

2022-2023 Annual Plan | 2022-2023 Mahere Ā-Tau

Consultation document
| He Tuhika Whakawhiti Kōrero

SUBMISSIONS
CLOSE ON MONDAY
25 APRIL 2022

Contents

Rāraki take

A message from the Mayor He karere mai i te mea	3
Our approach to the 2022-2023 Annual Plan Tō mātou kaupapa ki te 2022-2023 Mahere Ā-Tau	5
An update on the 2021-2031 Ten Year Plan progress He Arotakeka ō te Mahere-ā-tekau tau	6
Queenstown Street Upgrades and Arterial	6
Wānaka Lakefront Development	6
Wānaka Water Supply	6
Project Manawa	7
Luggate Memorial Centre	7
Shotover Country Borefield and Treatment Plant	7
Whakatipu Active Travel	7
What's changed Kā panonitaka	8
Climate and Biodiversity Plan	8
Weather Tightness Claims	9
Right-sizing Staff Numbers	9
Increasing User Fees and Charges	10
New Film Permit Fee Structure	11
The numbers you need to know Ka tātauraka	12
Minimising the average rates increase	12
Rates impact Kawekawe rēti	13
Mitigating the impact of Revaluation on Rates	13
We want to hear from you Whakapā mai	17
Submission form Puka tāpaetaka	19

Te Reo Māori translation: Please note, QLDC uses the local Kāi Tahu dialect which replaces 'ng' with 'k', e.g. tākata (people) instead of tāngata

A message from the Mayor

He karere mai i te mea

Tēnā koutou katoa

As we enter year two of the 2021-2031 Ten Year Plan¹, we are also in the third year of the global COVID-19 pandemic. Although we have had a prolonged period without COVID-19 in our community, at the time of writing this we are seeing case numbers rising rapidly and that continues to have a devastating effect on many people, families and businesses in our local communities. As I have stated previously, the fallout from this pandemic will be felt for years to come and that makes this Council's commitment to keep planning for and investing in growing well in our district so vital. The Grow Well Whaiora Spatial Plan² that the Council adopted in June 2021, along with the community Vision Beyond 2050³, continue to be foundations for that investment and planning, along with Council's 30-year Infrastructure Strategy.

However, it is Council's belief that where possible this investment programme should not come at the expense of our local environment, the global climate and the district's ecosystem. Since adopting its first Climate Action Plan⁴ (and at the same time declaring a climate and ecological emergency), Council has continued to make progress on the commitments made to reduce our impact on climate change and to demonstrate leadership in responding to this essential issue. From switching our fleet to EV vehicles and forming the Climate Reference Group to improving how much household collection material can be successfully recycled, we've shown we're on a pathway. But there is so much more to do.

At the same time as consultation is underway on this draft Annual Plan, you can have your say on Council's next iteration of what is now known as the Climate and Biodiversity Plan, reflecting the included consideration of local flora and fauna and how it is affected by the climate and other influences. I encourage you to take time to read the draft plan and tell us what you think on this key initiative. Many projects across Council's programme of work underpin our commitment to adapting to or mitigating the effects of climate change, such as improvements to stormwater networks,

increasing resilience in wastewater networks, building Aotearoa New Zealand's first Passive House community facility and more. As part of this commitment, there is a set of defined actions that are directly linked to this draft plan and support Council in delivering upon its wider climate goals. You'll see that we have included an option to increase the proposed budget to deliver on these specific actions for year two of the 2021-2031 Ten Year Plan from \$257k to \$677k, which will have a direct impact on rates. If supported, the increase of \$420k will enable us to deliver more of these actions in this financial year.

Three waters reform continues to be a challenging topic and creates much uncertainty for the sector. Back in December 2021, my fellow Councillors and I wrote openly to the Minister for Local Government actively opposing the Central Government mandate on reform. Whilst we unanimously support the need to provide a safe potable water supply for all New Zealanders whilst protecting our environment and improving Māori participation in decision-making for three waters, we do not support the way in which Government has approached this and think it is essential the community can have a say. In February 2022, Full Council agreed to join Communities 4 Local Democracy (C4LD) a membership group of councils seeking alternative three waters solutions to those proposed by Central Government. Council is committed to working with all parties, Iwi/Mana whenua and Government to secure a long-term solution for three waters investment and delivery. Notwithstanding the differing views on a final delivery model, we continue to invest in the ten-year plan programme of work for water supply, wastewater and stormwater. In particular there are many projects in both water supply and wastewater across the district such as the recently completed Queenstown recreation ground pump station, the upgrades to Glenorchy reservoirs and the western Wānaka water supply, pipeline connections under the Shotover Bridge, wastewater and water supply scheme for Cardona village, and the proposed Hāwea wastewater project.

