

Full Council

1 August 2024

Report for Agenda Item | Rīpoata moto e Rāraki take [3]

Department: Strategy & Policy

Title | Taitara: Approval of Queenstown Lakes District Council submissions – Local Water Done Well, International Visitor Conservation and Tourism Levy, Land Transport Rule: Setting of Speed Limits, and Otago Regional Council’s representation arrangements

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to seek Queenstown Lakes District Council’s (**QLDC or Council**) retrospective approval of recent submissions to:

- The Finance and Expenditure Committee on the Local Government (Water Services Preliminary Arrangements) Bill (**Local Water Done Well Bill**);
- The Ministry of Business Innovation and Employment (**MBIE**) on the review of the international visitor conservation and tourism levy (**IVL**);
- The Ministry of Transport on the draft Land Transport Rule: Setting of Speed Limits 2024 (speed limits rule); and
- Otago Regional Council (ORC) on representation arrangements for the 2025 local election (representation arrangements), due 11 August.

Recommendation | Kā Tūtohuka

That the Council:

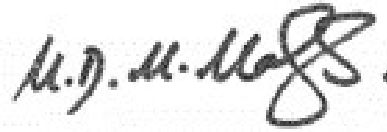
1. **Note** the contents of this report;
2. **Approve** retrospectively QLDC’s submission to the Finance and Expenditure Committee on the Local Water Done Well Bill;
3. **Approve** retrospectively QLDC’s submission to the Ministry of Business Innovation and Employment on the International visitor conservation and tourism levy;
4. **Approve** retrospectively QLDC’s submission to the Ministry of Transport on the draft speed rule; and
5. **Approve** QLDC’s draft submission to ORC on representation arrangements, for submission on 11 August.

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10 July 2024

Reviewed and Authorised by:



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Title: General Manager – Strategy and Policy
10 July 2024

Context | Horopaki

1. QLDC makes submissions on proposals that could have a significant impact on the district. This paper seeks retrospective approval of two submissions where consultation timeframes did not align with a Council meeting.

Local Water Done Well Bill (retrospective approval)

2. The Local Water Done Well Bill is the second bill in the government's reform of water services management. It follows on from The Water Services Acts Repeal Act 2024 which reversed the previous government's three waters reforms. The stated aim of the Bill is to establish preliminary arrangements for financially sustainable local government water services delivery. The government plans to pass the Bill in the third quarter of this year.
3. The consultation period for the Bill did not align with a full Council meeting as there was a truncated submission period of seven working days to assess the Bill and prepare a submission. The submission was due on 13 June 2024 and a draft was shared with Councillors for feedback on 11 June. One of the submission points was the inadequate timeframe for consultation.
4. QLDC's submission is included as **Attachment A**.

International Visitor Conservation and Tourism Levy (retrospective approval)

5. The IVL was introduced in 2019 to support a sustainable tourism system and contribute to the cost of tourism. International visitors are charged a \$35 levy when they apply for a visitor visa or New Zealand electronic travel authority. In a peak visitor year, the IVL is expected to raise \$80 million. The revenue is distributed equally between conservation and tourism.
6. The consultation sought feedback on increasing the IVL to help international visitors contribute more to the cost of tourism, and asked how that revenue should be distributed to tourism and conservation projects.
7. The consultation period did not align with a full Council meeting. The submission period opened on 15 May 2024 and closed on 11 June 2024. Council engaged with the regional tourism operators and a draft submission shared with Councillors on 5 June.
8. QLDC's submission is included as **Attachment B**.

Speed limits rule (retrospective approval)

9. The Minister of Transport consulted on a draft land transport rule for the setting of speed limits. The new rule will replace the Land Transport Rule: Setting of Speed Limits 2022.
10. The purpose of the speed limits rule is to reverse the previous government's lowering of speed limits and change to a road-by-road approach to cost benefit analysis and community consultation. The objective is for people to reach their destination quickly and safely. The draft

rules are consistent with central government position through the GPS Land Transport to prioritise economic impacts of transport.

11. The consultation period for the submission did not align with a full Council meeting. Notification of the consultation was received on 14 June and the submission period closed on 11 July. Key points were circulated to Councillors on 27 June and a draft submission was circulated on 5 July.
12. QLDC's submission is included as **Attachment C**.

