

# Long Term Plan Council Steering Group

## Workshop 3 – Revenue Levers

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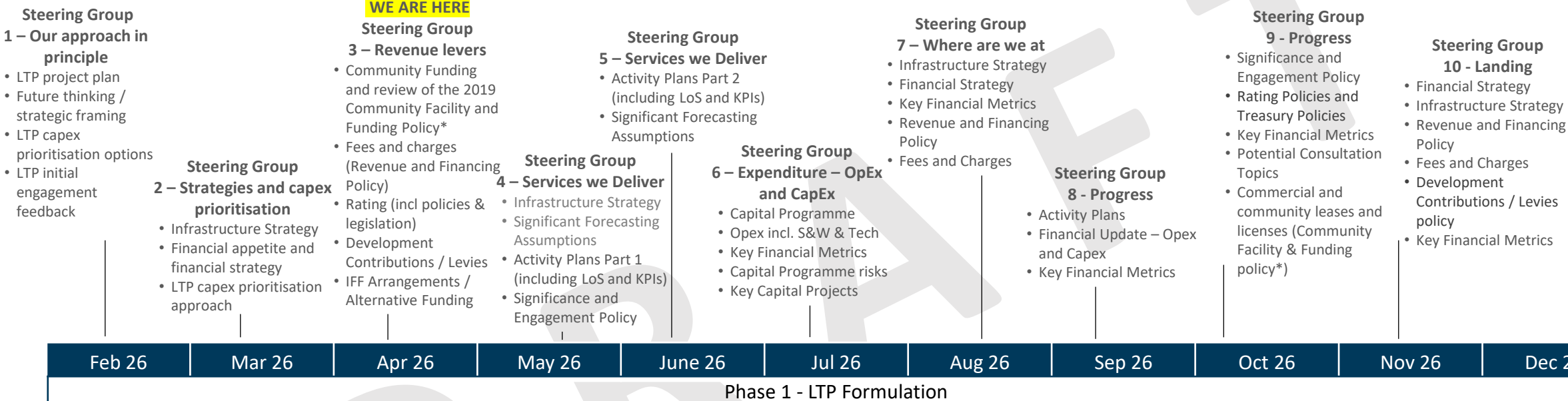
14 April 2026

# Agenda

- 1) Community funding and review of the 2019 Community Facility and Funding policy
- 2) Revenue Levers overview
- 3) Revenue and Financing Policy
- 5 minute Break
- 4) Rating (including policies and legislation)
- 5) Development Contributions / Levies
- 6) Alternative funding
- 7) Rates Remission and Postponement Policy and Treasury Policy
- 8) WSCCO policies

# LTP27 Steering Group Work Programme

Reform topics presented at each Steering Group as relevant



Strategic Framework and Prioritisation

Significant Forecasting Assumptions

Activity Planning (including levels of service and KPIs)

Capital Programme

Operating expenditure and revenue programme (incl fees and charges)

Infrastructure Strategy

Finance Strategy

Policy reviews and updates- Significance and Engagement, Revenue and Financing, Development Contributions / Levies, Rating Policies and Treasury Policies

Consultation Topics

Draft LTP Document Creation

1<sup>st</sup> Draft Content Shared with Councillors

\* Not LTP item

# Community funding and the review of the 2019 Community Facilities Funding Policy

Objectives of this session:

- Provide context on QLDC grants and community funding
- Explain that the review of the 2019 Community Facilities Funding Policy (CFFP) provides an opportunity to rationalise several policies, ensure consistency, and to address any gaps.
- Outline the key issues being investigated as part of this review.

# Investing in our community

How QLDC grants and community funding achieve our strategic wellbeing outcomes alongside broader investment in social infrastructure (i.e. facilities and land)

**\$2.93M+**

Allocated 2024-2025

**127+**

Applications supported

**660,000 ha**

Conservation coverage

**189**

Leases/licences (approx. 30% are with community groups)

**60+**

Requests for council facilities and/or land

# Community funding at work

Community organisations delivering outcomes Council cannot achieve alone

**\$2.93M+** Granted 2024-25

**127+** Applications Approved

**10** Funding Programmes

**15** Community Associations

## Mana Tāhuna Charitable Trust

*Restoring Lake Hayes & Supporting Whānau*

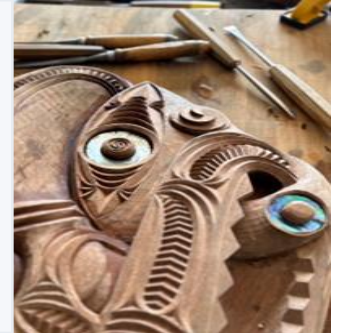
- ✓ 140,000+ native trees planted
- ✓ 10,000 ha catchment restored
- ✓ 600+ whānau supported



## Three Lakes Cultural Trust

*Nurturing Arts, Culture & Creativity*

- ✓ Te Atamira — first arts hub
- ✓ Te Wāhi Toi — 2,000+ listings
- ✓ Te Muka Toi strategy



## Te Kākano Aotearoa Trust

*Connecting Communities with Their Land*

- ✓ Native plant nursery, Wānaka
- ✓ 25+ restoration sites
- ✓ 400+ volunteers engaged



## Community Link Upper Clutha

*Supporting Community Wellbeing*

- ✓ One-stop support centre
- ✓ Foodbank, JP, Wheels to Dunstan
- ✓ Health & social services



SECTORS SUPPORTED:  Conservation •  Arts & Culture •  Social Services •  Youth •  Recreation •  Events

# Community funding at work

## QLDC Community Funding Programme Overview (FY25-FY26)

FY25	FY26	# Applications Received	# Applications Approved	Total \$ Requested	Total \$ Awarded	Approval Rate	Average Grant Awarded
		373	255	\$6.99M	\$3.58M	68%	\$9.59K

Grant Program / Round

All

Category

All

Funded Outcome Areas

All

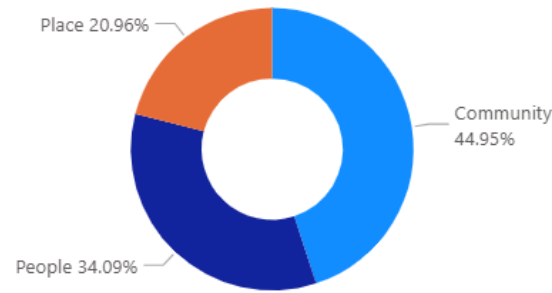
### About this Dashboard

This report summarises all community funding activity across QLDC's major grant programmes for FY25 and FY26.

It shows the scale of community demand, the distribution of approved funding, and alignment with QLDC's wellbeing outcomes: People, Place, and Community.

Together, these insights help ensure funding decisions remain transparent, equitable, and clearly linked to community benefit.

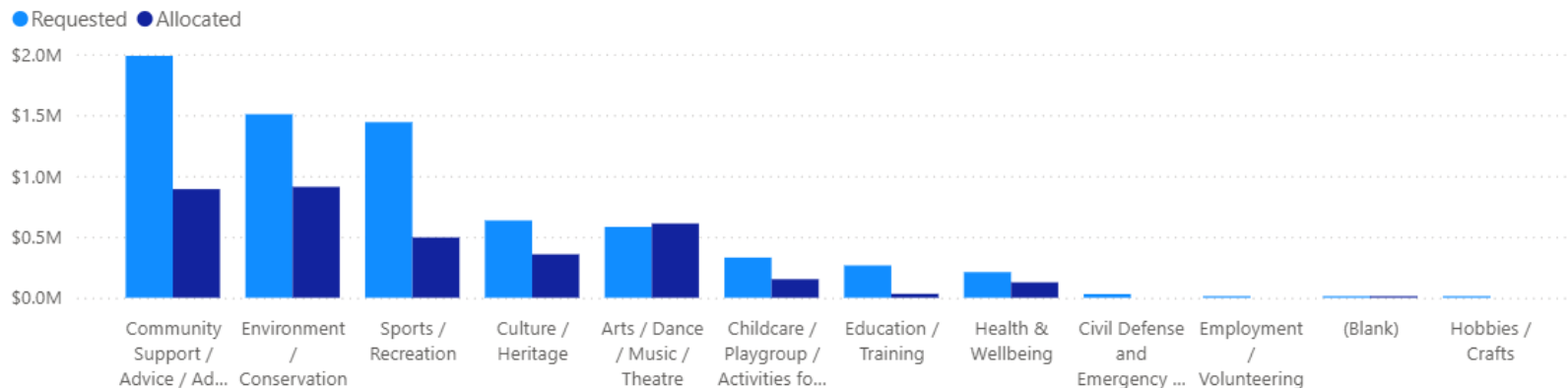
### Funded Outcomes (drill down)



### Sum of Total Allocated by Grant Program



### Requested and Allocated by Category



# Work in progress

## 1 Systems Change

SmartyGrants  
implementation

Complete

## 2 Data & Reporting

Power BI dashboards

In Progress

## 3 Policy & Governance

Overarching policy

In Progress

## 4 Guidance

Community Grants  
Guidelines

In Progress

## 5 Community Facilities

Clear pathway for requests

In Progress

## 6 Strategic Partnerships

EOI process & criteria

Initiating

## 7 Sector Collaboration

Funders hui, Funding Series

Ongoing

## 8 Impact Measurement

ImpactLab Impact Index

In Progress

## Key Progress Highlights

**SmartyGrants now live:** All funding programmes in one digital platform with standard processes  
**250+ organisations supported:** through Funding Series workshops (sessions rated 4.5/5 for impact)  
**Regional Funders' Hui:** kick-started collaboration with 6 major regional funders (September 2025)



# **Review of the 2019 Community Facilities Funding Policy and broader ecosystem**

# Opportunities of a wider review

## There is a need to:

- improve consistency and transparency
- ensure decisions are consistent and align with QLDC objectives
- enable the delivery of Māori outcomes
- generally, to improve systems, processes and guidance across Council.

