

**Report for Agenda Item: 2****Department: Corporate Services****2017/18 Annual Plan Adoption****Purpose**

The purpose of this report is to adopt the Queenstown Lakes District Council 2017-2018 Annual Plan.

**Executive Summary**

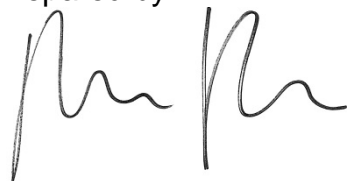
- 1 The Council adopted the 2015-2025 10 Year Plan on 30 June 2015 in accordance with section 93 of the Local Government Act 2002. In the interim years Council must adopt an Annual Plan which must identify significant changes to the 10 Year Plan. Next year we will adopt a 10 Year Plan.
- 2 Submissions opened on 27 March 2017 and closed on 28 April 2017. The Council received 593 submissions. Hearings were held on 31 May and 1 June 2017 at Queenstown and Wanaka.
- 3 The Draft Annual Plan has been amended to reflect the submission and hearing process and deliberation relating to internal submissions.
- 4 The rating effect of the proposed Annual Plan budget for 2017/18 is an average overall rates increase of 4.15% (after allowing for growth at 3.0%). The proposed rates increase has reduced slightly (down from 4.25%) as result of the submission process. An increase of \$829k in operating costs has been offset by the decision to increase in refuse user charges (\$1.01m), which has positively offset the rates. Additional capital costs of \$4.07m has increased interest costs by \$88k and will further impact operating costs once the new assets are completed; in the form of increased depreciation and maintenance costs. This will impact future Annual Plan years beyond 2017/18.

**Recommendation**

That Council:

1. **Adopt** the 2017-2018 Annual Plan pursuant to sections 95 and 82 of the Local Government Act 2002 [subject to decisions as outlined];
2. **Adopt** the amendments to the Policy on Development Contributions as per section 102 (4) of the Local Government Act 2002; and
3. **Adopt** the amendments to the Building and Resource Consent Fee Schedules as per **section 219 of the Building Act 2004** and section 36 of the Resource Management Act 1991.

Prepared by:



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GM, Corporate Services

8/06/2017

Reviewed and Authorised by:



Mike Theelen  
Chief Executive

8/06/2017

## Comment

- 5 Council would like to acknowledge all those who took the opportunity to make a submission on the Annual Plan. All submissions were considered but not all can be funded.
- 6 Apart from the obvious funding constraints, there are often policy issues or jurisdictional considerations that must be taken into account. Council did make a number of changes to the budgets as a direct result of the submission process.
- 7 The following is a summary of the changes to the 2017/18 Annual Plan that have been approved as a result of the submission process.
- 8 **Summary of external submissions approved for funding:**
  1. Approve grant to Arrowtown Charitable Trust upgrade of lighting on Council property of sculpture and feature trees Buckingham Green (\$57k)
  2. Approve grant to Festive Lighting Strategy Downtown Queenstown (\$15k)
  3. Approve further grant to Downtown Queenstown (\$50k)
  4. Approve an increase of grant for Allenby Park Upgrade Friends of Allenby Park (\$30k increase)
  5. Queenstown Mountain Bike Club (\$20k)
  6. Approve increase in Glenorchy Swimming Pool budget (\$2.5k increase)
  7. Approve grant to Lakes District Air Rescue Trust (\$25k)
  8. Approve grant for Red Bridge Reserve to Luggate Community Association (\$5k per annum for two years)
  9. Approve additional Community Association Annual Grant to the Jacks Point Residents Association (\$5k)
  10. Approve additional grant funding for Shaping our Future (\$10k increase)
  11. Approve grant to Upper Clutha Water Group (\$22.5k – note Council seeking ‘dollar for dollar’ equivalent funding from Otago Regional Council)
  12. Approve grant for Wakatipu Reforestation Trust (\$5k)
  13. Approve grant to Wanaka Chamber for CUBE (\$50k)
  14. Approve grant to Wanaka Residents Association for Corrections Supervision of Community Projects (\$5k)
- 9 **The following external submissions in support of budgeted funding and were also approved:**
  1. Community Association Grants
  2. Arrowtown Promotion and Business Association
  3. Community Networks Wanaka

