

Full Council

25 June 2026

Report for Agenda Item | Rīpoata moto e Rāraki take [1]

Department: Corporate Services

Title | Taitara: Annual Plan 2026-27 Adoption

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to recommend that Queenstown Lakes District Council (QLDC) adopts the 2026-27 Annual Plan rates (average) at a level lower than agreed in the Long Term Plan (LTP) for year 3.

Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the contents of this report;
2. **Agree** to the recommendation of the 2026-27 Annual Plan Hearing Panel (being the Council as a whole) to amend the Annual Plan to reduce the proposed sewerage rates increase for Hāwea and Luggate;
3. **Agree** to the recommendation of the 2026-27 Annual Plan Hearing Panel to remove the Freedom Camping Ambassador Scheme cost;
4. **Agree** to the recommendation of the 2026-27 Annual Plan Hearing Panel to reduce the average rates increase to a single-digit percentage through adjustments to funding of depreciation;
5. **Agree** to the recommendation of the 2026-27 Annual Plan Hearing Panel to incorporate proposed Wānaka-Upper Clutha Community Board priority projects;
6. **Agree** amendments to the capital expenditure programme, revenue from property unit number growth and interest costs associated with the establishment of the Water Services Council Controlled Organisation as outlined in the internal submissions;
7. **Note** the recommended revised user fees and charges, to commence 1 July 2026, are included in the budgets within the Annual Plan 2026-27;
8. **Note** the changes as outlined will lessen the average rates increase in 2026-27 from 11.7% to 9.9% after consultation with the community;

9. **Note** the adoption of the rates-setting will be completed in the next agenda item for this meeting; and
10. **Adopt** the Council's 2026-27 Annual Plan pursuant to section 95(2A) of the Local Government Act 2002.

Prepared by:



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27 May 2026

Reviewed and Authorised by:



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29 May 2026

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Context | Horopaki

1. In accordance with section 95 of the Local Government Act 2002 (LGA), a local authority is required to adopt a Long Term Plan (LTP) once every three years and in the two intervening years is required to prepare and adopt an Annual Plan. This year, Council is required to adopt an Annual Plan ahead of the next government sector financial year which runs from 1 July 2026 – 30 June 2027.
2. On 19 March 2026, the Council adopted the 2026-27 Annual Plan Consultation Document and supporting documents and consultation took place from 24 March – 24 April 2026.
3. The Middle Eastern fuel crisis and its impact on QLDC residents and ratepayers' cost of living were considered during the Annual Plan deliberations.

Draft Annual Plan 2026-27

4. Public consultation on the Draft Annual Plan 2026-27 received 422 submissions, with 47 submitters requesting to speak at hearings.
5. The consultation sought feedback on the following questions:
 - a. Proposed changes to user fees and charges;
 - b. Wānaka-Upper Clutha Community Board priority projects; and
 - c. Our progress to develop the LTP 2027-37.
6. Engagement was strongly concentrated in Hāwea and Luggate, which together accounted for approximately 73% of submissions, reflecting significant community interest in the rates impacts in these areas. Wānaka contributed a further 12% of submissions, while all other locations recorded comparatively lower participation.
7. Overall, feedback focused on affordability, cost-of-living pressures and the cumulative impact of rates increases, alongside expectations that Council prioritise essential infrastructure and services, improve transparency and ensure equitable funding of costs associated with growth across the district.
8. The consultation was supported by a comprehensive communications and engagement programme, using a mix of digital, print, media and in-person channels to maximise reach and participation. This achieved strong reach and engagement, including approximately 5,000 Let's Talk page visits and 270 active contributors, supported by a multi-channel campaign that reached over 72,000 people via social media and generated more than 117,000 views.
9. All submissions were provided to elected members. Many reflected on the considerable time and research put into submissions and they were carefully considered and discussed during the hearings and deliberations held from 13 to 15 May 2026.