## All improvements aim to:

- bring QLDC practices in line with best practice
- improve the support provided to community
- simplify and consolidate QLDC's policy instruments
- create a system and processes that is fair, transparent and increases trust with the community.

*There is a need to create a consistent approach across all available levers:*



*Council holds multiple roles as an enabler, partner, funder, regulator, and advocate across many departments.  
As we continue along this process further opportunities for improvement will be identified.*

## 1 No overarching policy

Lack of consistency, connected-up principles and objectives exposes QLDC to legal risk and scrutiny around fairness in its decision-making.

## 2 Limited visibility

The value of discounted community leases and licences is uncertain. No framework to assess community benefits being achieved.

## 3 Fragmented approach for requests

Grants, facilities, leases, relationship management and partnership processes are managed separately across Property, Parks, Libraries, Sport & Rec, Venues, and Community Partnership teams.

## 4 Inherited arrangements

Some arrangements 'inherited' with unclear rationale. The 'why' for reduced rates/leases not documented or easily visible.

# Where we're heading

*A consolidated policy framework aligned to CAG best practice*

## Framework structure

### Policy (as yet unnamed)

Sets overarching principles and will consolidate into one place:

- Community funding (grants, partnerships, in-kind)
- Use and disposal of Council land (2014 Property Sale and Acquisition Policy)
- Community and commercial leases and licences (2019 Community Facilities Funding Policy)



### Guidelines

Operational detail applying policy principles:

Community Grants • Community Facilities • Leases & Licences • In-kind Support

## CAG foundational principles

### Accountability

Decisions are explainable, recorded, auditable

### Openness

Processes and criteria are clear and published

### Value for Money

Focus on meaningful benefit, due regard for costs

### Fairness

Impartial, consistent assessment

### Lawfulness

Acting within policy and legislation

### Integrity

Managing public resources with integrity

# Community facilities and land requests

## Issue identification | opportunities

- Property assets are not well-defined, causing lack of clarity
- No clear pathway (and multiple touch points) for community facility requests, leases, licences, and access arrangements
- Value of non-market rate community leases is unknown (cannot assess cost vs social ROI)
- No holistic assessment of whether community benefits are being achieved
- Some arrangements are historic with unclear rationale for reduced rates

## The work

- Establishing a clear, transparent pathway aligned with best practice
- Social ROI as a principle of setting the value of lease and licence arrangements
- Documenting the 'why' for community rates
- Standardising terminology and definitions, updating language
- Asset Management: Integrating boat ramps and related waterway infrastructure into commercial frameworks, including usage fees.

## Status and next steps:

**Current:** Scoping work underway to map existing arrangements and identify gaps

**In progress:** Developing process framework aligned to policy principles

**Planned:** Property team collaboration to value community leases; integration with SmartyGrants for visibility

**Outcome:** Clear pathway for new requests; audit trail of existing arrangements; cost-benefit visibility

# Revenue levers overview

# Purpose today

Provide information about:

- Revenue levers - Policies and Opportunities
- Explain how the Rating Act works
- Prepare Councillors for future Revenue and Financing Policy Review (workshop #7)
  - While reviewing Activity Plans in workshop #4 & #5 think about how these activities should be funded

# Legislation determines how council raises revenue

## Key legislation in this space:

- Local Government Act 2002 (LGA) - sections 102 - 111
- Local Government (Rating) Act 2002 – LGNZ Elected Members Guide
- LGA Funding and Financial policies:
  - revenue and financing policy (must be included in consultation document (CD))
  - liability management policy
  - investment policy
  - policy on development contributions or financial contributions (must be in CD)
  - policy on the remission and postponement of rates on Māori freehold
  - rates remission policy
  - rates postponement policy
- We have many differential and targeted rates (Accommodation/Mixed Use/Vacant properties) and differentials in our sport and recreation fees and charges.



# Reform and legislation change will impact levers

## The LTP exists within a constantly changing legislative environment, this includes:

- Resource management reform (underway)
- Rate capping proposal
- Local government reform proposal
- Water services reform
- Natural hazard management
- Proposed ratepayer assistance scheme
- Systems Improvement changes
- Infrastructure funding & financing
- Potential Regional Deal revenue tools



## These reforms mean:

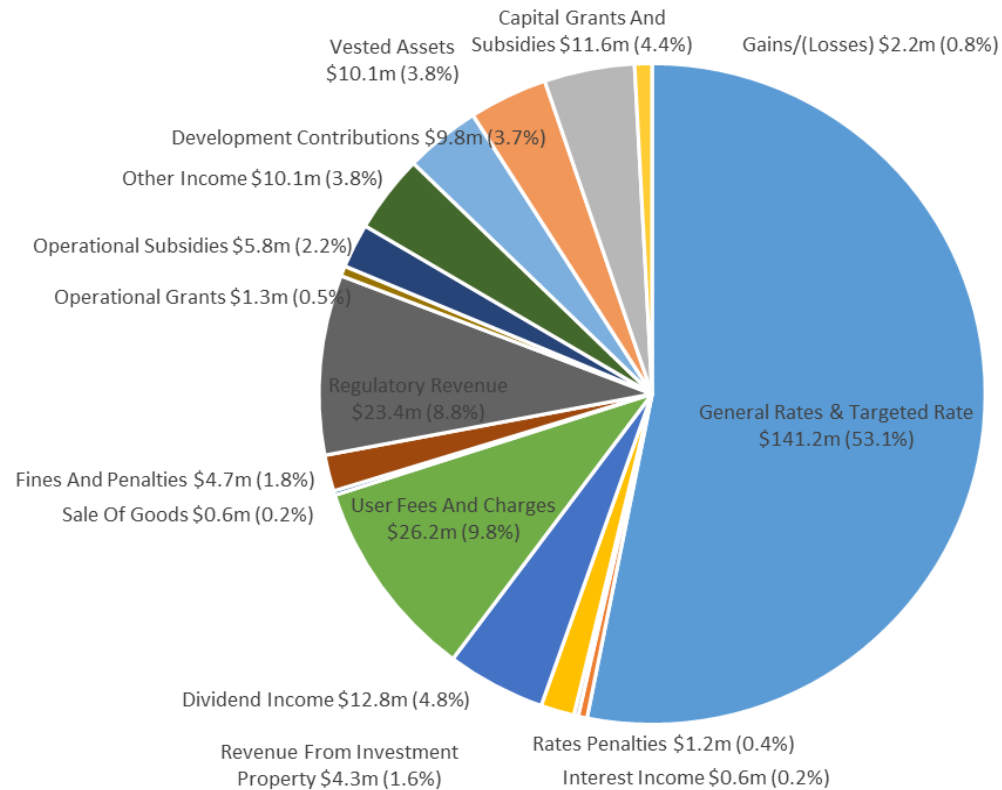
- Council needs to be adaptable to changing roles, responsibilities & tools
- Changes will have a significant impact on council's revenue, expenses, asset base and debt landscape.