4. Destination Queenstown
5. Happiness House
6. Lake Wanaka Tourism (note the additional \$30k sought for data collection was not approved)
7. Queenstown Trails Trust
8. Ruby Island Management Committee
9. Skyline Queenstown MTB
10. Sport Central
11. Upper Clutha Tracks Trust
12. Wilding Conifer Group
13. Queenstown Chamber of Commerce

**10 The following external submissions were recommended for consideration for 'in-kind' funding under \$5k and encouraged to apply:**

1. Anti-Plastic Population (Sustainable Queenstown)
2. Plastic Bag Free Wanaka
3. Te Kakano Aotearoa Trust

**11 Summary of internal submissions approved for funding:**

1. Approve two additional waste storage areas for Queenstown CBD (\$80K)
2. Sludge Disposal Investigation and vermicomposting trial with CODC (\$80K)
3. Public litter bin upgrade (\$180k)
4. Pipeline Replacement (\$485k)
5. Kawarau Falls Bridge Pipeline additional budget (\$2.9m)
6. Trim replacement escalation additional budget (\$255k)
7. Arrowtown Pool heating investigation (\$25k)
8. Increase Refuse Fees & Charges to recover cost of carbon credits (\$1.01m)
9. Increase Refuse disposal costs to cover additional cost of carbon credits (\$668k)
10. Update property revenue to reflect latest lease details (\$32k)
11. Increase cemetery budgets to allow for natural burials (\$15k)
12. Increase corporate vehicle budgets (\$11k)

**12 Key Issues**

The Council has agreed to support the key issues as outlined in the consultation document. These include:

- The Public Transport Commitment towards a proposed blanket \$2 fare for the Wakatipu Basin (\$600k)
- Queenstown Town Centre Master Plan Projects (\$2m)
- District Plan Budget Adjustment (\$1.6m)
- Lakeside Playground (\$680k)
- Organisational resourcing to respond to unprecedented growth (\$2.6m)
- Increasing Levels of Service (toilets and bins)

Chlorination

- 13 One of the issues that attracted a high level of interest throughout the district was the proposal to permanently chlorinate supplies that are not currently subject to

permanent chlorination. This includes Arrowtown, Hawea, Luggate, Glenorchy, Arthurs Point and Glendhu Bay.

14 The Council has considered all submission on this matter and would like to acknowledge those people that then took the time to address the matter further through the hearing process. It is acknowledged as a difficult and contentious issue.

15 In direct response to community submissions on the matter the Council is seeking additional information before it is prepared to make a decision. In particular the Council is seeking to better understand:

- The risks associated with non-chlorination of supplies?
- The liability of staff and Councillors if Council's decision is non-chlorination of supplies. Including the implications of taking 'all practical steps' to mitigate risk?
- What if any options exist to alleviate the requirement to chlorinate with a particular focus on the risk of contamination through 'back flow'?
- What we are doing to mitigate the risk in terms of scheduled works for example bore head security?
- What future proofing of supplies are scheduled?

16 The Council has decided to continue to include a placeholder of the \$500k budget for the permanent treatment of supplies. This is pragmatic approach to ensure that if required, the funds are included in the budgets. This decision must not be considered in any way prejudicial to the decision whether to proceed as outlined, amend the proposal or not proceed. Council has requested a paper on the matter and will determine the decision at a later date.

### **Special Consultation Issues**

17 As outlined in the Annual Plan Consultation Document the Council undertook three further special consultations in regard to:

- the early harvesting of Coronet Forest,
- changes to development contributions policy
- changes to building and resource consent fees.

18 These consultations were undertaken in parallel with the Annual Plan consultation process and with the exception of Coronet Forest, the hearing of submissions has now been held and recommendations are included in this paper. In summary the following changes are recommended.

#### Policy on Development Contributions

19 Council has completed consultation on the proposed amendments to the Policy on Development Contributions for 2017/18. In total 4 submissions were received in relation to this matter and after due consideration of the issues raised, Council intends to adopt the proposed amendments as proposed.

20 As well as the annual update of contribution levels as a result of the incorporation of the latest actual expenditure and the revised capital programme proposed by the Annual Plan 2017/18, there are additional proposed amendments to the Policy on Development Contributions.