Changes Following Consultation

Changes to Annual Plan 2026-27 budgets resulting from Hearing Panel's recommendations

10. In response to strong community feedback received through submissions on the cost-of-living pressures, the proposed average rates increase has been moderated from 11.7% to an average increase of 9.9% across the district, to ease the burden on ratepayers. This is lower than the LTP year 3 forecast average rates increase of 11.6%. Note 52% of the proposed average rates increase is driven by 3 water rates, with all other services combined accounting for the remaining 48% of the proposed rates increase.
11. Balancing cost and infrastructure in Hāwea and Luggate, proposed rates increases have been reduced for both Hāwea and Luggate in response to community feedback.
12. **For Hāwea**, \$250k of sewerage loan principal repayment was removed, however \$100k will still be repaid, this aligns with the 2025-26 level. In addition, depreciation funding has been reduced by \$63k, lowering the funded depreciation level from 50% to 40%, also aligning with the 2025-26 level. This indicatively reduced the median rates increase for Hāwea properties connected to the Council sewerage scheme from 18.2% to 12.6%. Other rate changes agreed at the deliberation meeting have further reduced these median rate increases for Hāwea properties connected to the Council sewerage scheme to 12.5%.
13. **For Luggate**, \$100k of sewerage costs were agreed to be unfunded. This indicatively reduced the median rates increase for Luggate properties connected to the Council sewerage scheme from 28.3% to 14.4% (or 9.0% without sewerage). Other rate changes agreed to at the deliberation meeting have further reduced these median rate increases for Luggate properties connected to the Council sewerage scheme to 13.3% (or 7.7% without sewerage).
14. These Hāwea and Luggate adjustments are interim changes while the future Water Services Council Controlled Organisation (CCO), working with Council, reviews the cost allocation of capital projects between Level of Service (LOS) and Growth through the upcoming Water Services Strategy. In Hāwea, this also provides time to confirm the impact of Infrastructure Acceleration Fund (IAF) funding receipts.
15. **Freedom Camping Ambassador Scheme**: \$350k removal of the Freedom Camping Ambassador cost from Annual Plan 2026-27. Instead, the Regulatory Team will use the range of enforcement tools in the Enforcement Strategy and Prosecution Policy to ensure compliance with the bylaw. Revenue from these tools will be sufficient to cover costs.
16. **Funded Depreciation**: In the Long Term Plan 2024-34 Financial Strategy (pages 152-153) there is a table which demonstrated that by the 30 June 2034, Council proposed to increase the funded depreciation to 67%. In this Annual Plan it was proposed that funded depreciation be increased to 52%, post deliberations this has been reduced to 49% to provide cost-of-living relief. The breakdown by Activity is listed in the table below:

	Depreciation	Funded	Funded Depreciation
Wastewater	14,728,632	50%	7,364,315
Water Supply	11,444,795	47%	5,431,663
Stormwater	8,093,605	70%	5,665,524
3 Waters	34,267,032	54%	18,461,501
Waste Management	804,093	100%	804,093
Transport	24,078,310	42%	10,112,890
Community Facilities	5,978,437	36%	2,168,279
Parks & Reserve	2,675,557	100%	2,673,945
Support Services	1,502,166	0%	4,013
All Other	662,745	7%	49,369
QLDC Other	35,701,308	44%	15,812,589
QLDC Total	69,968,340	49%	34,274,091

Wānaka-Upper Clutha Community Board Priorities

17. Council engaged with the community on a list of priority projects developed by the Wānaka-Upper Clutha Community Board. In deliberations, Council agreed to support the Wānaka-Upper Clutha Community Board's recommended inclusions in the Annual Plan, as these additions are required for early planning or design work (see attachment B).
18. Funding and staff resourcing were added to:¹ Full-Sized Multi-use Artificial Turf (\$700k capex, \$100k opex), Wānaka Lakefront Development Plan Stage 4 (\$150k capex in 26-27, \$430k capex in 27-28), Lower Helwick Street Redevelopment (\$500k capex), Stage 4 Pathway (\$1M capex).
19. Staff resourcing directed to: Roy's Bay Jetty, Wānaka Arts Centre, Shared Path network and safety improvements.
20. Wānaka Arts Centre Feasibility work (\$125k opex) was added in deliberations in response to written and verbal submissions.

