272
M/U ACCOMMODATION	\$760,000	ARROWTOWN	11.66%	\$363
VACANT	\$390,000	ARROWTOWN	5.09%	\$93
M/U COMMERCIAL	\$775,000	ARROWTOWN	11.44%	\$341
PRIMARY INDUSTRY	\$1,410,000	WAKATIPU	12.28%	\$207
COUNTRY DWELLING	\$1,015,000	WAKATIPU	13.12%	\$208
RESIDENTIAL	\$480,000	GLENORCHY	4.68%	\$97
RESIDENTIAL	\$730,000	LAKE HAYES	9.02%	\$225
RESIDENTIAL	\$480,000	HAWEA	7.04%	\$166
RESIDENTIAL	\$430,000	LUGGATE	9.82%	\$183
RESIDENTIAL	\$460,000	KINGSTON	15.53%	\$202
RESIDENTIAL	\$690,000	ARTHURS POINT	9.90%	\$258

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 19/20				
Higher Values				
			Rates	Rates
PROPERTY TYPE	CV	LOCATION	%	\$
RESIDENTIAL	\$3,650,000	QUEENSTOWN	10.71%	\$582
COMMERCIAL	\$22,700,000	QUEENSTOWN	8.10%	\$6,373
ACCOMMODATION	\$57,000,000	QUEENSTOWN	7.59%	\$20,200
M/U ACCOMMODATION	\$4,250,000	QUEENSTOWN	10.27%	\$841
VACANT	\$1,010,000	QUEENSTOWN	5.16%	\$125
M/U COMMERCIAL	\$1,655,000	QUEENSTOWN	10.56%	\$438
RESIDENTIAL	\$1,820,000	WANAKA	9.57%	\$372
COMMERCIAL	\$10,700,000	WANAKA	5.11%	\$2,497
ACCOMMODATION	\$16,900,000	WANAKA	6.79%	\$5,568
M/U ACCOMMODATION	\$3,550,000	WANAKA	8.05%	\$737
PRIMARY INDUSTRY	\$21,750,000	WANAKA	9.90%	\$1,346
COUNTRY DWELLING	\$3,710,000	WANAKA	11.43%	\$444
VACANT	\$1,430,000	WANAKA	5.97%	\$186
M/U COMMERCIAL	\$1,150,000	WANAKA	8.53%	\$324
RESIDENTIAL	\$2,230,000	ARROWTOWN	13.33%	\$542
COMMERCIAL	\$4,400,000	ARROWTOWN	5.20%	\$747
ACCOMMODATION	\$3,000,000	ARROWTOWN	3.87%	\$557
M/U ACCOMMODATION	\$2,200,000	ARROWTOWN	11.25%	\$594
VACANT	\$980,000	ARROWTOWN	5.86%	\$138
M/U COMMERCIAL	\$1,070,000	ARROWTOWN	11.33%	\$385
PRIMARY INDUSTRY	\$18,300,000	WAKATIPU	6.75%	\$727
COUNTRY DWELLING	\$6,080,000	WAKATIPU	9.14%	\$450
RESIDENTIAL	\$920,000	GLENORCHY	12.84%	\$311
RESIDENTIAL	\$1,150,000	LAKE HAYES	9.21%	\$261
RESIDENTIAL	\$870,000	HAWEA	11.96%	\$326
RESIDENTIAL	\$700,000	LUGGATE	10.19%	\$216
RESIDENTIAL	\$900,000	KINGSTON	14.49%	\$240
RESIDENTIAL	\$1,275,000	ARTHURS POINT	8.44%	\$278

Options:

- 16 Option 1 Set the Rates for 2019/20
- 17 Option 2 Do not Set the Rates for 2019/20
- 18 This report recommends **Option 1**.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 19 This matter is of [medium] significance, as determined by reference to the Council's Significance and Engagement Policy because the setting of rates impacts on all ratepayers and is a matter of high public interest. The 10 Year Plan/ Annual Plan process, however, requires the Special Consultative Process, and as the rates are in line with those consulted on, no further consultation is required.

> MĀORI CONSULTATION | IWI RŪNANGA

- 20 The Council consulted with Te Ao Marama and Aukaha on behalf of Mana Whenua and undertook a hui to outline Annual Plan projects. A subsequent submission was received from Aukaha to the Annual Plan.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

21 This matter relates to the Regulatory/Legal/Compliance risk category.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

22 The rates which are set as a result of this decision have no direct financial implication for Council. They represent the mechanism for collecting budgeted revenues adopted The 10 Year Plan/ Annual Plan.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

23 The following Council policies, strategies and bylaws were considered:

24 2018-28 Ten Year Plan, Revenue and Financing Policy

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

25 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Is consistent with the Council's plans and policies; and
- Would not alter significantly 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 | NGĀ TĀPIRIHANGA

A	A Rates and Charges for 2019/20
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