

QLDC Council
1 September 2022

Report for Agenda Item | Rīpoata moto e Rāraki take : 1

Department: Finance, Legal & Regulatory

Title | Taitara Setting of Rates for 2022/23

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 2022/23 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 2022/23 financial year as per section 23 of the Local Government (Rating) Act 2002 [As per Attachment A].

Prepared by:



Stewart Burns
GM Finance Legal & Regulatory

11/08/2022

Reviewed and Authorised by:



Mike Theelen
Chief Executive

12/08/2022

CONTEXT | HORPOAKI

- 1 The Council adopted the Annual Plan 22/23 on 30 June 2022, and the detailed work required to calculate the rates for 2022/23 has been completed. The rates are largely as expected. The rates resolution can only be made after the Ten Year Plan/Annual Plan has been adopted.
- 2 The Local Government (Rating) Act 2002 and the Local Government Act 2002 provisions mean that the draft Annual Plan or draft Ten 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 2022/23 year as per the attached resolution are substantially as expected. The indicative rates information published in the Annual Plan 22/23 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.
- 5 District-wide the actual annual increase in capital value is 3.2% (2021: 3.55%) compared to 3.5% allowed for in the Annual Plan 22/23. This amount reflects the estimated growth in rating base for the past year and is on top of the increase due to district revaluation (see paras 7 to 8 below). The overall increase in the Wanaka ward was 3.07% (2021: 4.11%) compared to 3.26% (2021: 3.30%) within the combined Wakatipu/Arrowtown wards. The capital value growth factor for the year is therefore below the forecast at 3.2%; slightly less than the 3.5% allowed for in the Annual Plan 22/23.
- 6 The total number of rateable units for the 2022/23 year is estimated to be 31,364 (2021: 30,229) which represents an increase of 3.75% (2021: 5.8%) on last year. The rating unit growth factor for the year is therefore also ahead of the 3.5% forecast allowed for in the Annual Plan 22/23.

Impact on Rates

- 7 The district recently had its three-yearly rates valuation update – known as a district revaluation. New valuations as at 1st Sept 2021 have been used for the assessment of rates for the 2022/23 financial year.
- 8 Although the total capital value (CV) has grown by around 52%, the impact of the revaluation on rates is more pronounced for some types of property. In simple terms, if a property experiences a rating value change of significantly more or less than the 52% average, rates payable will change up or down according to the degree of difference.
- 9 As a result of the Annual Plan 22/23 submission process, the overall average rates increase moved from 5.96% to 6.5% (after allowing for growth). This is line with the indicative rates information published in the final Annual Plan 22/23. This shift reflects the combined

impact of Council’s budget changes, responses to community and internal submissions, and mitigating actions outlined in this Annual Plan. The average rates increase of 6.5% is now slightly above the self-imposed net rates increase limit (6.0% net of growth).

- 10 The impact of the rates increase for 2022/23 will not be even across all property types and locations. This is largely because of the impact of the district revaluation and of targeted rates which are often ward or scheme based.
- 11 The columns on the left-hand side of the tables below labelled ‘22/23 Rates’ show the final proposed rates movement for 2022-2023. These have been compared to the estimated rates in the final Annual Plan document adopted on 30 June 2022 ‘AP23 Rates’.
- 12 There is a high degree of consistency between the final proposed rates and the estimated rates in the final Annual Plan document with most of the larger differences reflecting a more favourable position (i.e. Arrowtown Commercial below).