Internal Submissions

21. Internal submissions are raised during deliberations to address developments since the drafting of the draft Annual Plan, to ensure that the final version of the Annual Plan put forward for adoption includes the most up to date and accurate information.
22. **Capital Programme reduction:** Following a review of the proposed 2026-27 capital plan, a net \$30M reduction in capital expenditure and the resulting interest and depreciation savings, has been made to lower the rates requirement. The proposed adjustments were considered and approved through Council deliberations. The Glenorchy Playground project remains in the capital programme for 2026-27 in response to elected member request. Overall, the 2026-27 capital programme is now reduced by \$36.8M, compared to year 3 of the LTP.

¹ All funding in financial year 2026-27 unless specified otherwise.

23. **Rating units:** \$400k of additional revenue was identified from increased property unit growth above previous forecasts used in the initial preparation of draft Annual Plan 2026-27 budgets.
24. **Water Services CCO:** \$142k additional interest cost associated with the establishment of the Water Services CCO were also identified and incorporated into the 2026-27 budget.
25. The internal submissions are included in greater detail at Attachment C, as presented to the 15 May deliberations meeting.

Updates to Development Contributions Policy

26. The Development Contributions (DC) Policy will be updated for 2026-27 in line with section 1.4.4 of the policy which stipulates that annual inflationary adjustments are permitted under the LGA, as included in the consultation document for Annual Plan 2026-27.
27. The DC Policy 2026-27 update accounts for annual inflation/indexation of 3.8% in line with the Producers Price Index (PPI) change for construction services provided by Statistics New Zealand. This update is permitted by sections 106 (2B) and (2C) of the LGA. QLDC also undertook this same inflationary adjustment to the DC Policy as part of the 2025-26 Annual Plan process last year.
28. The government's 'granny flat consent exemption' came into effect this year, meaning homeowners can build small standalone dwellings without full building consent, if specific conditions are met. Ahead of the full DC Policy review in the LTP 2027-37, the LGA provides transitional arrangements allowing councils to charge development contributions for granny flats to support additional demand on local infrastructure.
29. The updated DC Policy contains the tables that detail how the 2025-26 Development Contributions have been inflated/(indexed) for the 2026-27 financial year, as per section 106 of the LGA.
30. No changes were recommended to the proposed DC Policy update through the Hearing Panel.

User Fees and Charges

31. Fees and charges are reviewed every year as part of the LTP or Annual Plan process to ensure they are kept up to date and reflect the actual and reasonable costs to deliver an activity or service. The review also makes sure additional processes and new costs are fully covered, in line with the Revenue and Financing Policy which is adopted by the Council as part of the LTP.
32. Proposed updates to user fees and charges were consulted on as part of Annual Plan 2026-27 consultation.
33. There were 236 responses to the proposed user fees and charges, 53% opposed, 30% supported and 17% were neutral. A total of 157 comments were received, with many comments focused less on specific fees and more on broader affordability concerns, including cumulative rates

increases and cost-of-living pressures. This was particularly evident from Luggate and Hāwea submitters.

34. No changes were recommended to the proposed user fees and charges through the Hearing Panel.

Striking the Rates

35. The Annual Plan 2026-27, once approved, enables Council to strike the rates. This is the next report on this Council meeting agenda.

Analysis and Advice | Tatāritaka me kā Tohutohu

36. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the LGA.

37. Option 1 Adopt the Annual Plan 2026-27

Advantages:

- Adopting the Annual Plan enables Council to meet its obligations to implement an Annual Plan by 30 June 2026 under section 95 of the LGA.
- The Annual Plan has been updated with the recommendations of the Hearing Panel, so its adoption would deliver on the Panel's recommendations.
- The Annual Plan responds to the cost-of-living pressures faced by the community by lessening the average rates increase across the district, and for Hāwea and Luggate ratepayers with properties connected to sewerage in particular.
- The proposed user fees and charges better reflect Council's actual cost to deliver the affected services and facilities and is consistent with the adopted Revenue and Financing Policy and year 3 of the LTP 2024-2034.