ORC representation arrangements (approval)

13. Councils are required to review how communities are represented every six years, under the Local Electoral Act. A representation review considers the number of constituencies, their boundaries, and the number of elected members representing each constituency. ORC's last representation review was in 2018 and did not result in any changes.
14. There are currently four ORC constituencies (Dunedin, Dunstan, Moeraki, Molyneux) and 12 Councillors. The Dunstan constituency covers the biggest geographical area, and includes high growth areas such as Queenstown, Wānaka and Cromwell and low growth areas such as Omakau and Ranfurly.
15. ORC wrote to QLDC on 13 February advising that the review would be taking place and providing the opportunity for early comment to help shape the proposal. QLDC's feedback was to re-draw boundary lines and provide more balanced representation for areas with growing populations.
16. The consultation period closes on 11 August 2024.
17. QLDC's draft submission is included as **Attachment D**.

Analysis and Advice | Tatāritaka me kā Tohutohu

Local Water Done Well Bill

The proposal

18. The Local Water Done Well Bill is an omnibus Bill that lays the foundation for a new framework of water services management and delivery. A further Bill will be introduced in December 2024 that sets out the options, tools and models available to council, contingent on meeting criteria for financial sustainability.
19. The Bill requires councils to develop a Water Services Delivery Plan within a 12-month timeframe but provides limited detail on what the plans require, other than they will:
 - provide detailed information on the current state of councils' water services arrangements for water supply (including drinking water), wastewater, and stormwater. This will be used for information disclosure as part of an economic regulation regime; and

- set out a strategy for how they will achieve the delivery of financially sustainable water services and meet regulatory quality standards.

20. The Bill establishes the option for territorial authorities to prepare a joint plan; and the ability to establish, join or amend a water services council-controlled organisation. It removes the obligation for Taumata Arowai to consider the Te Mana o te Wai hierarchy when setting wastewater standards.

QLDC's response

21. QLDC submitted that the overall scale and nature of the reform requirements and creation of a financially sustainable Water Services Delivery Plan will take considerable time to plan and implement, and the proposed legislated timeframes need to be extended. QLDC also submitted there needs to be greater clarity on what is required in the Water Services Delivery Plans, and their relationship with Council plans and strategies clarified.

Resolution options

22. This report identifies and assesses the following reasonably practicable options for assessing retrospective approval as required by section 77 of the Local Government Act 2002.

23. **Option 1 (preferred option)** - Retrospectively approve the contents of the submission to the Environment Select Committee on the Local Water Done Well Bill at Attachment A.

Advantages:

- The submission will be considered by the Finance and Expenditure Select Committee and QLDC and Council's long-term goals for the district are able to be progressed.

Disadvantages:

- There are no obvious disadvantages to this option.

24. **Option 2** – The timeframe for Finance and Expenditure Committee processes has been truncated and the Committee's report is due on 18 July 2024. Corrections or clarifications could be made by writing to the Committee, but it is too late to change the Committee's consideration of the submission. Withdrawal of the submission is not an option for reasons of public transparency, but it may be possible to request a supplementary document to be published alongside the original submission.

Advantages:

- The correction may be noted in the next submission on the Local Water Done Well Bill.

Disadvantages:

- It is likely too late to alter QLDCs recommendations to the Select Committee due to the accelerated timing for this Bill.

MBIE's international visitor conservation and tourism levy

The proposal

25. MBIE proposed a range of price increases to the IVL up to a maximum of \$100. A number of options were also proposed to distribute the revenue to tourism including funding tourism infrastructure and assets, the public conservation estate, 'club goods'¹, international tourism marketing, Crown investments, and/or tourism support services.

QLDC's response

26. QLDC's position was that the maximum increase in the IVL would not be sufficient to meaningfully contribute to the tourism related costs in the Queenstown-Lakes district that are unable to be met due to low ratepayer base and the high number of visitors. Accordingly, the IVL is only one tool for destination management and cannot detract from the need for a local visitor levy. In addition, accountability and transparency for distribution of IVL revenue needs to be increased, and a new option was proposed that the IVL tourism revenue be distributed to the 30 areas that have destination management plans.

Resolution options

27. This report identifies and assesses the following reasonably practicable options for assessing retrospective approval as required by section 77 of the Local Government Act 2002.

28. **Option 1 (preferred option)** - Retrospectively approve the contents of the attached submission to ORC on its draft 2024-34 LTP.