¹ www.qldc.govt.nz/your-council/council-documents/ten-year-plan-ltp

² www.qldc.govt.nz/your-council/council-documents/queenstown-lakes-spatial-plan

³ www.qldc.govt.nz/your-council/our-vision-mission

⁴ www.qldc.govt.nz/your-council/our-vision-mission/climate-action-plan



A number of other external factors have influenced this draft plan, including the rating revaluations that were deferred from 2021 due to the COVID-19 pandemic. Property owners in the district normally receive a triennial Notice of Rating Valuation with the latest valuation having been due in 2020. This rating revaluation is completed by Quotable Value (QV) on behalf of QLDC, providing an updated rating value for the property which is used by the Council in setting rates for the following three years. Given the extended four-year period since the last revaluation and the extraordinary property market there has been a significant increase from 2017 in both capital (56% overall) and land (76.6% overall) values locally, although there has been an increase in more than 4,200 properties in that same period which helps spread the impact of any increase in rates. Council apportions rates across the various property types to ensure that no particular group is overly burdened based on property values, and you will see in the section *The Numbers You Need to Know | Ka Tātauraka* that we have proposed amending these differentials⁵ slightly to keep a fair balance. Let us know what you think of this proposed change.

Many New Zealanders will be familiar with the term “leaky buildings” which can affect some properties built between the late 1980s and mid-2000s. Historic claims continue to be a challenge for local government where the developers, builders and other persons who were primarily responsible for designing and constructing the buildings in question have often been wound up or declared bankrupt. Local authorities often face alleged liability for the entire claim, under the principle of joint and several liability. Councils often find themselves as “the last person standing” in these cases, which results in Council being held liable for amounts well in excess of its actual proportion of fault or blame. You will find more detail about this issue in the section *What’s Changed | Kā Panonitaka* outlining how we are endeavouring to minimise the impact on our ratepayers but signals the effect that this is and will continue to have budget consequences.

A number of fee increases are proposed in this Annual Plan to realign with Council’s Revenue and Financing Policy⁶ (adopted as part of the 2021-2031 Ten Year Plan). That policy defines how certain services are funded that have a greater or unique benefit to individual users rather than the wider or whole community. These are things such as fees for processing a resource or building consent application, using sport and recreation facilities such as Alpine Aqualand or a Council gym, and waste services. We believe it is fair that the greater part of these is funded by the end user and that is reflected in the policy. These proposed increases reflect that policy position and are necessary to offset increased costs in providing these services.

Delivering on our biggest ever capital expenditure programme continues to be a challenge, especially at this time when all around we are seeing delays in materials, increases in costs and shipping, and constraints on available resource and essential skills. However, Council is encouraged by the progress made in year one of the 2021-2031 Ten Year Plan and is preparing for the many projects ahead of us in the coming years. Our goal continues to be shaping our district into one of the most liveable areas in Aotearoa New Zealand. Please take the time to tell us what you think on any of the issues raised in this consultation document or the supporting draft 2022-2023 Annual Plan.



Kā mihi nui

JIM BOULT
Mayor, Queenstown Lakes District Council

⁵ Councils use ‘differentials’ to adjust the impact of capital values on rates. Imbalances are often corrected by adjusting differentials for specific property types.

⁶ See *Finance* section here: www.qldc.govt.nz/your-council/council-documents/policies

Our approach to the 2022-2023 Annual Plan

| Tō mātou kaupapa ki te 2022-2023 Mahere Ā-Tau



The 2021-2031 Ten Year Plan was adopted by this Council at a time of great challenges.

The plan reflected a continuing focus on our changing climate, the unprecedented global pandemic fallout, and the changing needs of our growing community. Council needed to deliver a plan that ensured the right level of investment to re-ignite the economy and ensure our district can ‘grow well’ into the future and balancing this capital and operational expenditure with an acceptable, affordable averages rate increase for our communities.

The proposed capex programme for 2022-2023 is based on the original Ten Year Plan and has been adjusted to reflect revised timings for some programmes. The capex programme amounts to \$268.0M (gross) which is around \$71.6M more than the original 2022-2023 programme included in the Ten Year Plan. The main reasons for the increase are additional investment and deferred expenditure from 2021-2022 in the wastewater programme (\$33.1M) and transport programme (\$16.8M), with other increases in areas such as stormwater, venues, and parks and reserves.

Changes to the Ten Year Plan operating budgets are considered essential to ensure this Council can maintain levels of service, as well as responding to Central Government’s reform programmes across the Resource Management Act 1991, Three Waters, and the Future for Local Government Review. Additionally, the Council has had to allow for increases in legal costs for claims relating to building weather tightness. These

factors have seen the operational expenditure for 2022-2023 increase by \$8.0M to \$198.0M, however much of this has sought to be offset by an increase in operating revenue through appropriate user fees and thereby minimising any impact on rates.

You can make a submission, including the opportunity to seek community funding and grants, and provide feedback on any proposed fee and investment increases.

See Submissions on the last page or online at letstalk.govt.nz to make a submission.

An update on the 2021-2031 Ten Year Plan progress

| He Arotakeka ō te Mahere-ā-tekau tau

Queenstown Street Upgrades and Arterial

Significant progress has been made in upgrading the streets in the Queenstown CBD which has been partly funded by Central Government's "shovel ready" programme. Progress has been made through Beach Street, Park Street, and Brecon Street preparing new paving, installing lighting, new furniture and planting following upgrades to underground services. A large retaining wall - 'Te Taumata o Hākitekura' – has been constructed near the boundary between Brecon Street and the Queenstown Cemetery. The retaining wall references Ahi Kā (ancestral connection and ongoing identity) and the narrative of Hākitekura – relating to Te Taumata o Hākitekura (the resting place of Hākitekura) – the original name for Ben Lomond.