Disadvantages:

- Adopting the Annual Plan does not allow for further substantive changes to be made.

38. Option 2 Resolve to amend the Annual Plan 2026-27

Advantages:

- Allows for further substantive changes to be made to the Annual Plan if requested by Council.

Disadvantages:

- Not adopting the Annual Plan today would make it unlikely that Council could meet its obligations to implement an Annual Plan by 30 June 2026 under section 95 of the LGA.
- We would need a special Council meeting to be arranged for adoption of a revised Annual Plan and striking the rates.
- Staff would need to rework the financial impacts – changing the rating resolutions, updating the financial numbers in the Annual Plan and revising the commentary and design elements in the document – this could take up to 2 weeks to undertake. These same staff were meant to be working on Annual Report and other projects.
- The LTP financials would be delayed as the same IBIS tool used for LTP and Annual Plan needs to be closed before data can be entered into for LTP.
- Delay to deliver rating demands. We use NZ Post to send invoices and emails for rate demands. The first instalment is due 20 August based on 25 June adoption. If we delay sending these demands, we potentially need to borrow to bridge the delay of receiving this revenue to meet cashflow. It will also be confusing for the majority of ratepayers who have direct debits as we won't be able to increase the direct debit until the special Council meeting is completed to set higher rates.
- Delay to capital programme. As the budget has not been approved some budgets might not have the budget to start or existing projects to continue.
- Inconsistent with the recommendations of the Hearing Panel.

39. This report recommends **Option 1** for addressing the matter because the adoption of an Annual Plan is a statutory responsibility. The Annual Plan 2026-27 has been subject to the Special Consultative Procedure and delivers on the recommendations of the Hearing Panel.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

40. This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy 2024 as the Annual Plan aligns with Year 3 of the LTP. While the Annual Plan plays an important role in engaging the community on key issues such as service levels, rates, and borrowing, its alignment with the existing LTP means it does not represent a significant departure from previously consulted decisions.
41. The persons who are affected by or interested in this matter are residents, ratepayers and visitors to the Queenstown Lakes district community.

Māori Consultation | Iwi Rūnaka

42. Partnership hui with Aukaha and Te Ao Marama are ongoing in relation to the delivery of LTP 2024-2034 projects.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

43. This matter relates to the Financial risk category. It is associated with RISK10013 Unexpected change in cost or funding within the QLDC Risk Register. This risk has been assessed as having a high residual risk rating.

44. The approval of the recommended option will allow Council to implement additional controls for this risk. This will be achieved by adopting the Annual Plan which is based on the contemporary view of Council's forecast expenditure and revenue for 2026-27.

45. Adopting the Annual Plan also enables Council to meet its obligations to implement an Annual Plan by 30 June 2026 under section 95 of the LGA. Failure to do so would be noted in Parliament as part of the Audit Office report.

Financial Implications | Kā Riteka ā-Pūtea

46. Adopting the Annual Plan 2026-27, based on Year 3 of the LTP, delivers financial certainty for Council and ratepayers. There are financial implications for the community in relation to the increase in rates and some fees. It results in a modest increase to user fees and charges revenue, enabling a slightly lesser rates increase.

47. The Annual Plan budget balances the revenue required by Council to fund and deliver services to the community, with the affordability concerns of ratepayers as expressed through public submissions.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

48. The following Council policies, strategies and bylaws were considered:

- LTP 2024-2034
- Our Vision and Mission – QLDC
- Revenue and Financing Policy
- Development Contributions Policy

49. The recommended option is consistent with the principles set out in the Revenue and Financing Policy as set out in the LTP 2024-2034.

50. This matter is included in the LTP.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

51. 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. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

52. The recommended option:

- Can be implemented through current funding under the LTP and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not significantly alter 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 | Kā Tāpirihaka

A	Draft Annual Plan 2026-27 (circulated separately)
B	Wānaka-Upper Clutha Community Board priority projects
C	Internal submissions to the Annual Plan
D	Recommendations from the Annual Plan 2026-27 Hearing Panel