Advantages:

- The submission will be considered by MBIE that supports and QLDC's long-term goals for the district.

Disadvantages:

- There are no obvious disadvantages to this option.

29. **Option 2** - Request corrections, clarifications, or the withdrawal of the submission to MBIE on the IVL.

¹ 'Club goods' are goods that exhibit characteristics of both public and private goods. They are excludable, meaning that access to such goods can be restricted to a specific group of individuals who have paid for membership or have met certain conditions. Examples of club goods include toll roads and private parks.

Advantages:

- The submission will be corrected, clarified, or withdrawn and any inaccurate representation of QLDC's position will not be considered.

Disadvantages:

- It is not clear if the submission process enables corrections or clarifications.
- Withdrawing the submission in its entirety would remove Council from this engagement process.

Ministry of Transport's speed limits rule

The proposal

30. The speed limits rule would:

- reverse blanket speed limit reductions made since 2020,
- set a binding schedule of speed limits by road category that increases speed limits on most categories of road by 10-20km/hour²,
- require a road-by-road approach to cost benefit analysis and community consultation on speed limit changes, and sets requirements for a cost benefit analysis that would make it very difficult to set a lower speed limit,
- reduce the area around schools where lower speed limits apply and have variable speed limits that are in operation during school pick up and drop off times.

31. The proposal would require Council to reverse reductions to speed limits made since 2020. Council agreed to reduce speed limits on many roads at the full Council meeting on 8 August 2019. Officers' work on the speed management plan was stopped in anticipation of changes being made to the speed limits rules, but new budgets have already been set for the next long-term plan that does not include costs from the rule change. Partial funding is available through the National Land Transport Fund.

QLDC's response

32. QLDC's position was developed with subject matter experts and Councillor input. Recommendations received either full or majority agreement.

33. QLDC's main feedback in the submission was:

- Safety should be the first priority when setting speed limits,

² For example, urban streets 50km/hour, urban connectors 50-80km/hour, rural roads 80-100km/hour and interregional connectors 100km/hour. The schedule would not require speeds any higher than 100km anywhere in the district

- A network approach using the One Network Framework is best practice for setting speed limits, cost benefit analysis and community consultation, rather than taking a road-by-road approach,
- Road controlling authorities need to be able to set appropriate speed limits with community input and based on One Network road classifications,
- Road controlling authorities need flexibility when setting variable speed limits around schools so they can ensure the safety of children on their journey to and from school.

Resolution options

34. This report identifies and assesses the following reasonably practicable options for assessing retrospective approval as required by section 77 of the Local Government Act 2002.

35. **Option 1 (preferred option)** - Retrospectively approve the contents of the attached submission to the Ministry of Transport.

Advantages:

- The submission will be considered by the Ministry of Transport and enables the Council to support long-term strategic priorities that relate to speed limits and the transport network.

Disadvantages:

- There are no obvious disadvantages to this option.

36. **Option 2** - Request corrections, clarifications, or the withdrawal of the submission to the Ministry of Transport on setting speed limits.

Advantages:

- The submission will be corrected, clarified, or withdrawn and any inaccurate representation of QLDC's position will not be considered.

Disadvantages:

- It is not known what stage submissions analysis is at and if the submission process enables corrections or clarifications.
- Withdrawing the submission in its entirety would remove Council from this engagement process. It would miss an important opportunity to engage with Ministry of Transport on issues that affect the district.

ORC representation arrangements

The proposal

37. The Dunstan constituency currently has three Councillors, and the representation review proposes an increase to four Councillors to better reflect population distribution. No changes are proposed to constituency boundaries.

QLDC's draft response

38. QLDC has reiterated its earlier position³ that the boundary lines for the Dunstan constituency need to be re-drawn, and a fifth constituency created for the Queenstown Lakes District. This would enable the constituency boundary lines to better reflect the differing needs of high and low growth areas. The number of Councillors should be determined based on projected population size in the mid-term.

Resolution options

39. **Option 1 (preferred option)** - Approve the contents of the attached draft submission to ORC on its representation arrangements.

Advantages:

- The submission will be considered by ORC in support of QLDC's long-term goals for the district.

Disadvantages:

- There are no obvious disadvantages to this option.

40. **Option 2** - Request corrections or clarifications to the draft submission to ORC on its representation arrangements.