# Further sessions on revenue

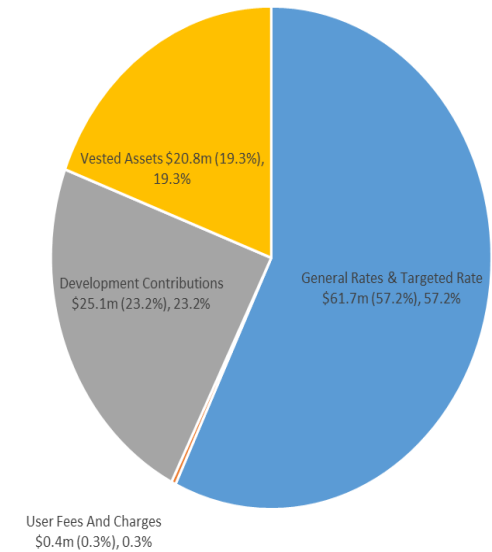
- **May/June** - Services we deliver – workshop #5 & #6 – Activity Plans
- **July** – What we propose to deliver (initial review of 27LTP Capex and Opex)
- **August** - Where are we at – workshop #7 – Revenue & Financing Policy, Fees and charges
- **October** – Progress - workshop #9 – Final draft Rating Policies and Treasury Policies, Commercial and community leases and licenses (Community Facility & Funding policy)
- **November** – Landing - workshop #10 – Final draft versions of Revenue and Financing Policy, Fees and Charges, Development Contributions / Levies policy

# Current Revenue Sources

Annual Plan 26/27 All Revenue Sources (Excl Water)

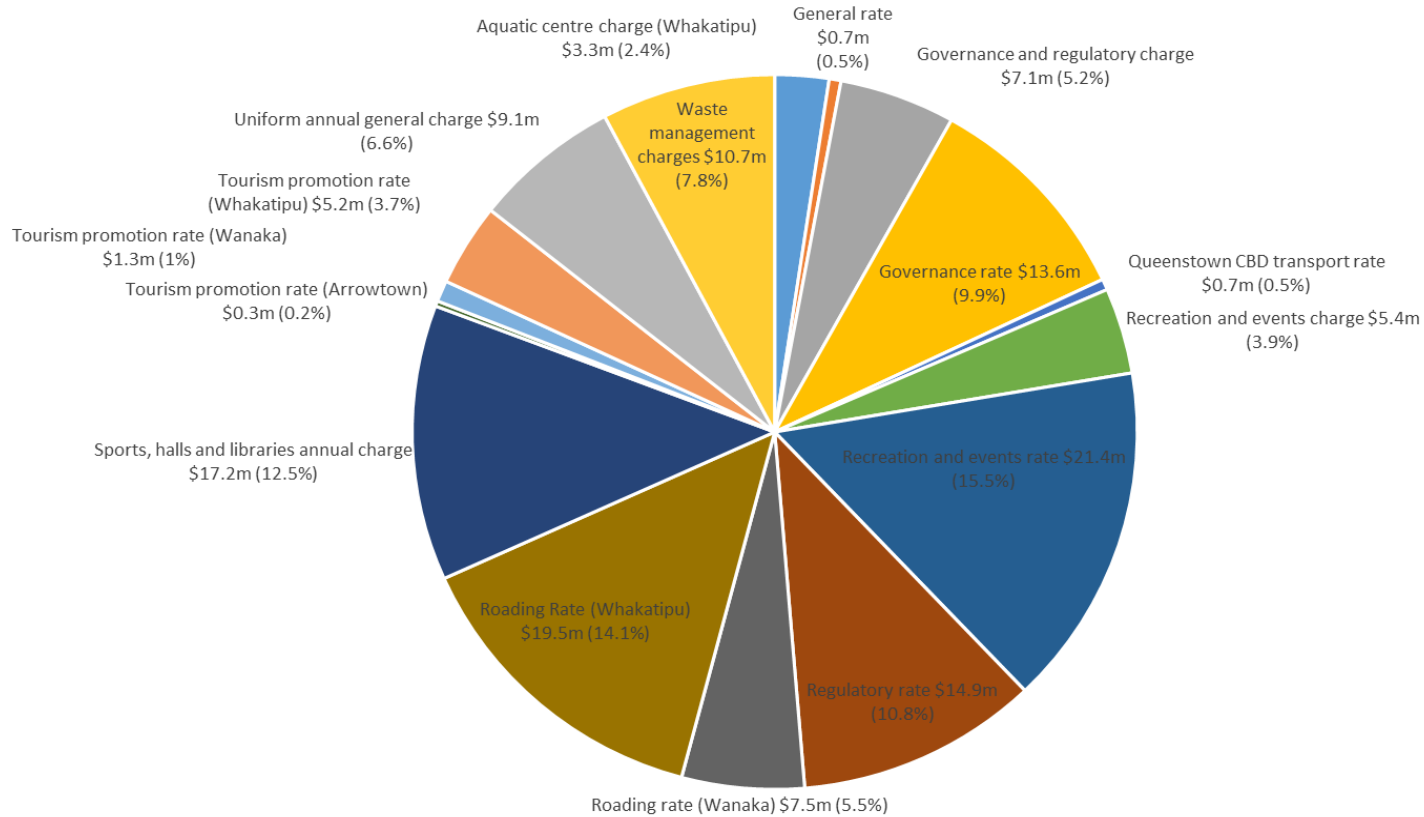


Annual Plan 26/27 All Revenue Sources (Water Only)

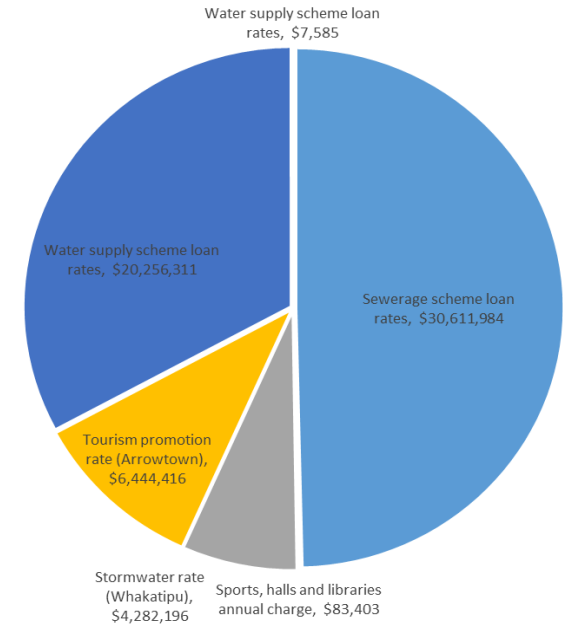


# Current Rates Revenue Sources

Rates revenue by Type (Excl Water)



Rates Revenue by Type (Water Only)



# Revenue & Financing Policy



# Revenue & Finance Policy (RFP)

The Revenue & Finance Policy shapes how Council revenue is collected.

The purpose of the policy is to provide predictable council funding. It also explains the rationale, or process for, selecting different funding tools.

**Some recent changes to consider during this review period includes:**

## Legislative changes

- Changes, or expected changes, to legislation may change activities and revenue mix. e.g. rate capping, systems improvement, new funding tools (IFFA).

## LTP prioritisation process

- Changes to how activity plans are developed/prioritised based on cost drivers

# The RFP policy works with the Long-Term Plan

## LTP is what will council do?



Long Term Plan (10yrs)

How Council plans to invest over the next 10 years in each activity area.

Activity Plans

Investment for each council area e.g. libraries

Costs are generally driven by:

- Levels of service (LoS)
- Additional demand (e.g. growth)
- Renewals/Depreciation (wear and tear of assets)



Council decision:  
What functions should council do?  
What is a priority for the district?

## RFP is how council will pay for it?



Revenue & Financing Policy

Lays out different revenue sources, and how costs for council activities should be spread across the district. (e.g. private vs public, user pays vs rates).

Revenue sources are typically:

- Rates (targeted, general, UAGC)
- Fees & charges (user charges etc.)
- Other revenue sources (interest, asset sales)
- Borrowing
- Development Levies\*
- Grants & subsidies
- Other sources

- ❖ Council usually borrows for big infrastructure projects (CAPEX) to ensure intergenerational equity (fairness across generations of users).

LGA, s103:

Council must consider the overall impact of any allocation of liability of revenue needs on current and future communities.\*

Important principles in the space are:

- **Beneficiary-pays:** those who benefit, pay
- **Intergenerational Equity:** spread costs of assets over current and future users.
- **Exacerbator pays:** those that drive the need for regulation/service, pay,
- **Efficiency:** how simple/cheap is it to raise the revenue
- **Equity:** is the cost distribution 'fair', includes horizontal and vertical equity