21 The main reason for these amendments is to simplify and clarify areas of the policy that have not been amended since the policy was first introduced. The proposed changes involve the introduction of clearer definitions and a simpler assessment methodology for non-residential subdivisions where the details of the proposed development are not known.

#### Building and Resource Consent Fees

22 The Council has undertaken a review of the present fees and charges, which were reviewed as part of the 2016/17 Annual Plan. The Council is now considering whether a small number of fees and charges should be amended and replaced for the 2017/18 year.

23 These changes are best summarised into three categories:

A. Proposed changes to monitoring fees

B. Proposed removal of footpath bonds

C. Proposed amendments to update some fees following a review of actual costs and to make other updates and amendments.

24 In total 2 submissions were received in relation to this matter and after due consideration of the issues raised, Council intends to adopt the proposed amendments as proposed.

#### Coronet Forest

25 As outlined submissions were sought regarding the proposal to early harvest Coronet Forest. The hearing of submissions was not able to be scheduled prior to the adoption of the Annual Plan.

26 The Council has taken the decision to include budgets for early harvest in the event the decision is favourable. This is pragmatic approach to ensure that a placeholder is included in the budgets. This decision must not be considered in any way prejudicial to a fair hearing of the matter before any decision is taken by Council as to whether to proceed as outlined, amend the proposal or not proceed.

#### **Rating Implications**

27 As outlined the proposed rates increase for 2017/18 is 4.15% (after allowing for growth of 3.0% in the rates database). This is above the 2.8% signalled in the 10 Year Plan for 2017/18.

28 The main changes from the 10 Year Plan from a rating perspective are as follows:

- No rating impact for the Queenstown Convention Centre for 2017/18 as the project is currently on hold.
- Some timing changes in relation to the rates impact of large capital projects under construction (i.e. Project Shotover; Wanaka Swimming Pool)

### ***Options***

29 The Annual Plan is a statutory requirement under the Local Government Act 2002 (section 95). Council must prepare and adopt an Annual Plan each financial year.

### ***Significance and Engagement***

30 This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy. In accordance with section 95 (2) a local authority must consult in a manner that gives effect to the consultation requirement of section 82 before adopting an Annual Plan (given the plan contained material changes to the 10 Year Plan). The Annual Plan triggers three of the criteria for assessing the significance threshold namely: importance to the district; community interest and; impact on the 10 Year Plan and Financial Strategy.

### ***Risk***

31 This matter relates to the strategic risks namely SR1 current and future development needs, SR3 Legislation and SR5 Business capacity. The Annual Plan highlights changes to Council's core business, financial strategy and work programme.

### **Financial Implications**

32 The financial implications are in accordance with the 10 Year Plan funding and financial policies which are in accordance with section 102 of the Local Government Act.

### **Council Policies, Strategies and Bylaws**

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

- Policy on Significance – the adoption of the Annual Plan was subject to consultation.
- 10-Year Plan 2012-22

### **Local Government Act 2002 Purpose Provisions**

34 The Annual Plan is core to the Local Government Act 2002 purpose provisions (ss10, 11, 11A) because it provides for public accountability around Council activities and their associated costs. The following are therefore all relevant to the Annual Plan:

- Activity (local democracy, infrastructure, local public services or performance of regulatory functions);
- Quality (efficient, effective and appropriate to present and future circumstances); and, or
- Economic (most cost-effective for households and businesses).

## **Consultation: Community Views and Preferences**

35 The 2017/18 Annual Plan consultation saw a Consultation Document published online, available from Libraries and Council offices and circulated as per Scuttlebutt (Council newsletter) distribution, in accordance with sections 95 and 82. The following is an outline of consultation key dates:

<b>Date</b>	<b>Milestone</b>
24 March 2016	Consultation Document adopted
27 March 2017	Public Submissions opened
28 April 2017	Public Submissions closed
31 May-1June 2017	Hearing of Submissions
23 June 2017	Annual Plan recommended for adoption

## **Legal Considerations and Statutory Responsibilities**

36 The Annual Plan is a statutory requirement under the Local Government Act 2002 (section 95).

## **Attachments**

- A 2017/18 Annual Plan (circulated separately)
- B Consenting Fee Proposal