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 22/23 (NEW CV)										
Median Values					22/23	22/23	AP23	AP23		
	new	Old	% CV		Rates	Rates	Rates	Rates	Diff	Diff
PROPERTY TYPE	CV	CV	Move	LOCATION	%	\$	%	\$	%	\$
RESIDENTIAL	\$1,390,000	\$1,090,000	27.5%	QUEENSTOWN	0.69%	\$24	0.47%	\$16	0.22%	\$8
COMMERCIAL	\$2,999,000	\$1,890,000	58.7%	QUEENSTOWN	5.55%	\$376	4.72%	\$320	0.83%	\$56
ACCOMMODATION	\$2,860,000	\$2,081,000	37.4%	QUEENSTOWN	3.90%	\$425	3.27%	\$357	0.63%	\$68
M/U ACCOMMODATION	\$1,720,000	\$1,260,000	36.5%	QUEENSTOWN	3.54%	\$156	3.08%	\$136	0.46%	\$20
VACANT	\$1,086,000	\$700,000	55.1%	QUEENSTOWN	8.74%	\$211	8.98%	\$217	-0.24%	-\$6
M/U COMMERCIAL	\$1,565,000	\$1,250,000	25.2%	QUEENSTOWN	-3.15%	-\$131	-3.39%	-\$141	0.24%	\$10
RESIDENTIAL	\$1,298,000	\$845,000	53.6%	WANAKA	6.81%	\$217	7.93%	\$253	-1.12%	-\$36
COMMERCIAL	\$1,780,000	\$1,045,000	70.3%	WANAKA	3.98%	\$199	4.70%	\$235	-0.72%	-\$36
ACCOMMODATION	\$1,724,000	\$1,100,000	56.7%	WANAKA	9.76%	\$722	10.14%	\$750	-0.38%	-\$28
M/U ACCOMMODATION	\$1,613,000	\$900,000	79.2%	WANAKA	15.35%	\$607	16.20%	\$641	-0.85%	-\$34
PRIMARY INDUSTRY	\$7,138,000	\$5,050,000	41.3%	WANAKA	6.51%	\$294	6.65%	\$300	-0.14%	-\$6
COUNTRY DWELLING	\$2,465,000	\$1,560,000	58.0%	WANAKA	11.94%	\$308	11.82%	\$305	0.12%	\$3
VACANT	\$907,500	\$550,000	65.0%	WANAKA	9.99%	\$227	10.80%	\$246	-0.81%	-\$19
M/U COMMERCIAL	\$1,390,400	\$880,000	58.0%	WANAKA	4.89%	\$183	5.96%	\$222	-1.07%	-\$39
RESIDENTIAL	\$1,437,000	\$925,000	55.4%	ARROWTOWN	9.50%	\$304	8.89%	\$285	0.61%	\$19
COMMERCIAL	\$3,302,000	\$1,650,000	100.1%	ARROWTOWN	19.16%	\$1,190	23.50%	\$1,460	-4.34%	-\$270
ACCOMMODATION	\$2,689,000	\$1,700,000	58.2%	ARROWTOWN	11.98%	\$960	14.28%	\$1,144	-2.30%	-\$184
M/U ACCOMMODATION	\$1,380,000	\$900,000	53.3%	ARROWTOWN	7.45%	\$284	7.73%	\$295	-0.28%	-\$11
VACANT	\$1,180,000	\$720,000	63.9%	ARROWTOWN	11.94%	\$285	11.86%	\$283	0.08%	\$2
M/U COMMERCIAL	\$1,430,000	\$900,000	58.9%	ARROWTOWN	6.16%	\$223	6.66%	\$241	-0.50%	-\$18
PRIMARY INDUSTRY	\$5,750,000	\$4,100,000	40.2%	WAKATIPU	10.30%	\$361	10.94%	\$384	-0.64%	-\$23
COUNTRY DWELLING	\$3,281,000	\$2,050,000	60.0%	WAKATIPU	17.36%	\$478	17.37%	\$478	-0.01%	\$0
RESIDENTIAL	\$892,000	\$700,000	27.4%	GLENORCHY	4.03%	\$107	5.23%	\$139	-1.20%	-\$32
RESIDENTIAL	\$1,042,000	\$820,000	27.1%	LAKE HAYES	2.09%	\$64	1.98%	\$60	0.11%	\$4
RESIDENTIAL	\$843,000	\$570,000	47.9%	HAWEA	6.31%	\$168	7.30%	\$195	-0.99%	-\$27
RESIDENTIAL	\$788,000	\$520,000	51.5%	LUGGATE	5.55%	\$161	5.96%	\$173	-0.41%	-\$12
RESIDENTIAL	\$840,000	\$650,000	29.2%	KINGSTON	3.17%	\$57	3.29%	\$60	-0.12%	-\$3
RESIDENTIAL	\$1,013,000	\$860,000	17.8%	ARTHURS POINT	-0.49%	-\$15	0.29%	\$9	-0.78%	-\$24

- 13 There is a high degree of variation in the movements largely as a result of the valuation impacts. Residential movements range from -0.49% (Arthurs Point) to 9.50% (Arrowtown).
- 14 There are high increases for Commercial in Arrowtown (19.16%) largely driven by the capital value increase of over 100%. Country Dwellings in both Wānaka (11.94%) and Whakatipu (17.37%) also show higher increases.

- 15 The impact on both the Higher Values and Lower Values is similar with less variation to the 2021-2031 Ten Year Plan and with less extreme increases and decreases across both Commercial and Accommodation properties.