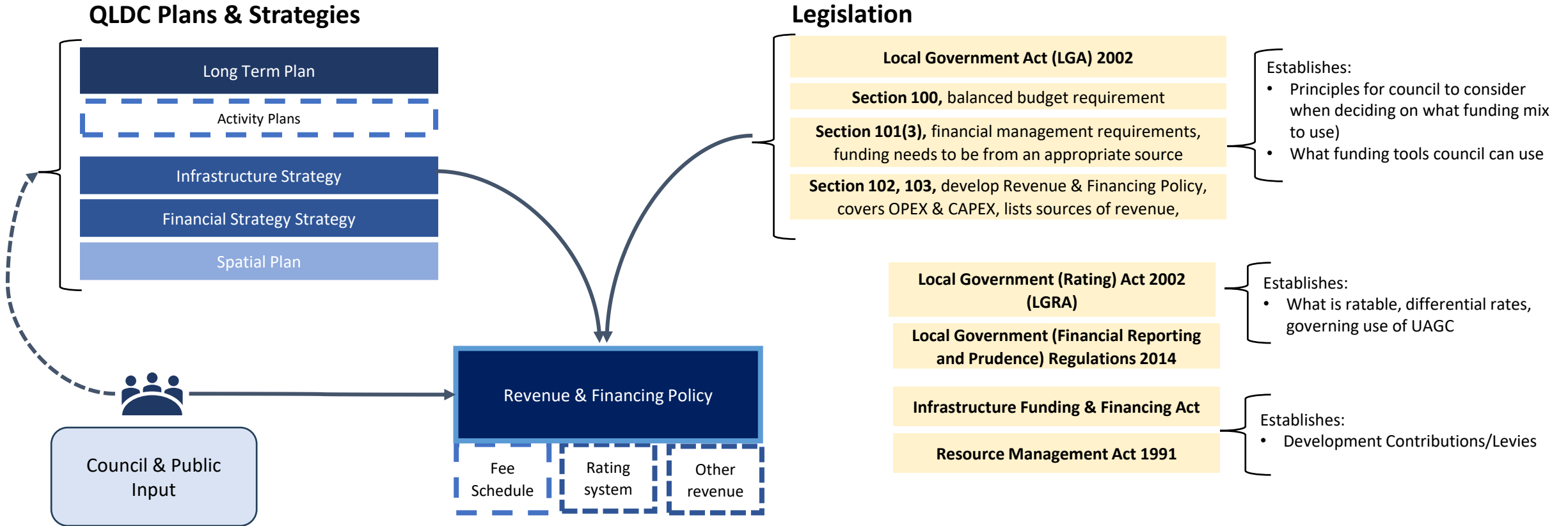
These are the 'master' switches



Council decision:  
who will pay for council activities?

\*Legislative changes (e.g. Systems Improvement Bill, Infrastructure Funding & Financing Act)

# What shapes the RFP?





# Example 1: Funding principles, who benefits and how the activity is funded

## COMMUNITY

### LIBRARY SERVICES

The community outcomes that this activity primarily contributes to:

- Thriving people | Whakapuāwai Hapori
- Living Te Ao Māori | Whakatinana i te ao Māori
- Breathtaking creativity | Whakaohoho Auhataka

The purpose of this activity is to help meet the information, cultural, educational and recreational needs of its users in a timely, convenient and cost-effective manner. This is achieved through the joint management of libraries with the Central Otago district. There are seven libraries within the district: at Queenstown, Frankton, Arrowtown, Wānaka, Hāwea, Kingston and Glenorchy. The services include book and magazine loans, a reference and information service, compact disc and video rentals, and research. Other specialist services include a local history collection and special needs services, including large print and talking books and foreign language text. The libraries also hold community information and contact names and addresses.

FUNDING PRINCIPLES				
Activity	Distribution of Benefit (User Pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
Library Services	Med	Low	Low	Low

This is where LGA s103 principles come in

This activity provides a relatively high degree of private good but there is also a significant element of public good. The Council wishes to encourage the use of library facilities and will therefore limit the user charge element to the minimum. The activity will therefore be funded 98% from the district-wide targeted fixed sports, halls and libraries charge and 2% from user charges for some specialised or high-demand services. The sports, halls and libraries charge will be targeted at properties with a residential component and not at businesses.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Library Services	65%	35%	0%	2%	98%	Fees, Charges and Fines	Fixed Sports, Halls and Libraries Charge

Council funds libraries (98%)

See rates cheat sheet in appendix for this breakdown across all council activity areas

# Example 2: Funding principles, who benefits and how the activity is funded




Tourism Promotion activity \$7.1M (2026/27 AP) - includes targeted rating for Destination Queenstown / Love Wanaka / Arrowtown Promotions and Business Association.

**Workshop #4 or #5 we will discuss Activity Plan – what do other Councils provide/rate for this activity**

## ECONOMIC DEVELOPMENT

### TOURISM PROMOTION

The community outcomes that this activity primarily contributes to:

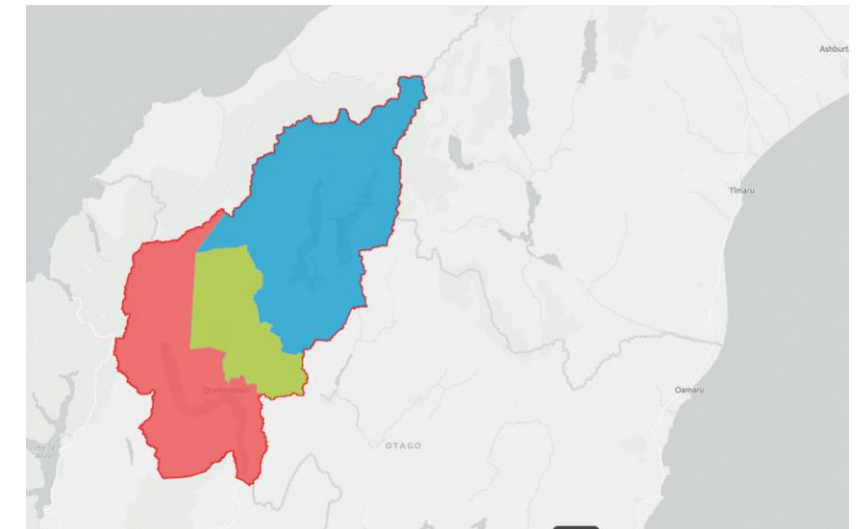
-  Thriving people  
| Whakapuāwai Hapori
-  Opportunities for all  
| He āhaka taurikura
-  Pride in sharing our places  
| Kia noho tahi tātou katoa

The Council makes grants to ward-based promotion organisations which market the district as a visitor destination and therefore increase the economic benefits to the district from its major industry.

FUNDING PRINCIPLES				
Activity	Distribution of Benefit (User Pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
Tourism Marketing	Low	Low	Low	Low

This activity exhibits a large degree of private benefit with a distinct group of beneficiaries and will be funded 95% from the targeted rate for tourism promotion based on capital value and applied on a ward basis, and 5% from the uniform annual general charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
Tourism Marketing	95%	5%	0%	95%	5%	Targeted CV Rate (Tourism Promotion)	UAGC



# The RFP review is a two-step process

- **Step 1-** For each activity would be a consideration of:
  - Community Outcomes – which outcome does the activity contribute to
  - Benefit Distribution – who benefits?
  - Exacerbator Impact – who creates the need for the activity?
- **Step 2-** Overall impact assessment
  - Review rates and see modelling of impact of potential changes
- This RFP review (external advisor led) will encompass a thorough review of rates to ensure QLDC rating is equitable
- Currently 392 different rating charges/differentials make our current rating model very complex.

# General topics/focuses of this RFP review (so far)

## Reviewing councils rating system/methodology generally

Identifying opportunities for simplification and efficiency in the rating system.

## Differential pricing

Explore differential pricing options in both user pays (fees & charges) and rating (differentials), e.g. visitors vs residents

## Incorporate legislative and funding changes

Consider changes to legislation and funding levels (e.g. rate capping, IFFA, decreased grants from central government)

## Alternative funding

Continue to consider alternative funding sources.

## Adjusting user pays split\*

Identify opportunities to further adjust/refine user pays split in a variety of areas, public vs private

\*This includes looking at activity areas that are not cost recovering and why that is the case

# Dividends guidance required

## Queenstown Airport Corporation (QAC) dividends (\$12.8M 2026/27 Annual Plan)

Dividend is currently allocated to repay:

1. Weathertightness loan
2. Waste loan (no legislative ability to recover growth costs via DC Policy)
3. Council offices capital

### Guidance:

1. continue this approach or
2. use dividend to offset rates?

*Per Revenue and Financing Policy:*

#### INTEREST AND DIVIDENDS FROM INVESTMENTS

Interest income is recognised from all investment sources but is very minor. The majority of investment income is used to offset rates.

The Council receives a regular dividend from Queenstown **Airport** Corporation (QAC) via its 75.01% ownership stake. It is proposed to continue to utilise forecast dividends from QAC to repay generally-funded debt.

# Break



# Rates

## Overview

### WHAT?

The Local Government (Rating) Act 2002 is the legislation provided to Council to levy a rate.

Rates are a tax on a property that local authorities use to fund services to their local communities.

### WHY?

They are the means for apportioning the financial cost of services between the different categories of rating units.

Rates are local authorities' largest revenue source – accounting for around 60% of the total revenue in the average local authority.

### HOW?

Rates setting is a very prescribed process, and staff ensure all rates setting is tied to the Revenue & Financing Policy adopted by the Council. There is little scope for taking decisions or actions that sit outside of the Rating Act.



# Rates

## Overview

Currently Quotable Value (QV) undertake capital revaluations on a three-yearly cycle. The next one will be in September 2027.

There are three valuation systems in the Rating Act, QLDC uses the capital value system which is based on the value of the land and improvements.