Construction of the long-awaited Town Centre Arterial Road is gathering momentum in Queenstown. From late March until mid-2023, crews will be building a new road layout to create the gateway to Stage 1 of the new road.

Wānaka Lakefront Development

In October 2021, Mayor Boulton officially opened the latest stage of the lakefront development at a public ceremony which opened with a blessing by mana whenua. This newly developed area runs from Bullock Creek through to the Wānaka Marina and marks the completion of Te Ara Wānaka (a shared pathway) for

pedestrians and cyclists along Lakeside Road. A separate boardwalk runs along the lake's edge, and wide scale planting provides a rugged, natural look ideal for local wildlife.

Detailed design is underway on the next stage of the development which looks to provide continuous access to pedestrians and cyclists between Wānaka Marina and the Yacht Club. This will also see the inclusion of new native planting on the bank adjacent to Lakeside Road and the Marina, with some enhancement of planting on the lake's edge and additional work to be considered. Construction is estimated to be complete by June 2023. In this coming financial year construction is also planned to commence on the area of the lakefront opposite Pembroke Park with a developed design delivering on the new wider promenade and a replacement for the millennium pathway, whilst retaining a natural look and feel.

Wānaka Water Supply

Work on a significant upgrade to Wānaka's drinking water supply is underway installing a new water main pipe and pump station to improve capacity and resilience in the western area of the town. The pump station will be located on Wānaka-Mount Aspiring Road, opposite Bills Way. The pipeline will run along Golf Course Road, Ballantyne Road and Macpherson Street before crossing State Highway 84 and continuing a short distance up Anderson Road. Both the pump station and pipeline are expected to be complete by the end of 2022.

Project Manawa

The Stanley Street site was identified in the Queenstown Town Centre Masterplan as the preferred location of a community heart with new Council offices and a variety of cultural facilities for the district's communities. Given the various land interests held by QLDC and Kāi Tahu (represented by Ngāi Tahu Property) over this site, as we announced in June 2019, both parties have been working closely and collaboratively on an indicative masterplan to deliver a variety of community buildings on the site together with public spaces and commercial buildings. At this stage, the focus of the project is to confirm what any proposed commercial agreement with Ngāi Tahu Property will look like for the delivery of the new Council administration building and Council chambers. This is the first steps in delivering the wider proposed masterplan which includes a permanent new library, a performing arts centre, gallery, a large public plaza, and parking space.

The Council's intention is to consult the community in April / May 2022 on a number of matters relating to the proposed development such as a land strategy, land designation and decisions regarding current assets on the site. More detailed information will be available for the community to consider and to inform any feedback and submissions on that development process. Information will be available at letstalk.qldc.govt.nz and details will be publicly notified.

Luggate Memorial Centre

After Luggate Memorial Hall closed in 2017, we have been working closely with Luggate and the wider Upper Clutha community to deliver an innovative, future-proofed replacement hall that will meet evolving community needs. This Memorial Centre will be the first Passive House Certified community facility in Aotearoa New Zealand. The temporary hall that was provided to bridge the gap between the old and new halls has now been removed and the main structure of the new Memorial Centre has been in place for some time. In addition to the main building, Council began major earthworks in the area to install services, construct car parking spaces and landscape the surrounding Hopkins Street reserve. Like many other construction projects across the country, delays have been caused by COVID-19-related global supply chain issues and the hall is now due for completion late July 2022.

Shotover Country Borefield and Treatment Plant

This project commenced in mid-2021 constructing a borefield and water treatment plant next to the existing bore in Shotover Country. With the installation of four new bores, as well as the treatment plant, supporting infrastructure and landscaping, the project is building water treatment capacity and resilience whilst replacing existing infrastructure to meet the needs of the growing communities in Shotover Country, Lake Hayes Estate, Te Pūtahi Ladies Mile and Frankton Flats. Ensuring these communities will have a safe and sufficient supply of safe drinking water well into the future is key with the project expected to complete and begin servicing the area early in the 2022-2023 year.

Active Travel

Alternative travel options were a strong theme in the 2021-2031 Ten Year Plan and the Kā Huanui o Tāhuna alliance of QLDC, Waka Kotahi, Fulton Hogan, Downer, Beca and WSP Opus has continued to make progress on providing an integrated network of trails in Queenstown and the surrounding Whakatipu Basin for walking and cycling that connects to public transport and provides a genuine alternative to getting around by car.

A programme of work to deliver these new walking and cycling facilities has been approved by Council and Waka Kotahi. The entire programme is designed to connect key destinations such as Arrowtown, Arthur's Point, Kelvin Heights, Jacks Point, Lake Hayes Estate and Shotover Country, Fernhill, Frankton and Queenstown. Regrettably, funding at this stage is limited to design with the exception of Jacks Point to Frankton and Quail Rise to Frankton which are being delivered through the NZUP programme.

In the Upper Clutha, design work continues on the Wanaka School to Pool Active Travel connection and works are well underway on the Single Stage Business Case for Wanaka Active Modes, Public Transport and Road Network improvements all aimed at informing the 2024-2034 Ten Year Plan.