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 22/23 (NEW CV)										
Higher Values					22/23	22/23	AP23	AP23		
	new	Old	% CV		Rates	Rates	Rates	Rates	Diff	Diff
PROPERTY TYPE	CV	CV	Move	LOCATION	%	\$	%	\$	%	\$
RESIDENTIAL	\$5,020,000	\$3,650,000	37.5%	QUEENSTOWN	4.51%	\$289	3.50%	\$225	1.01%	\$64
COMMERCIAL	\$35,800,000	\$22,700,000	57.7%	QUEENSTOWN	5.11%	\$4,395	4.40%	\$3,781	0.71%	\$614
ACCOMMODATION	\$71,000,000	\$57,000,000	24.6%	QUEENSTOWN	-3.19%	-\$9,537	-3.52%	-\$10,513	0.33%	\$976
M/U ACCOMMODATION	\$5,012,000	\$4,250,000	17.9%	QUEENSTOWN	-6.58%	-\$628	-7.42%	-\$709	0.84%	\$81
VACANT	\$1,501,000	\$1,010,000	48.6%	QUEENSTOWN	7.98%	\$221	8.07%	\$223	-0.09%	-\$2
M/U COMMERCIAL	\$2,170,000	\$1,655,000	31.1%	QUEENSTOWN	-1.63%	-\$78	-2.07%	-\$99	0.44%	\$21
RESIDENTIAL	\$3,044,000	\$1,820,000	67.3%	WANAKA	12.51%	\$563	13.77%	\$620	-1.26%	-\$57
COMMERCIAL	\$15,220,000	\$10,700,000	42.2%	WANAKA	-7.91%	-\$3,985	-7.25%	-\$3,654	-0.66%	-\$331
ACCOMMODATION	\$22,850,000	\$16,900,000	35.2%	WANAKA	-1.21%	-\$1,059	-0.68%	-\$601	-0.53%	-\$458
M/U ACCOMMODATION	\$5,840,000	\$3,550,000	64.5%	WANAKA	13.36%	\$1,369	14.28%	\$1,464	-0.92%	-\$95
PRIMARY INDUSTRY	\$26,656,000	\$21,750,000	22.6%	WANAKA	-6.16%	-\$936	-6.65%	-\$1,011	0.49%	\$75
COUNTRY DWELLING	\$5,599,000	\$3,710,000	50.9%	WANAKA	10.63%	\$479	10.21%	\$460	0.42%	\$19
VACANT	\$2,724,000	\$1,430,000	90.5%	WANAKA	22.37%	\$770	22.96%	\$790	-0.59%	-\$20
M/U COMMERCIAL	\$1,750,000	\$1,150,000	52.2%	WANAKA	2.83%	\$120	3.87%	\$164	-1.04%	-\$44
RESIDENTIAL	\$3,505,000	\$2,230,000	57.2%	ARROWTOWN	11.35%	\$552	10.36%	\$504	0.99%	\$48
COMMERCIAL	\$7,732,000	\$4,400,000	75.7%	ARROWTOWN	7.86%	\$1,201	11.84%	\$1,810	-3.98%	-\$609
ACCOMMODATION	\$4,580,000	\$3,000,000	52.7%	ARROWTOWN	8.25%	\$1,288	10.16%	\$1,585	-1.91%	-\$297
M/U ACCOMMODATION	\$3,220,000	\$2,200,000	46.4%	ARROWTOWN	6.21%	\$381	6.66%	\$409	-0.45%	-\$28
VACANT	\$1,570,000	\$980,000	60.2%	ARROWTOWN	12.29%	\$329	12.11%	\$324	0.18%	\$5
M/U COMMERCIAL	\$1,687,000	\$1,070,000	57.7%	ARROWTOWN	6.03%	\$235	6.56%	\$256	-0.53%	-\$21
PRIMARY INDUSTRY	\$24,520,000	\$18,300,000	34.0%	WAKATIPU	7.47%	\$928	7.61%	\$945	-0.14%	-\$17
COUNTRY DWELLING	\$8,702,000	\$6,080,000	43.1%	WAKATIPU	11.15%	\$660	10.89%	\$645	0.26%	\$15
RESIDENTIAL	\$1,120,000	\$920,000	21.7%	GLENORCHY	1.50%	\$45	2.77%	\$83	-1.27%	-\$38
RESIDENTIAL	\$1,437,000	\$1,150,000	25.0%	LAKE HAYES	1.05%	\$36	0.86%	\$29	0.19%	\$7
RESIDENTIAL	\$1,468,000	\$870,000	68.7%	HAWEA	12.19%	\$376	13.48%	\$416	-1.29%	-\$40
RESIDENTIAL	\$965,000	\$700,000	37.9%	LUGGATE	4.09%	\$136	4.41%	\$147	-0.32%	-\$11
RESIDENTIAL	\$1,126,000	\$900,000	25.1%	KINGSTON	1.25%	\$26	1.25%	\$26	0.00%	\$0
RESIDENTIAL	\$1,497,000	\$1,275,000	17.4%	ARTHURS POINT	-1.85%	-\$68	-0.98%	-\$36	-0.87%	-\$32