Revaluations only changes the % share of the total rates that a property pays – no additional rates are collected overall

# Non Rateable Land (Schedule 1 LGRA)

- Land used for conservation purposes, except where that land is used primarily or exclusively for private/commercial purposes. Some of the major categories include National Parks, reserves under the Reserves Act, etc.
- Land used by local authorities for public garden, reserve, children’s playground, hall, library, athenaeum, museum, art gallery, public bath, swimming pool, or sanitary convenience, or for soil conservation and river control.
- Land owned or used by, and for the purposes of, the Historic Places Trust, The QEII Trust, Te Papa, Children’s Health Camps, and the Foundation for the blind.
- Land owned by the Health New Zealand and used for the purpose of health and related services. This includes living accommodation for hospital purposes such as nursing hostels and welfare homes.
- Cemeteries, crematoria, and Māori burial grounds.
- State and integrated, private schools registered under the Education Act and are “not for profit”, special education institutions, not for-profit early childhood centres, polytechnics teacher’s colleges, universities and wananga.
- Institutions of religious worship.
- Māori customary land, urupa, marae, meeting places, and various categories of Māori freehold land.
- Public roads.
- Operational areas of airports and aerodromes, including the areas used for landing and movement of aircraft, and the loading and unloading of goods and passengers
- The rail network and the land used for loading and unloading of goods and passengers
- Land used as a wharf (and for the loading and unloading of passengers or goods)
- Any institution that is providing free maintenance or relief of persons in need
- Machinery, although there is a special provision for the hydroelectric dams that exempts on the turbines and other equipment through which electricity passes

# How are rates calculated?

Your rates account shows the different kinds of rate we collect. Some are based on the property's capital value which includes the value of the land and any improvements such as buildings. Other rates are charged as a fixed amount.

## THE DIFFERENT KINDS OF CAPITAL VALUE RATES ARE:

### GENERAL RATE

Pays for emergency management, forestry and some sundry items including debt servicing for the landfill acquisition.

### RECREATION AND EVENTS RATE

Pays for 80% of the cost of passive parks and reserves, walkways, public toilets, events, and contribution to the operating shortfall for Alpine Aqualand. All these activities are classified as "people driven" with the impact of visitors largely passed on to the properties classified as accommodation, commercial and residential.

### GOVERNANCE RATE

Pays for 80% of the cost of governance, community leadership and communications.

### REGULATORY RATE

Pays for 80% of the cost of regulatory services such as planning and resource management, the district plan, building control, dog control, environmental health, and non-user-pays liquor licensing. This rate also goes toward defending legal claims related to alleged building defects.

## WHAT ARE FIXED CHARGE RATES?

These are rates that are charged as a fixed amount, so that each property type pays the same. There are five fixed charges:

### SPORTS, HALLS AND LIBRARIES CHARGE

Pays for provision of sports fields, libraries, and community facilities other than Alpine Aqualand and Wānaka Aquatic Centre. This charge only applies to residential properties (including mixed use, country dwellings and primary industry).

### AQUATIC CENTRE CHARGE

Applies to residential ratepayers (including mixed use, country dwellings and primary industry) and covers the operating shortfall for Alpine Aqualand and Wānaka Aquatic Centre.

### UNIFORM ANNUAL GENERAL CHARGE

Covers the public-benefit portion of cemeteries, community development and grants, property (including housing), and Wānaka airport. It also funds 50% of costs to defend legal claims related to alleged building defects and contributes to promoting the district.

### RECREATION AND EVENTS CHARGE

Pays for 20% of the cost of parks and reserves, walkways, public toilets, and events. Included in that is a contribution to Alpine Aqualand's operating shortfall. These activities are classified as "people driven" with the impact of visitors largely passed onto the properties classified as accommodation, commercial and residential.

### GOVERNANCE AND REGULATORY CHARGE

Pays for 20% of the cost of governance, community leadership, communications, and regulatory services. Regulatory services cover planning and resource management, the district plan, building control, dog control, environmental health, and non-user-pays liquor licensing.

***See appendix for more detailed 'cheat sheet' breakdown of different rates across the district***

# General Rate

A general rate is a rate where the revenue can be used to fund any lawful activity that our Council undertakes. QLDC would use these rates where it considers that all ratepayers should meet the cost of a particular activity.

There are two general rate tools available- value based and a uniform annual general charge (UAGC).

## UAGC

Is a flat dollar charge per rating unit or separately used or inhabited part of a rating unit (SUIP). It cannot be set differentially. A UAGC both sets a minimum level of rates and changes the slope of the rates curve. It transfers the rates from the higher valued properties to lower value property and therefore can be used as a levelling tool.

SUIP (Separately Used or Inhabited Part) – A SUIP is defined as a portion of a property, such as a granny flat, rental unit, or office space, that has its own kitchen, bathroom, and separate access.

Example: A main house + a granny flat = 2 SUIPs

A spare room in your house that shares your kitchen is generally NOT a SUIP



	<b>Amount currently funded by UAGC \$287.11 per rating unit</b>
Wanaka Airport	\$651,207
Glenorchy Airport	-\$40,235
Cemeteries - Wakatipu	\$45,073
Cemeteries - Wanaka	\$38,930
Property	\$5,606,981
Buildings - Housing	-\$5,557
Buildings Heritage	\$17,594
Grants & Levies	\$2,383,733
Tourism Promotion	\$352,1112
<b>Grand Total</b>	<b>\$9,049,836</b>

# 30% Fixed rates Cap Explanation

- There is a limit on local authorities' ability to raise revenue from fixed rates. This includes:
  - UAGC, and
  - Any targeted rate (other than the ones that are set solely for water supply or sewage disposal) that is calculated as a uniform amount per rating unit or SUIP
- In any one year, the Council cannot collect more than 30% of its total rates revenue in this way
- This does not include targeted rates where different categories of rating unit are assessed at different levels of fixed charge e.g., a fixed charge of 100 on residential and 105 to commercial properties would not be included in the calculation
- Currently @27.62% (including 3waters)

# Differentials

The differential is first and foremost a tool for altering the incidence of rates. Setting a differential rate does not release new revenue, it simply allocates the revenue requirement in a different way. Differential rating is therefore bound to create winners and losers.

The 2007 Report of the Local Government Rates Inquiry suggested that an appropriate rationale for differentiation should be based on differences in:

- **levels of service** - if one group receives a higher level of service, or a higher share of benefits then it should be charged more. This is one of the main reasons that section 101(3) of the Local Government Act 2002 requires a consideration of benefit
- **ability to pay** – if one group has greater means from which to pay rates, then all things being equal it should pay more.
- **willingness to pay** – if one group is willing to pay more than another group, it should pay a higher proportion
- **cost** – if the cost of providing a service to one group is higher than for others, they should pay more.

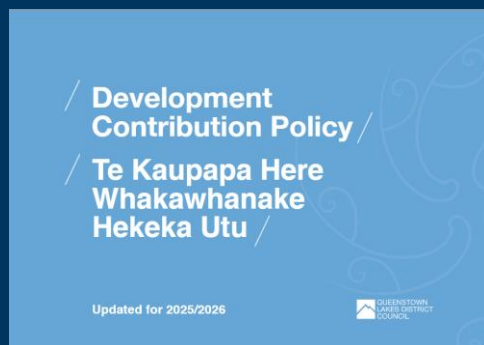
# Targeted Rates

Targeted rates are set and assessed on particular categories of rating units or to fund identified activities. Funds raised from targeted rates may only be used for the activities they were raised to fund.

QLDC currently have **19 targeted rates**, all with differentials. This set up is quite complex which requires rates administration to support.



# Development Contributions / Levies



Click to go to document

# Development Contributions Policy

## Overview and purpose – LGA



### Why

All local authorities are required to have a policy on development contributions or financial contributions.

Must be reviewed at least once every three years (s106(6)).

### What

Collected to recover fair, equitable and proportionate share of the total cost of capital expenditure necessary to service growth (s197AA).

‘Growth pays for growth’

### What

Can be collected for

- Reserves
- Network Infrastructure
- Community Infrastructure

### How

Comprise a contribution of:

- Money
- Land
- A combination of money and land

# How Capital Projects get included in the Cost Tables for the DC Policy

## How it works

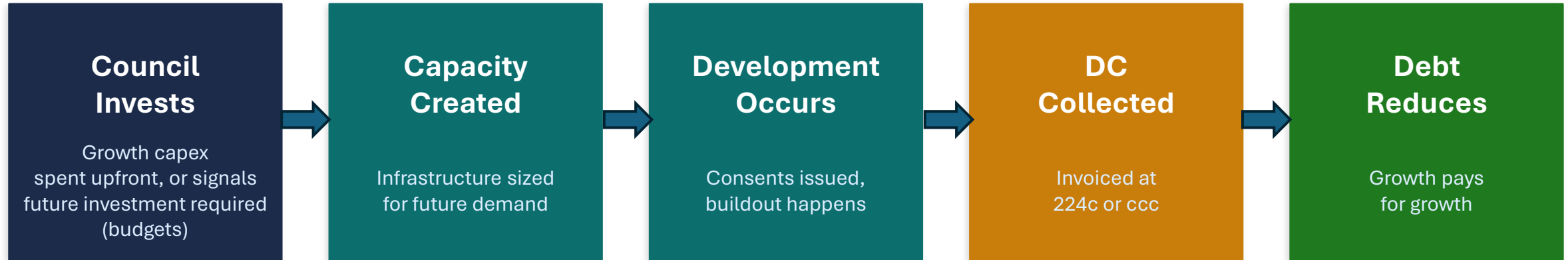
Workshop # 6 - List of Capital projects will include column showing split between:

- Growth – *to meet additional demand for an activity*
  - Level of Service – *to improve the level of service*
  - Renewals – *to replace existing assets\**
- 
- Only Growth capital costs can be recovered via the development contributions policy

\*Definitions per LGA Schedule 10, Part 1 (3)

# Council acts as an infrastructure banker

We build capacity ahead of growth - because it is far more efficient than retrofitting later. But this means we carry a balance sheet liability until the development arrives and pays its share.