What's changed | Kā panonitaka

Climate and Biodiversity Plan

\$257K BUDGET WITH AN OPTION FOR \$420K INCREASE

The first Climate Action plan was developed in 2019-2020 and is currently in its third year of delivery. During the 2021-2031 Ten Year Plan process, Council asked officers to consider both what was achievable within the budget provided and what additional funding could be required in year one. The next iteration of what is now referred to as the Climate and Biodiversity Plan is currently under development and community engagement is underway at the same time as consultation on this Annual Plan (visit letstalk.qldc.govt.nz to see the draft Climate and Biodiversity Plan to find out more and have your say). That draft plan proposed 71 actions for delivery between 2022 and 2025 (46 of which have been proposed for delivery in 2022-2023), which have been prioritised from over 500 possible actions put forward by the Climate Reference Group and other key stakeholders. This draft, although yet to be confirmed and approved by Council, has been used as a basis to potentially revisit the budget requirement for the 2022-2023 Annual Plan.

Many projects across Council's ten year plan programme of work help deliver on or underpin our commitment to mitigating against or adapting to our changing climate. As part of this programme, the Climate and Biodiversity Plan has a specific set of actions that reflect the plan's goals. The current \$257k investment for 2022-2023 will mean 28 actions within the plan can be prioritised from the proposed 46 in year 2022-2023. These have been prioritised because they are ready for implementation and/or are important foundational activity. Alternatively, Council can choose to commence all 46 actions signalled for 2022-2023 which would require an estimated increase of \$420k. However, this would breach Council's desire to stay within a maximum average rate increase limit of 6%. The increase in budget would result in a further increase in rates of 0.43% to 6.39%.

The complete suite of 46 actions includes a number of assessments, studies, reviews and actions that consider matters such as low-impact living, EV charging infrastructure, active travel partnering and promotion, and controlling pest plants to minimise or eliminate the use of agrichemicals. Should the additional funding not be approved, officers will recommend that it is included in the following 2023-2024 Annual Plan.

OPTION 1:

Do not increase the budget over \$257k to complete additional actions within the Climate and Biodiversity Plan. This ensures that Council can remain within its required, self-imposed rates limit of 6%.

OPTION 2:

Increase the budget from \$257k to \$677k to complete all the proposed 46 Climate and Biodiversity Plan actions for 2022-2023. This will require Council to breach its required, self-imposed rates limit by 0.43% (to an average rates increase of 6.39%).

Let us know what you think about the funding for climate and biodiversity action? Council's preferred option (option 1) is to remain within the self imposed rates limit of 6%. Do you think the proposed increase of \$420k should be included in the 2022-2023 Annual Plan (total investment \$677k, increasing the average rates increase to 6.39%)?

LET US
KNOW WHAT
YOU THINK

Weather Tightness Claims

EXPENDITURE INCREASE RESULTING IN AVERAGE 1.6% RATES INCREASE

Council has experienced an increase in the number and quantum of claims against it by property owners relating to weather tightness and other building defects; and a material increase in the operational expenditure by Council to defend and resolve such claims.

Council's overriding objective is to resolve such claims in a way that minimises the financial impact on ratepayers now and in the future. Each case turns on a unique combination of facts and legal principles. Recent caselaw in Aotearoa New Zealand provides examples where the developers, builders and other persons who were primarily responsible for designing and constructing the buildings in question have often been wound up or declared bankrupt. Local authorities often face alleged liability for the entire claim, under the principle of joint and several liability. Councils often find themselves as "the last person standing" in these cases, which results in Council being held liable for amounts well in excess of its actual proportion of fault or blame.

Council's liability in relation to all outstanding claims relating to alleged weather tightness and other building defects has not been established. It is not possible to determine the outcome of claims at this stage.

For the past decade the insurance market has in many cases sought to exclude weather tightness claims from their coverage, and local authorities have found it difficult if not impossible to continue to hold insurance against many such claims.

The 2022-2023 Annual Plan will include adjustments to both the budget for legal fees to defend claims and the impact on ratepayers to fund amounts expended by Council to date. The funding of amounts expended to resolve claims involves both an increase in Council debt and the servicing and repayment of this debt through an increase in rates.

For legal reasons Council is unable to disclose amounts relating to a specific claim, however the aggregate of all expenditure in the 2021-2022 year to defend and/or resolve claims (including costs) was approximately \$40M. This was largely funded by an increase in Council debt. The servicing and repayment of this debt increase will result in an annual rates increase of approximately 1.6% for the 2022-2023 year and beyond. This amount is included in the proposed average rates increase of 5.96% and as such Council has managed to minimise the impact of these costs. Council will continue to vigorously defend these types of claims and lobby for a change in the legal framework which currently exposes ratepayers to large speculative claims with the risk of inequitable financial outcomes.

Right-sizing Staff Numbers

\$1.8M EXPENDITURE INCREASE

Ensuring Council has the right capacity and capability within the staff is essential to delivering the capital investment programme presented in the 2021-2031 Ten Year Plan, maintaining levels of service to the community, and responding to external drivers such as the reforms of three waters and the Resource Management Act 1991 and the national review of local government. The proposed 2022-2023 Annual Plan budget responds to these drivers and includes an increase from the 2021-2031 Ten Year Plan of 17.6 FTE. All roles ensure continued levels of service to the community and momentum in key programmes of work.