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 22/23 (NEW CV)										
Lower Values					22/23	22/23	AP23	AP23		
		Old	% CV		Rates	Rates	Rates	Rates	Diff	Diff
PROPERTY TYPE	CV	CV	Move	LOCATION	%	\$	%	\$	%	\$
RESIDENTIAL	\$862,000	\$750,000	14.9%	QUEENSTOWN	-1.75%	-\$53	-1.72%	-\$52	-0.03%	-\$1
COMMERCIAL	\$680,000	\$430,000	58.1%	QUEENSTOWN	4.50%	\$127	4.55%	\$128	-0.05%	-\$1
ACCOMMODATION	\$920,000	\$685,000	34.3%	QUEENSTOWN	3.13%	\$130	2.28%	\$95	0.85%	\$35
M/U ACCOMMODATION	\$1,004,000	\$830,000	21.0%	QUEENSTOWN	-1.41%	-\$52	-1.60%	-\$59	0.19%	\$7
VACANT	\$584,000	\$345,000	69.3%	QUEENSTOWN	8.77%	\$176	9.26%	\$186	-0.49%	-\$10
M/U COMMERCIAL	\$996,000	\$800,000	24.5%	QUEENSTOWN	-2.09%	-\$72	-2.08%	-\$72	-0.01%	\$0
RESIDENTIAL	\$1,172,000	\$730,000	60.5%	WANAKA	8.32%	\$252	9.45%	\$286	-1.13%	-\$34
COMMERCIAL	\$815,000	\$520,000	56.7%	WANAKA	0.79%	\$26	1.70%	\$55	-0.91%	-\$29
ACCOMMODATION	\$775,000	\$570,000	36.0%	WANAKA	1.36%	\$54	1.34%	\$53	0.02%	\$1
M/U ACCOMMODATION	\$1,093,000	\$690,000	58.4%	WANAKA	8.17%	\$289	8.98%	\$317	-0.81%	-\$28
PRIMARY INDUSTRY	\$2,030,000	\$1,330,000	52.6%	WANAKA	9.34%	\$200	10.63%	\$228	-1.29%	-\$28
COUNTRY DWELLING	\$1,868,000	\$1,100,000	69.8%	WANAKA	14.78%	\$321	14.78%	\$321	0.00%	\$0
VACANT	\$785,000	\$440,000	78.4%	WANAKA	12.11%	\$258	12.97%	\$276	-0.86%	-\$18
M/U COMMERCIAL	\$945,000	\$600,000	57.5%	WANAKA	4.96%	\$159	6.05%	\$194	-1.09%	-\$35
RESIDENTIAL	\$1,428,000	\$890,000	60.4%	ARROWTOWN	7.77%	\$252	7.18%	\$233	0.59%	\$19
COMMERCIAL	\$1,101,000	\$550,000	100.2%	ARROWTOWN	14.54%	\$456	17.50%	\$549	-2.96%	-\$93
ACCOMMODATION	\$710,000	\$520,000	36.5%	ARROWTOWN	1.75%	\$63	2.63%	\$95	-0.88%	-\$32
M/U ACCOMMODATION	\$1,193,000	\$760,000	57.0%	ARROWTOWN	8.10%	\$288	8.34%	\$297	-0.24%	-\$9
VACANT	\$703,000	\$390,000	80.3%	ARROWTOWN	12.12%	\$244	12.22%	\$246	-0.10%	-\$2
M/U COMMERCIAL	\$1,280,000	\$775,000	65.2%	ARROWTOWN	7.56%	\$258	8.05%	\$275	-0.49%	-\$17
PRIMARY INDUSTRY	\$2,293,000	\$1,410,000	62.6%	WAKATIPU	15.42%	\$312	16.94%	\$343	-1.52%	-\$31
COUNTRY DWELLING	\$1,646,000	\$1,015,000	62.2%	WAKATIPU	14.50%	\$281	14.75%	\$286	-0.25%	-\$5
RESIDENTIAL	\$613,000	\$480,000	27.7%	GLENORCHY	4.75%	\$111	5.80%	\$136	-1.05%	-\$25
RESIDENTIAL	\$950,000	\$730,000	30.1%	LAKE HAYES	2.82%	\$84	2.73%	\$81	0.09%	\$3
RESIDENTIAL	\$734,000	\$480,000	52.9%	HAWEA	7.28%	\$185	8.23%	\$209	-0.95%	-\$24
RESIDENTIAL	\$670,000	\$430,000	55.8%	LUGGATE	6.79%	\$205	7.12%	\$215	-0.33%	-\$10
RESIDENTIAL	\$643,000	\$460,000	39.8%	KINGSTON	6.01%	\$97	6.23%	\$101	-0.22%	-\$4
RESIDENTIAL	\$864,000	\$690,000	25.2%	ARTHURS POINT	1.86%	\$55	2.61%	\$77	-0.75%	-\$22