## The critical dependency

The system only works if growth occurs as projected. Council spends first — based on development forecasts/timelines/yields — and relies on actual development to recover the investment. If growth slows, stalls, or shifts location, the recovery shortfall falls on ratepayers. This is the fundamental risk the rest of this presentation addresses.

# What sets the DC rate — and why it changes

The DC rate per Dwelling Equivalent (DE\*) is set by dividing growth capital cost by the number of new connections expected over the life of the asset.

$$\text{DC Rate} = \text{Growth Capex} + \text{Interest} \div \text{New DEs}$$

## Capex rises → DC rises

As infrastructure costs increase (and they have significantly), the DC rate must rise to maintain cost recovery. QLDC DE rates have increased 30–50% across each of the last two LTPs.

## Growth slows → DC rises

If fewer DEs are built than projected, the same capital cost is spread across fewer connections. This is the core exposure when development forecasts prove optimistic. Similarly, if development is slow, then interest costs are higher.

## Inflation & interest → DC rises

Building and holding infrastructure is affected by both inflation (what things cost) and interest (what debt costs). Both have risen sharply since 2021.

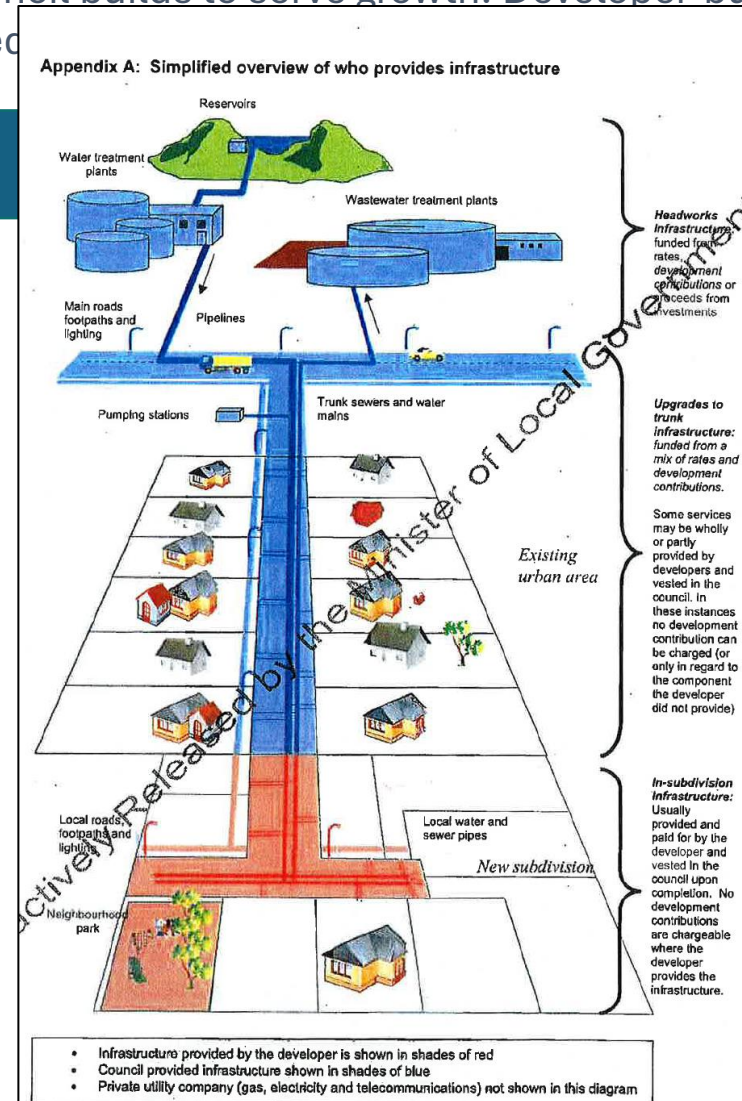
\* A Dwelling Equivalent (DE) is the standard unit of demand. Visitor Accommodation, Commercial and industrial premises are calculated as multiples of a DE based on water/wastewater/traffic demand.

# What DCs cover - and what they don't

DCs fund public infrastructure that Council builds to serve growth. Developer-built infrastructure (internal to the development) is vested in Council but is not DC-funded

## ✓ DC-FUNDED (Council Capex)

- Water supply – Intakes, WTP, reservoirs and bulk reticulation
- Wastewater – WWTP, & bulk reticulation/storage
- Stormwater networks
- Transportation network – QLDC share exc NZTA
- Community halls, Pools, Libraries, Event Centres & Public Toilets
- Reserve land & improvements



## ✗ NOT DC-FUNDED (Developer-built)

- Internal roads within a subdivision
- Lot-level water and wastewater rider mains, laterals and connections
- Internal stormwater systems
- Landscaping and furniture within the development
- Street trees & internal paths

*Note: These assets are vested in Council for long-term ownership — but they are not QLDC capex and generate no DC entitlement.*

# Development Contributions Policy

## A changing context - development levies

### Current challenges

- Only charged where a development creates a need for growth related investment
- Challenging to plan where development will occur and what infrastructure will be needed to service growth
- Cannot adequately recover the growth-related costs
- Costs fall on ratepayers
- Constrained ability to adjust infrastructure plans
- unexpected changes to the level of development contributions charged in a given area

### Government's proposed solution - replacing development contributions with development levy

- Part of governments 'going for housing growth programme.
- Goal is to better funding growth-related infrastructure.
- More flexible, better capture cost of growth and is nationally consistent.
- Creation of Levy zones, high-cost levy zones, can be reassessed on a 3-year cycle.

# Development Levies — a better system from 2028

DCs are widely acknowledged to be past their use-by date. Development Levies (DLs) replace them with a nationally standardised framework, Commerce Commission oversight, and more agility to cope with a more flexible planning environment.

## WHAT IMPROVES WITH DEVELOPMENT LEVIES

- ✓ Nationally standardised — like-for-like TLA comparisons for the first time.
- ✓ Commerce Commission oversight and audit — more defensible.
- ✓ 30-year planning and funding horizon, not 10-year LTP cycle.
- ✓ Broader funding options: upfront levy or long-term targeted rate.
- ✓ Inflation and interest built in more effectively.
- ✓ Administration costs can be recovered.
- ✓ QLDC already uses several new provisions: PDAs, targeted rates, high levy areas.

## TRANSITION RISKS TO MANAGE

- Not available until July 2028 — crossover with 3-Waters transition.
- 3-year staggered implementation across TLAs.
- Legacy consents — existing DC obligations run alongside new DL regime.
- Devil in the detail — Bill not yet finalised.
- Requires robust 30-year capital programme to set credible levies.
- Spatial planning quality matters more, not less.

DLs have bipartisan political support and are broadly welcomed by the infrastructure sector. The transition is manageable - but the quality of QLDC's capital programme and growth projections is more important under DLs than under DCs.



# Key proposed changes

- Cost driver transparency as part of capital workshop #6
- Move to Development Levies expected from July 2028 (Year 2).
  - Part of Central Government Reform (subject to national legislation)
  - 3 year staggered implementation across councils
  - Cross-over with 3-Waters transition.

# Potential Alternative Funding & Financing

# Funding

*Funding refers to the sources of revenue used to pay for council services and infrastructure over time (such as rates, fees and charges, levies, subsidies, or grants) i.e. who ultimately pays*

## Exploring through Regional Deal

### Road Pricing

Users pay to use the road network, with charges varying by factors such as time, location or distance. This includes tolling on particular routes and time-of-use charges that are higher at peak periods. The aim is to manage congestion, influence travel behaviour, and help fund transport infrastructure more efficiently.

## To be explored by Community Services

### Philanthropic Donations

Voluntary contributions from individuals or organisations to support specific community projects or outcomes. Donations are typically discretionary, may be one-off or irregular, and are often directed to clearly defined purposes rather than ongoing core services.

## To be explored by Community Services

### Contestable Grants

Competitive, purpose-specific funding provided by trusts, foundations, or charitable organisations, usually for time-limited projects with defined outcomes and reporting requirements. Grants can support innovation or pilot initiatives but are generally uncertain for long-term service funding.

# Funding

For more information on the differences see Councillor Factsheet & Attachment

Exploring through Regional Deal

## International Visitor Levy

In force now. Applies to most international visitors (excludes Australians). Collected by MBIE at the border. Intended for tourism infrastructure and environmental protection, but largely funds Crown tourism functions. About \$35m p.a. nationwide; non-contestable, with Ministers selecting projects.