Staff retention is also an ongoing consideration in an increasingly competitive labour market as the impact of COVID-19 affects employers' ability to recruit people with the right skills, particularly in the face of increasingly complex work programmes and the uncertainty of government reform.

To minimise the effect on rates these additional roles are being offset where possible by increased budgeting for vacancies, increasing revenue for user pays services and recovering costs from capital projects.

Increasing User Fees and Charges

The Council provides a range of “user pays” services throughout the district. Generally, we will look to use fees and charges to recover the “private benefit” costs of a particular activity. The Revenue and Financing Policy determines the target for the proportion of private benefit to be recovered by fees and charges for each activity.

Council is also able to set fees and charges payable by applicants for the processing of applications and for any performance of any other function or service under provisions of the Resource Management Act 1991, Building Act 2004, and Local Government Act 2002.

In reviewing progress on the 2021-2031 Ten Year Plan and compiling budgets for this second year of that plan, it became clear that a range of fees and charges would not comply with the Revenue and Funding Policy. It is therefore proposed to increase fees and charges in the areas of:

- > Planning & Development services (building consents, resource consents, and resource management engineering, including administration support)
- > Waste services at transfer stations
- > Sport & Recreation facilities

These proposed increases to fees correspond directly to increases in the costs to deliver these services, such as staffing and resources, ensuring Council can recruit, retain and train suitably skilled officers, meeting increased demand, and (in the case of waste services) purchasing Emissions Trading Scheme credits⁷ (sometimes called “carbon credits”).

It is important to note that if fees and charges are not increased for these activities, then the unfunded “private benefit” portion of the cost will have to be collected in rates. It is Council’s preference to review and adjust fees and charges periodically in order maintain the existing policy settings and to minimise rates increases. We understand that the users of the services in question will consequently have to pay more, but this is preferable than funding them through rates.

A full schedule of the proposed fees and charges for 2022-2023 is available at letstalk.qldc.govt.nz on pages 16-24 of the draft 2022-2023 Annual Plan.

IMPACT ON RATES

The table below shows the amount of additional revenue being sought through the proposed increase in fees at \$1.85M. If the fees were not increased, the impact on rates would be an additional 1.87% on top of the proposed 5.96% rates increase for 2022-2023. This would equate to an average rates increase of 7.83% which breaches the 6% self imposed rates limit set in the 2021-2031 Ten Year Plan. Council’s preferred option is to increase these fees in line with the Revenue and Financing Policy.

	Draft 2022-2023 Annual Plan	2021-2031 Ten Year Plan, Year 2	Change	Of which is being driven by price increases
Planning & Development*	15,123,035	14,325,472	797,563	420,737
Waste	10,096,098	8,756,216	1,339,882	1,339,882
Sport & Recreation**	1,397,057	1,303,034	94,024	94,024
Total	26,616,190	24,384,722	2,231,468	1,854,642

* Resource consents, engineering, building services and administration

** Driving range, membership, climbing wall

Tell us what you think about these proposed fees and charges increase

TELL US WHAT YOU THINK

⁷ Council must acquire and surrender credits to account for its direct greenhouse gas emissions or the emissions associated with its services.

New Film Permit Fee Structure

The QLDC Film Office - Film Queenstown Lakes - was approached in 2021 by a segment of the local film industry to advocate for a change to the current Film Permit fees set by QLDC for filming on Council land and property. Outlined in the Community Facility Funding Policy, the current fees are set at \$500/day for commercial filming and \$300/day for commercial photography and apply to all commercial productions regardless of size, scale or impact. The case for a change to the current fee system reflects the changing nature of the film and TV production industry, both globally and locally.

The current fee schedule of \$500/day is skewed toward higher impact productions. It has not been reviewed in the last five years to reflect the changing nature and needs of the industry, specifically the film and television businesses based in the district. Council proposes that making the film permit fees more equitable for all production sizes will encourage more productions to engage with the Film Office engagement and enable the above.

This schedule categorises productions into Low, Medium and High impact with corresponding daily fees for each.

	LOW IMPACT	MEDIUM IMPACT	HIGH IMPACT
Film permit administration fee	\$0	\$250	\$500

A detailed schedule of the proposed structure and the conditions for each tier (such as what defined a low, medium or high impact production) can be found in the 2022-2023 Annual Plan at letstalk.qldc.govt.nz

What do you think of the proposed tiered fee structure for film permits? Do you support or oppose it?

LET US KNOW WHAT YOU THINK

The numbers you need to know | Ka tātauraka



Minimising the average rates increase

The anticipated average rates increase for 2022-2023 in the 2021-2031 Ten Year Plan was 5.87%⁸. This is the highest increase for any individual year in the ten years and the closest Council gets to the required self-imposed rates increase limit of 6%⁹. The combined impact of these budget changes and mitigating actions outlined here move the average rates increase to around 5.96%, just inside this self-imposed net rates increase limit.

The financial impact of defending legal claims related to alleged building defects and the revised budget for 2022-2023 including the changes outlined in the 'What's Changed | Kā Panonitaka' section, combine to an average rates increase to around 8.74%. This is considerably beyond our 6%⁹ self-imposed net rates increase limit and we are very conscious of the need to minimise the rates impact for our communities once again this year and considered the following budget changes to allow for a more reasonable rates increase.