New Sewerage Rates for Cardrona

16 Cardrona now has a reticulated Wastewater (WW) scheme. This means that two new targeted rates for Cardrona wastewater will be assessed for the first time; Cardrona Sewerage Area (Capital Rate) and the Cardrona Sewerage Rate (Operating Rate). Please note that the new Cardrona sewerage rates are now being set following previous consultation on the proposal to provide a reticulated wastewater (WW) scheme and are separate to the current proposal for a new water supply in the Cardrona valley.

17 In order to recover capital costs (cost to build infrastructure), Council uses two main methods:

- Development contributions (DCs) – paid as lump sum (\$18,228 incl. GST per dwelling equivalent)
- Cardrona Sewerage Area (Capital Rate) – deferred payment option (\$18,228 over 30 years at 4% pa per rating unit)

- 18 As with all other small schemes, it is assumed that most existing property owners will wish to use the capital rate (deferred payment option) rather than pay the full cost up front. Council will therefore, assess all existing properties (excluding those who have previously paid DCs and/or who entered into a standalone Wastewater Agreement), which are able to be serviced with the capital rate.
- 19 This will result in an additional annual charge of \$1,054 (incl. GST) for most property types (residential, vacant, country dwelling, mixed use etc). Commercial and Visitor Accommodation (VA) will pay the annual charge of \$1,054 (incl. GST) plus an additional \$527 per additional toilet.
- 20 The law prescribes that any property within 30 metres of a sewer main is deemed to be serviceable and will be subject to the capital rate. If any ratepayer of an existing property does wish to pay up front, the DC will be payable and the capital rate will not apply. Any future properties which are created after 1 July 2022 (subdivisions or new buildings) will not be charged the capital rate; they will pay DCs through the consenting process.
- 21 Council will assess a Cardrona Sewerage Rate (Operating Rate) to recover the operating costs (costs to run the scheme). As with the Capital rate, it will apply to any existing serviceable property (within 30 metres of a sewer main). This rate will therefore apply to all those properties that are connected at \$750 (incl. GST) per annum and a 50% rate (\$375) will apply to those properties that are not connected but which are serviceable. This ensures that all ratepayers either using the service or who are able to use the service make a contribution to the running of the scheme.

Options:

- 22 Option 1 Set the Rates for 2022/23
- 23 Option 2 Do not Set the Rates for 2022/23
- 24 This report recommends **Option 1**. Setting the rates allows Council to recover both the capital cost of the scheme and the operating costs. The proposed rates are in line with the estimated rates disclosed as part of the previous consultation with Cardrona community. If the rates are not set, these costs will remain unfunded and those who benefit from the new service will not be required to contribute.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 25 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 Ten Year Plan (LTP)/ 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

26 The Council consulted with Te Ao Marama and Aukaha on behalf of Mana Whenua to outline Ten Year Plan (LTP) projects.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

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

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

27 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 Ten Year Plan (LTP)/ Annual Plan.

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

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

- 2021-31 Ten Year Plan; Annual Plan 22/23; Revenue and Financing Policy

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

29 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. Rating is one of the means by which a council can raise revenue to deliver these outcomes and such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

30 The recommended option:

- 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 2022/23
---	---------------------------------