Exploring through Regional Deal

## Local Visitor Levy

Under negotiation via the Regional Deal. Would apply to all international and domestic visitors, be collected by accommodation providers at point of sale, and fund core Council infrastructure under visitor pressure (e.g. roading). Estimated to raise ~\$35m p.a. for QLDC at a 5% accommodation charge.

Not currently available

## National Visitor Levy

Policy under development by MBIE. Would apply to all international and domestic visitors, be collected by accommodation providers at point of sale, and fund Regional Tourism Operators (e.g. Destination Queenstown) plus some visitor projects and events. Funds likely controlled regionally or nationally, not by councils.

# Financing

*Financing refers to the methods used to manage the timing of costs and cashflow (e.g. borrowing) to deliver infrastructure upfront and repay it over time i.e. how and when do we pay.*

## Infrastructure Funding & Financing Act

Off balance sheet long-term borrowing repaid directly by a levy on the beneficiaries of the specific projects. A Special Purpose Vehicle (rather than Council) delivers the project, owns and maintains the assets and undertakes the borrowing.

# Rates Remission and Postponement Policies

Rates Rebates, Remission and Postponement

Kā tautohe, whakaititanga, whakatarewa ā-rēti

# Rates Remission and Postponement Policies

## Overview

### WHAT?

Policies set out when QLDC may remit (reduce/write off) or postpone (delay) rates, in accordance with the Local Government Act.

### WHY?

- Enables council to support outcomes through the lever of rates remission/postponement (i.e. council could support community wellbeing, recognise hardship or unique property characteristics).
- Ensure fairness in the application of the rating system.

### HOW?

Each policy outlines the

- criteria,
- application process,
- required information,
- timing requirements, and
- relevant decision maker.

# What do the policies allow for?

## Remission for:

- Māori Freehold Land
- Land used by community and sporting organisation
- Land protected for natural, historic, or cultural conservation purposes
- Land affected by natural calamity
- Units in separate ownership, used as a single entity
- Ratepayers who have made lump sum contributions to water or sewage schemes
- Units with separate uses or inhabited parts
- Penalties, where equitable
- Sundry rates or charges
- Postponed rates, where applicable

## Postponement for:

- Māori Freehold Land
- Residential land affected by zone changes
- Ratepayers experiencing extreme financial hardship
- Farmland affected by valuations impacted by non-farming development
- Ratepayers over the age of 65



# How are policies being used?

2025/2026

Remission policy

Number of properties Remission Including GST

Community, Sporting & Other Organisation

36 Properties

\$141,427.16

Land Protected for Natural, Historic or Cultural  
Conversation Purposes

1 Property

\$ 7,477.98

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\$148,905.14

# Possible changes to remission / postponement policies

Whether the level of support provided through these policies is appropriate?

## Other changes being considered

- Establish periodic review and reassessment for remission policies via Smart Finance Committee (i.e. for community, sporting and other organisation policy)
- Consider approval process and whether there is opportunity for efficiencies (i.e., for community and sporting organisations)
- Strengthen criteria
- Provide clarity of the application process

# Treasury Policy

**Treasury Management Policy**  
**Te Kaupapa Here Tai Ōhanga**

# Treasury Management Policy

## Overview and purpose – LGA

### Why

All local authorities must have a high-level document that dictates how they will manage borrowing, investments, and financial risks. This is the Treasury Management Policy.

### What

It explains how QLDC will manage its money safely and responsibly. This policy is in place to protect ratepayer interest, ensuring funds are available for planned expenditures.

# Treasury Management Policy

## Overview and purpose – LGA

QLDC runs large, long-term services and infrastructure which cost more than can be paid for in one year.

The policy:

- provides clear benchmarks / rules for borrowing and investment,
- protects Council from financial shocks, and
- ensures decisions are consistent over time.

It helps balance today's needs with future affordability and avoids putting ratepayers at undue risk.

# Treasury Management Policy

## How it works

QLDC **does borrow for** assets like water, wastewater, roads, and community facilities.

Debt ceiling managed by LGFA covenant.

Spreads borrowing over time, so debt does not come due all at once.

Reduces exposure to sudden changes in interest rates.

Forms of borrowing not identified require Council approval.

**Together, these directions establish financial resilience**

# Key changes to Treasury Management Policy

With the WSCCO coming into effect as of 1 July 2027, debt related to all water services will be removed from QLDCs books and moved into the WSCCO.

This will not affect the Treasury Management Policy but would have possible implications on debt levels due to this shift.

Potential to request additional borrowing headroom from LGFA up to 350% from 280%.

Confirm repayment timeframe principles for borrowing.

# WSSCO policies



# WSSCO policies

- WSSCO will not be able to obtain revenue via rates post from 1 July 2032
- WSSCO will be able to use fixed charges and volumetric charging
- WSSCO will be required to have:
  - Growth Policy
  - Treasury Policy
  - Development Contributions / Levy Policy
  - Fees and Charges Policy
  - Significance & Engagement Policy

# Rates: Breakdown of draft Yr 3 Rates (who pays our rates)

Rate Type Grouping	Rate Take (GST inclusive)		Number of Rateable Properties	
Residential	130,928,666	56%	22,048	61%
Accommodation	28,818,897	12%	3,014	8%
Mixed Use	18,517,433	8%	2,212	6%
Commercial	23,154,305	10%	1,412	4%
Other	12,773,393	5%	3,052	8%
Vacant	19,176,403	8%	4,226	12%
<b>Grand Total</b>	<b>233,369,096</b>	<b>100%</b>	<b>35,964</b>	<b>100%</b>

## How to Read This Table

- Rates are not funded evenly across all properties
- Different Rate type grouping contribute different shares of the total rates take
- The mapping in the right hand side table notes the Rates Type Grouping used in the left hand side table

## Key Insights:

- Residential properties account for **61% of properties** and contribute **56% of total rates**
- Accommodation and Mixed-Use properties represent **14% of properties**, contributing **20% of total rates**
- Commercial properties make up **4% of properties**, contributing **10% of total rates**
- Vacant land represents **12% of properties**, contributing **8% of rates revenue**

Grouping	Rate Type
Residential	(GenRF) General Rate Residence plus Flat
Vacant	(GenVacant) General Rate Vacant Sections
Residential	(GenResidtl) General Rate Residential
Mixed Use	(GenMusAcom) General Rate Mixed Use Accom
Commercial	(GenComcl50) General Rate 50% Commercial
Commercial	(GenComcl) General Rate Commercial
Other	(GenPrimInd) General Rate Primary Ind.
Residential	(GenCntryDw) General Rate Country Dwg
Mixed Use	(GenMusCom) General Rate Mixed Use Comm.
Mixed Use	(GenMusAcCD) General Rate M Use Accom CDw
Accommodation	(GenAccom) General Rate Accommodation
Mixed Use	(GenMuAcRF) General Rate M Use Acc Res Flat
Other	(Gen50) General Rate 50%
Commercial	(GenCBDCom) General Rate CBD Commercial
Accommodation	(GenCBDAcom) General Rate CBD Accom
Other	(GenOther) General Rate Other
Residential	(GenCtryDwF) General Rate Ctry Dwg plus Flat
Other	(GenHydro) General Rate Hydro/Utility
Mixed Use	(GenMuAcCDF) General Rate M Use Acc CDw Flat
Mixed Use	(GenMusComD) General Rate MUse Com CDwg