Advantages:

- The submission will be amended and submitted to ORC to consider in line with QLDC's long-term goals for the district.

Disadvantages:

- There are no obvious disadvantages to this option.

³ Letter from QLDC to ORC dated 14 March 2024

41. **Option 3** - Do not submit to ORC on its representation arrangements.

Advantages:

- There are no obvious advantages to this option.

Disadvantages:

- The draft will not be submitted and not considered by ORC. QLDC's long-term goals for the district will not be progressed through feedback on the representation review.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

Local Water Done Well Bill

42. Whilst matters relating to water services in general are often of high significance as determined by reference to the Council's Significance and Engagement Policy 2021, the decision Council is being asked to make in relation to its submission to the Finance and Expenditure Select Committee is assessed as being of low significance.

43. The persons who are affected by or interested in this matter are residents and ratepayers of the district.

44. No external consultation was undertaken in preparing the submission as the process was open to the wider public to make submissions.

International Tourism and Conservation Levy

45. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2021.

46. The persons who are affected by or interested in this matter are ratepayers in the district who support tourism infrastructure, Regional Tourism Operators (RTOs) Destination Queenstown and Lake Wānaka Tourism and the tourism sector in general.

47. Officers engaged with the Destination Management organisations in preparing the submission, and a draft was shared with RTOs that formed a basis for industry submissions that aligned with QLDC's position.

Speed limits rule

48. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2021.

49. The persons who are affected by or interested in this matter are residents and ratepayers in the district, schools, businesses and the tourism sector.

50. Officers engaged informally with the Wānaka-Upper Clutha Community Board in preparing the submission

Representation review

51. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2021.

52. The persons who are affected by or interested in this matter are ratepayers and businesses in the district.

53. Officers engaged informally with the Wānaka-Upper Clutha Community Board on key points in the March letter to ORC that formed the basis of the current submission.

Māori Consultation | Iwi Rūnaka

54. Council did not engage with Iwi or Rūnaka in preparing the submissions as the consultation process was open to all submitters including Iwi or Rūnaka.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

55. This matter relates to the Strategic/Political/Reputation risk category. It is associated with:

- a. RISK10019 Central Government reforms impact on Council achieving its objectives within the QLDC Risk Register. This risk has been assessed as having a low residual risk rating.
- b. RISK10003 Economic impacts and prosperity within the QLDC Risk Register. This risk has been assessed as having a low residual risk rating.
- c. RISK10013 Unexpected change in cost or funding within the QLDC Risk Register. This risk has been assessed as having a low residual risk rating.
- d. RISK10056 Ineffective provision for the future planning and development needs of the district within the QLDC Risk Register. This risk has been assessed as having a low residual risk rating.

56. The approval of the recommended options will allow Council to retain the risk at its current level. It will support Council by allowing it to implement additional controls for this risk. This will be achieved by monitoring future changes in legislation and other government regulations and addressing those issues that directly affect QLDC and the district's community.

Financial Implications | Kā Riteka ā-Pūtea

57. There are no financial implications for Council to submit on these consultations.

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

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

- Travel to a thriving future, Queenstown Lakes’ regenerative tourism plan
- Vision Beyond 2050
- The Queenstown Lakes Grow Well Whaiora Spatial Plan
- Proposed District Plan
- Draft Long Term Plan 2024/34
- Climate and Biodiversity Plan
- Better Ways to Go, QLDC Mode Shift Plan May 2022

59. The recommended options are consistent with the principles set out in the named policies, plans and strategies.

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

60. Section 10 of the Local Government Act 2002 (**LGA**) 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 wellbeing of communities in the present and for the future.

61. Feedback provided by QLDC in the four submissions will guide decision making across both processes to better prioritise the social, economic, environmental, and cultural wellbeing of the district’s present and future communities. As such, the recommendations in this report are appropriate and within the ambit of Section 10 of the LGA.

62. The recommended option:

- Can be implemented through current funding under Council’s Long Term Plan and Annual Plan
- Is consistent with the Council's plans and policies
- 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	QLDC submission to the Finance and Expenditure Committee on the Local Water Done Well Bill
B	QLDC submission to MBIE on the International Visitor and Conservation Levy
C	QLDC submission to the Ministry of Transport on the speed limits rule
D	Draft QLDC submission to ORC on its representation arrangements