- > Increased assumption for annual growth in the rating base from a relatively conservative 2.5% to 3.5%. This is based on greater than expected growth for 2021-2022 coupled with continuing high levels of consents and development activity suggesting that a higher growth factor is reasonable.
- > Reduced the forecast interest rate for the 2022-2023 year from 3.0% to 2.5%. Interest rates have not risen as quickly as was originally anticipated and the Council's current weighted average interest rate in December 2021 sits at 2.11% over \$248.0M of external debt. We have confidence that we can manage our actual average 2022-2023 interest rate to not exceed 2.5%. This will have the effect of reducing forecast interest expense by \$2.28M down from \$13.7M to \$11.4M.

⁸ All percentages relating to rates in this section are quoted allowing for property quantity growth. The assumption in the 2021-2031 Ten Year Plan was 2.5% which is been adjusted to 3.5% as outlined.

⁹ 9% gross

Rates impact | Kawekawe rēti

Quotable Value (QV) is contracted by QLDC to provide rating valuation services.

This includes a three-yearly mass update of rating values – known as a district revaluation. It's actually four years since the last revaluation was carried out as the COVID-19 pandemic caused a deferral of this process for a year due to lack of sales data.

Although the total capital value (CV) has grown by around 52%, the proportionality between rating categories has not changed significantly. At a micro level, 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.



Mitigating the impact of Revaluation on Rates

Many councils use differentials to adjust the impact of capital values on rating incidence. In order to assess the impact of the new values on rates, we have recalculated the rates for the current year (2021-2022) using the revised CV for the district. The analysis shows that a global level, rating incidence has largely been retained except for the contributions of *Commercial* and *Accommodation* property types. The main issue we have is that *Commercial* properties are now picking up 0.8% more of the rates burden whilst *Accommodation* is paying 1.0% less overall. See the table below:

TOTAL RATES - EXISTING DIFFERENTIALS				
	2021 CV		2017 CV	
Residential	\$49,529,315	51.7%	\$50,184,350	52.3%
Other	\$11,652,927	12.2%	\$11,128,146	11.6%
Accommodation	\$12,262,461	12.8%	\$13,195,929	13.8%
Commercial	\$13,589,822	14.2%	\$12,839,234	13.4%
Rural	\$8,833,511	9.2%	\$8,520,378	8.9%
	\$95,868,036		\$95,868,036	

This difference is exacerbated at a micro level where *Commercial* properties are generally showing higher CV increases than *Accommodation*. This flows through to some large rate increases of 20%+ in 2022-2023 for *Commercial* and much smaller increases or reductions for most *Accommodation* properties. This outcome is not justified in terms of demand and can be corrected by adjusting differentials for *Commercial* and *Accommodation*.

To maintain a closer alignment with pre-existing rating apportioning we have developed an option to adjust the rating differentials to decrease the overall contribution of *Commercial* property types and to increase *Accommodation* property types. To illustrate this concept, the existing and proposed differentials for QLDC for both the *Recreation & Events* rate and *Roading* rate are summarised below for *Commercial* and *Accommodation* property categories. Residential is our base and therefore is always 1.0.

Differentials	EXISTING		PROPOSED	
	Recreation	Roading	Recreation	Roading
Residential	1.00	1.00	1.00	1.00
Accommodation	3.50	3.75	4.00	4.00
Commercial	1.00	3.75	1.00	2.50

These adjustments have the following impact on the allocation of rates. The allocation for *Accommodation* is now to 13.4% (up 0.6%) whilst *Commercial* is now 13.1% (down 1.1%). This more closely matches the pre-existing allocation using the current (2017) CV. This the preferred option for the 2022-2023 Annual Plan.

TOTAL RATES - ADJUSTED DIFFERENTIALS				
	2021 CV		2017 CV	
Residential	\$49,578,063	51.7%	\$50,184,350	52.3%
Other	\$11,917,960	12.4%	\$11,128,146	11.6%
Accommodation	\$12,868,039	13.4%	\$13,195,929	13.8%
Commercial	\$12,598,524	13.1%	\$12,839,234	13.4%
Rural	\$8,905,449	9.3%	\$8,520,378	8.9%
	\$95,868,036		\$95,868,036	

Adopting these adjusted differentials would have a revised impact for 2022-2023 rates as shown in the table below. The examples below show the breakdown in movement in the proposed rates for 2022-2023. It is important to understand the movement generated by changes to Council's budget as a discreet amount versus the changes in rates attributable to the change in capital value for the property.