# Rates: Cheat Sheet

Additional information linked to rating and R&F section

Area	Activity	Private/Public Funding Target		Private/Public Funding Mechanisms		GRVTR	What it funds	Who Pays
		Private	Public	Private	Public			
		R&F Split						
Governance	Community Leadership	0	100	N/A	Gov Rate / Gov and Reg Chg		Strategic Planning, Elections, Public Meetings, Statutory plans and reporting (LTP, Distribution of information to ratepayers (social media, the Council newsletter and the website)	District
Governance	Communication	1	99	Fees & Charges	Gov Rate / Gov and Reg Chg			District
Economic Development	Tourism Promotion	95	5	TR CV	UAGC	TR / UAGC	Grants to promotion organisations that market the district as a visitor destination	Arrowtown, Wanaka / District
Economic Development	Community Assets	100	0	Fees & Charges	N/A	Fees & Charges	Residential and commercial subdivisions, Queenstown Lakeview Holiday Park, leased camping grounds, Wanaka Airport, forests, rental housing, elderly person housing and road closing/legalisation, and undeveloped areas of land	User Pays
Community	Library Services	2	98	Fees & Charges, Fines	Fixed TR	TR Fixed	Joint management of 7 libraries	District - Residential, Vacant Only
Community	Community Development	6	94	Fees & Charges	TR, and Direct Charge	TR CV	Promote economic development in the district	District / User Pays
Community	Community Grants	12	88	Crown Grants	TR / Direct Charge / UAGC	TR CV / UAGC	Grants to assist community groups to provide a range of activities and services	District / User Pays
Community	Public Toilets	0	100	N/A	TR, Direct Charge	TR CV	Provide a range of public toilets through the district	District
Community	Cemeteries	60	40	Fees & Charges	UAGC	UAGC	Provide cemeteries through the district	District
Community	Community Facilities	40	60	Fees & Charges	Fixed TR	TR Fixed	Provide community halls, swimming pools, and other multi use indoor facilities	District (user pays)
Community	Aquatics	45	55	Fees & Charges	Fixed Aquatics Charge	Fees & Charges	Provide indoor aquatic facilities for the district	District (residential) / User Pays
Community	Waterways Facilities	10	90	Fees & Charges	Waterways concession	Fees & Charges	Provide affordable and accessible water-based recreation facilities	User Pays
Community	Parks and Recreation Facilities	20	80	Lease Income / Fees & Charges	Fixed TR / TR / Direct Charge	TR Fixed / TR CV	Provide affordable and recreation facilities	District
Environmental Management	District Plan	5	95	Fees & Charges	TR / Direct Charge	TR CV / Fees & Charge	Work on the development, adoption and refinement of the district plan	District / User Pays
Environmental Management	Resource Consent Administration	80	20	Fees & Charges	TR / Direct Charge	TR CV / Fees & Charge	All aspects of the resource consent process	District / User Pays
Environmental Management	Building Consent Administration	80	20	Application Fees and hourly charges	TR / Direct Charge	TR CV	All aspects of the building consent process	District / User Pays
Environmental Management	Bylaw and General Enforcement	40	60	Permit Fees and Hourly Charges	Reg Rate / Reg Chg	TR CV	Management and enforcement of the Council bylaws, managing files, issuing permits and responding to public enquiries	District / User Pays
Environmental Management	Parking Administration	100	0	Infringement fines and rental charges	N/A	Charge	Patrolling of all designated areas	User Pays
Environmental Management	Environmental Health	70	30	Certification fees and hourly charges	Reg Rate / Reg Chg	TR CV	Inspection and licensing of premises involved in the manufacture, preparation and sale of food (as well as hairdressers, mortuaries, camping grounds, winemakers, etc)	District (user pays)
Environmental Management	Liquor Licensing	70	30	licensing and certification fees & hourly charge	Reg Rate / Reg Chg	TR CV	Inspection, monitoring, and licensing of premises involved in the sale of liquor	District (user pays)
Environmental Management	Animal Control	70	30	Registration and impound fees	Reg Rate / Reg Chg	TR CV	Provision of animal ranger services including impounding, managing files, and disposal of animals	District (user pays)
Environmental Management	Waterways Control	6	94	Fees & Charges	Waterways concession	Fees & Charges	Control waterway based activities in the district	User Pays
Environmental Management	Emergency Management	0	100	N/A	General CV Rate / Grants	GR CV	Ensure the district is prepared to respond appropriately to civil defence emergencies	District
Environmental Management	Landfill Provision and Management	75	25	Fees & Charges	Waste Management Charge	TR Fixed	Provide facilities for recycling and disposing of solid waste and the provision of hazardous waste facilities for the district	District
Environmental Management	Refuse Collection	100	0	Waste Management Charge	N/A	Charge	Provide kerbside recycling and residual waste collection services for residential	User Pays
Utilities	Water Supply	100	0	TR Uniform (Fixed) / TR CV	N/A	TR Fixed / TR CV	Provide reliable, high quality water supplies for domestic and commercial consumers and for firefighting purposes	District scheme specific
Utilities	Stormwater	0	100	N/A	Stormwater CV Rate / Waterways concession	TR CV	Reliable and efficient stormwater collection and disposal systems from buildings and	District - Wanaka & Wakatipu
Utilities	Wastewater	100	0	Sewerage Charge	N/A	TR Fixed per pan/urine	Reliable and efficient sewage collection, treatment and disposal systems that meet all discharge consent conditions	District
Roading and Footpaths	Town Centres	50	50	Roading CV Rate	Roading CV Rate	TR CV	Provide attractive and safe town centres that are well maintained and developed to meet the changing needs of the district	District scheme
Roading and Footpaths	Parking Facilities	100	0	Fees & Charges	N/A	Fees & Charges	Provide a range of on and off street parking in the town centres of the district	User Pays
Roading and Footpaths	Roading	45	55	NZTA Subsidy / Petrol Tax	Roading CV Rate	TR CV	Provide a reliable, efficient, and safe roading network that is well maintained and	District - Wanaka & Wakatipu

# Rates: Cheat Sheet break down of rate types with activity

Name	Differential?	Method	Differential Method	Covers
UAGC	No	Fixed		Cemeteries, Community Development Grants, Property including housing, airport, and 50% to defend legal claims related to alleged building defects, and a general contribution to the promotion of the district
General Rate	Yes	CV	Land use	provision of emergency services, waste management including landfill establishment, forestry
Sports, Halls & Libraries	Yes	Fixed	Based on SUIP	Community grants (for rec activities, library services, public halls and other community facilities, active rec facilities and swimming pools
Governance Rate	Yes	CV	Land use	Cost of democratic functions and communications including funding for corporate, financial and rating admin services
Regulatory Rate	Yes	CV	Land use	Regulatory and advisory services relating to planning and resource management, the district plan, building control, dog control, and health and liquor licensing 50% to defend legal claims related to building defects
Governance and Regulatory Charge	Yes	Fixed	Land use	Democratic functions, and cost of communications managements including corporate, financial and rating admin services, and regulatory and advisory services relating to planning and resource management
Recreation and Events Rate	Yes	CV	Land use	Passive recreation areas, gardens, walkways, and reserves, public toilets, provision of events and facilitation events, and the contribution to the operating shortfall of Alpine Aqualand
Roading Rate (Wanaka)	Yes	CV	Land use	Wanaka roading network, development of town centre areas, and the maintenance and upgrade of the roading drainage
Roading Rate (Whakatipu)	Yes	CV	Land use	Queenstown - Whakatipu Ward and the Arrowtown - Kawarau ward's roading network, Queenstown town centre street upgrade, and the maintenance and upgrading of the roading drainage systems
Queenstown CBD Transport Rate	Yes	CV	Land use	Queenstown town centre street upgrade element of the Queenstown integrated transport strategy (QITS)
Stormwater Rate (Wanaka)	No	Fixed	Land use	The maintenance and upgrading of the stormwater reticulation systems within the Waka-Upper Clutha Ward
Stormwater Rate (Whakatipu)	No	Fixed		The maintenance and upgrading of the stormwater reticulation systems within the Queenstown-Whakatipu Ward and the Arrowtown-Kawarau Ward
Tourism Promotion Rate (Wanaka)	No	CV	Land use	To finance promotional activities of Lake Wanaka Tourism
Tourism Promotion Rate (Whakatipu)	No	CV	Land use	To finance promotional activities of Destination Queenstown
Tourism Promotion Rate (Arrowtown)	No	CV	Land use	To finance promotional activities of Arrowtown Promotion Association
Waste Management Charges	Yes	SUIP		To fund the operating deficit of the transfer stations and the recycling initiatives proposed in the waste management strategy
Aquatic Centre Charge (Whakatipu)	Yes	SUIP	Land use	To fund the operating shortfall of Alpine Aqualand to Queenstown Whakatipu Ward and the Arrowtown Kawarau Ward
Aquatic Centre Charge (Wanaka)	Yes	SUIP	Land use	To fund the operating shortfall of Wanaka Aquatic Centre to the Wanaka Upper Clutha Ward
Water Supply Rates	Yes	SUIP	Location specific	Water supply district specific - Queenstown, Arrowtown, Wanaka, Arthurs Point, Glenorchy, and Hawea
Water Supply Rates	Yes	CV	Land use	Water supply district specific - Queenstown, Arrowtown, Wanaka, Arthurs Point, Glenorchy, and Hawea
Other water supplies	Yes	SUIP		To provide supplies of potable drinkable water to Lake Hayes, Luggate, and Cardrona
Cardrona water supply area	No	Fixed	per connection	Every serviceable rating unit within the Cardrona Water Supply scheme area on the basis of one charge per connection capable of being connected, and an additional charge for each subsequent connection
Sewerage Rates	No	Fixed	per pan	Sewerage rate on every rating unit connected to a district sewerage scheme, on the basis on one full charge per first pan or urinal connected, with a discounted charge on every subsequent pan or urinal connected. Different rate per: Wanaka/Abert Town, Cardrona, Arrowtown, Arthurs Point, Hawea, Lake Hayes, Luggate, Queenstown
Cardrona Sewerage Area	No	Fixed	per pan	sewerage scheme loan rate on every serviceable rating unit within the Cardrona Sewerage scheme area, on the basis of one charge per pan or urinal connected or per connection capable of being connected of \$1,054.00, on the first pan or urinal, and \$527.00 for each subsequent pan or urinal

***Additional information linked to rating section***