We have separated the impact of these two elements in the tables below:

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 22/23 (NEW CV)										
MEDIAN VALUES	NEW CV	OLD CV	% CV MOVE	LOCATION	BUDGET IMPACT		VALUATION IMPACT		TOTAL RATES	
					%	\$	%	\$	%	\$
Residential	\$1,390,000	\$1,090,000	27.5%	Queenstown	4.80%	\$164	-5.22%	-\$178	-0.41%	-\$14
Commercial	\$2,999,000	\$1,890,000	58.7%	Queenstown	4.66%	\$316	-0.64%	-\$43	4.02%	\$272
Accommodation	\$2,860,000	\$2,081,000	37.4%	Queenstown	4.25%	\$464	0.08%	\$9	4.33%	\$473
M/U Accommodation	\$1,720,000	\$1,260,000	36.5%	Queenstown	4.87%	\$215	-2.03%	-\$90	2.84%	\$125
Vacant	\$1,086,000	\$700,000	55.1%	Queenstown	5.42%	\$131	2.46%	\$59	7.87%	\$190
M/U Commercial	\$1,565,000	\$1,250,000	25.2%	Queenstown	4.65%	\$193	-8.82%	-\$366	-4.17%	-\$173
Residential	\$1,298,000	\$845,000	53.6%	Wānaka	6.64%	\$212	-0.20%	-\$6	6.45%	\$205
Commercial	\$1,780,000	\$1,045,000	70.3%	Wānaka	6.02%	\$301	-2.30%	-\$115	3.72%	\$186
Accommodation	\$1,724,000	\$1,100,000	56.7%	Wānaka	6.57%	\$486	4.11%	\$304	10.67%	\$790
M/U Accommodation	\$1,613,000	\$900,000	79.2%	Wānaka	6.24%	\$247	9.18%	\$363	15.41%	\$610
Primary Industry	\$7,138,000	\$5,050,000	41.3%	Wānaka	7.42%	\$335	-5.49%	-\$248	1.92%	\$87
Country Dwelling	\$2,465,000	\$1,560,000	58.0%	Wānaka	6.59%	\$170	2.09%	\$54	8.68%	\$224
Vacant	\$907,500	\$550,000	65.0%	Wānaka	7.02%	\$160	2.27%	\$52	9.28%	\$211
M/U Commercial	\$1,390,400	\$880,000	58.0%	Wānaka	6.12%	\$228	-1.47%	-\$55	4.65%	\$173
Residential	\$1,437,000	\$925,000	55.4%	Arrowtown	4.58%	\$147	3.09%	\$99	7.67%	\$245
Commercial	\$3,302,000	\$1,650,000	100.1%	Arrowtown	5.07%	\$315	17.37%	\$1,079	22.44%	\$1,394
Accommodation	\$2,689,000	\$1,700,000	58.2%	Arrowtown	5.39%	\$432	9.91%	\$794	15.30%	\$1,226
M/U Accommodation	\$1,380,000	\$900,000	53.3%	Arrowtown	4.68%	\$178	2.63%	\$100	7.31%	\$279
Vacant	\$1,180,000	\$720,000	63.9%	Arrowtown	5.77%	\$138	4.78%	\$114	10.54%	\$252
M/U Commercial	\$1,430,000	\$900,000	58.9%	Arrowtown	4.48%	\$162	1.13%	\$41	5.61%	\$203
Primary Industry	\$5,750,000	\$4,100,000	40.2%	Wakatipu	7.91%	\$278	-1.78%	-\$62	6.13%	\$215
Country Dwelling	\$3,281,000	\$2,050,000	60.0%	Wakatipu	7.61%	\$210	6.26%	\$172	13.87%	\$382
Residential	\$892,000	\$700,000	27.4%	Glenorchy	6.47%	\$172	-2.71%	-\$72	3.76%	\$100
Residential	\$1,042,000	\$820,000	27.1%	Lake Hayes	4.65%	\$142	-3.91%	-\$120	0.73%	\$22
Residential	\$843,000	\$570,000	47.9%	Hāwea	9.93%	\$265	-1.36%	-\$36	8.57%	\$228
Residential	\$788,000	\$520,000	51.5%	Luggate	5.40%	\$157	-0.49%	-\$14	4.91%	\$143
Residential	\$840,000	\$650,000	29.2%	Kingston	6.50%	\$118	-4.64%	-\$84	1.86%	\$34
Residential	\$1,013,000	\$860,000	17.8%	Arthurs Point	5.53%	\$175	-6.34%	-\$201	-0.81%	-\$26

The budget impact columns show a high degree of alignment with the rates increases indicated for year two (2022-2023) of the 2021-2031 Ten Year Plan. There are no variations greater than 4.55% from what was forecast. The valuation impact columns show the impact of the changed capital value for each property. These vary according to the movement in capital value shown in the third column ‘% CV Move’.

This impact is not directly controllable by Council although it has proposed a minor change to some differentials for *Commercial* and *Accommodation* properties to preserve the overall rating incidence on these two categories. The effect of this proposal is to reduce the upward valuation change impact for *Commercial* and to reduce the downward valuation change impact for *Accommodation*.

The columns on the right-hand side labelled ‘*Total Rates AP23*’ show the total proposed rates movement for 2022-2023. There is a high degree of variation in the movements largely as a result of the valuation impacts. *Residential* movements range from -0.81% (Arthurs Point) to 8.57% (Hāwea).

There are high increases for *Commercial* in Arrowtown (22.44%) largely driven by the capital value increase of over 100%. This is down from the 32.14% increase which would exist if the rating differentials were not changed as proposed.

Full tables of rating impact for high, median and low value properties are available in the 2022-2023 Annual Plan document available from Council offices and libraries or online at letstalk.qldc.govt.nz.

Adopting these adjusted rating differentials does not affect the average rates increase to around 5.96%.

Adjusting the differentials to mitigate the impact of the revaluation on rates is Council’s preferred option. Tell us what you think about the two options.

TELL US
WHAT YOU
THINK

We want to hear from you

Whakapā mai

We value your input on any aspect of this draft 2022-2023 Annual Plan. We need your feedback before submissions close at 5.00pm on Monday 25 April 2022.

To make a submission

- > Go online to letstalk.qldc.govt.nz to submit your comments
- > Scan your completed submission form from the end of this document to letstalk@qldc.govt.nz
- > **Freepost** your completed form to:
Queenstown Lakes District Council,
Freepost 191078,
Private Bag 50072,
Queenstown 9348.
No stamp required.

Some tips on making a submission

The Annual Plan is about our future as a district. Although you’re welcome to share your views on general levels of service, it isn’t about the day-to-day stuff such as requesting a new bin lid or a barking dog. If you’re experiencing any problems like these:

- > Give us a call 24/7 on **03 441 0499**
- > Send us a ‘Fix it’ request via the **Snap Send Solve** app on your phone
- > Complete a ‘Fix it’ request form on the **Council’s website**

Who sees my submission?

All submissions are public information because in local government we have an obligation around decision-making to be as transparent as possible. Your name, any organisation you represent and your submission will be published online, however we won’t publish any personal contact or address information.

If I make a submission, do I have to appear at a hearing?

The short answer is no. All submissions are given due consideration and everyone has the opportunity to make their submission personally at a hearing of Full Council if they want to. If you want to make your submission personally to the Council, let us know with your submission. We’ll get back to you with a time and other hearing details.

How will I know my submission has been considered?

All submissions will be considered. At the end of the process, we will summarise the significant decisions made by Council and let you know the outcomes.

The important dates | Te wātaka

FEBRUARY

MARCH

APRIL

MAY

JUNE

JULY

MONDAY
21 MARCH 2022
Submissions
open

MONDAY
25 APRIL 2022
Submissions
close

WEDNESDAY
25 MAY 2022
Wānaka
hearing

FRIDAY
27 MAY 2022
Tāhuna Queenstown
hearing

THURSDAY
30 JUNE 2022
Council adopts
Annual Plan

Want more information about the Annual Plan? | He pātai anō māu

We have scheduled opportunities to talk with QLDC representatives during the consultation period. You can find details of these at letstalk.qldc.govt.nz.

You can access the full draft 2022-2023 Annual Plan document via letstalk.qldc.govt.nz. Alternatively drop into one of our Queenstown or Wānaka offices, or any of our libraries across the district.

Need help with your submission? | He āwhina māu?

Phone us on **03 441 0499** for advice about making your submission or email us at letstalk@qldc.govt.nz with 'Annual Plan' in the subject line.

If you'd like to talk with any of the local Councillors or Mayor about any issues raised on the Annual Plan and the challenges ahead, you'll find their contact details online at www.qldc.govt.nz/elected-members

Submission form | Puka tāpaetaka

PLEASE THINK
ABOUT MAKING YOUR
SUBMISSION ONLINE AT
letstalk.qldc.govt.nz

All submissions will be made public (excluding contact and address information)

Name:

Organisation (if any):

Contact email address or postal address:

Location: Arrowtown Albert Town Frankton Glenorchy Hāwea
 Kingston Luggate Makarora Queenstown Wānaka
 Other (please specify)

Do you wish to speak at a hearing? Yes No

If yes, please provide a contact number:

Do you support or oppose the proposed increase in budget of \$420k to deliver additional actions in the Climate and Biodiversity Plan?

Please tick one: SUPPORT NEUTRAL OPPOSE

Please tell us more about your response:

Page 8

Do you support or oppose the proposed increase in resource and building consent fees?

Please tick one: SUPPORT NEUTRAL OPPOSE

Please tell us more about your response:

Page 10

Do you support or oppose the proposed increase in sport and recreation facilities fees?

Please tick one: SUPPORT NEUTRAL OPPOSE

Please tell us more about your response:

Page 10



Do you support or oppose the proposed increase in waste services fees?

Please tick one:

<input type="checkbox"/>	SUPPORT
<input type="checkbox"/>	NEUTRAL
<input type="checkbox"/>	OPPOSE

Please tell us more about your response:

Page 10



Do you support or oppose the proposed three-tier structure for film permits?

Please tick one:

<input type="checkbox"/>	SUPPORT
<input type="checkbox"/>	NEUTRAL
<input type="checkbox"/>	OPPOSE

Please tell us more about your response:

Page 11



Do you support or oppose the proposed adjustment to the rating differentials as outlined in the section *Mitigating the impact of Revaluation on Rates?*

Please tick one:

<input type="checkbox"/>	SUPPORT
<input type="checkbox"/>	NEUTRAL
<input type="checkbox"/>	OPPOSE

Please tell us more about your response:

Page 13



Please use this space to comment on any aspect of the draft 2022-2023 Annual Plan or Council-related issues you want to provide feedback on. This is also your opportunity to seek community funding or grants.

Please attach additional sheets if you run out of space or in support of any requests for community funding or grants.



Freepost your completed form to:
Queenstown Lakes District Council,
Freepost 191078, Private Bag 50072,
Queenstown 9348 (no stamp required)

