

Full Council

19 September 2024

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

Department: Corporate Services

Title | Taitara: Long Term Plan 2024-2034

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to adopt the Queenstown Lakes District Council Long Term Plan (LTP) 2024-2034 (Attachment A), the Development Contributions Policy (Attachment B) and the Significance and Engagement Policy (Attachment C).

Executive Summary | Whakarāpopototaka Matua

The Council adopted the Long Term Plan 2024-2034 consultation document and supporting document, the draft Development Contributions Policy and the draft Significance and Engagement Policy for public consultation on 27 June 2024.

Long Term Plan consultation closed on 28 July 2024 with 939 submissions received (a further nine submissions were made in relation to the Development Contributions Policy). Hearings took place in Wānaka and Queenstown on the 26 and 27 August 2024 with 97 members of the community choosing to appear to speak to their submissions.

The supporting document (Long Term Plan 2024-2034) has been amended to reflect the submissions and hearing process. The average annual increase in rates over the ten years is now 7.5%. The average rates increase for 2024/25 is 15.8% (15.6% was previously consulted on in June/July 2024).

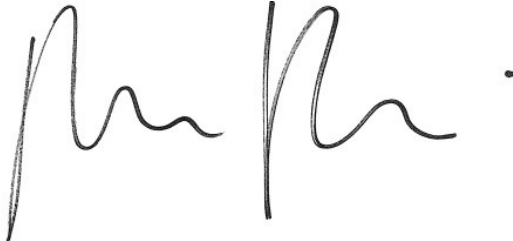
Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the contents of this report;
2. **Receive** the audit report (contained within the Long Term Plan 2024-2034) required by section 94 (1) of the Local Government Act 2002.
3. **Note** that the balanced budget requirement as per section 100 (1) of the Local Government Act 2002 **is not met for the 2024/25 financial year**, and that Council resolves to set projected operating revenues at a different level from that required by that subsection as it is considered financially prudent to do so per section 100 (2) of the Local Government Act 2002;

4. **Note** that no issues were identified through the audit of the Long Term Plan 2024-2034 requiring audit qualification (the Long Term Plan 2024-2034 is unqualified).
5. **Adopt** the Long Term Plan 2024-2034 pursuant to sections 82, 82A, 83, 93, 93A and 94 of the Local Government Act 2002;
6. **Adopt** the amended Development Contributions Policy 2024 as per section 102 (4) of the Local Government Act 2002; and
7. **Adopt** the amended Significance and Engagement Policy 2024 as per section 76AA of the Local Government Act 2002.

Prepared by:



Name: Meaghan Miller
Title: General Manager, Corporate Services

12 September 2024

Prepared by:



Name: Stewart Burns
Title: General Manager, Assurance, Finance & Risk

12 September 2024

Reviewed and Authorised by:



Name: Mike Theelen
Title: Chief Executive

12 September 2024

Context | Horopaki

1. In accordance with Section 93 of LGA, a local authority must have a Long Term Plan and it must use the Special Consultation Procedure in adopting the Long Term Plan.
2. The legislative deadline for Council to adopt the Long Term Plan 2024-2034 is three months later than usual this year (30 September 2024). Council took the option offered by Central Government to extend the deadline by three months, in order to update the Long Term Plan to incorporate changed expectations regarding water service delivery by local authorities in New Zealand.
3. The Council adopted the supporting documents and consultation document on 27 June 2024 and consultation took place from 28 June 2024 to 28 July 2024.

Analysis and Advice | Tatāritaka me kā Tohutohu

4. Council received 939 submissions on its draft Long Term Plan 2024-2034 and 97 members of the community chose to speak at submission hearings on 26-27 August held in Queenstown and Wānaka
5. Consultation topics included:
 - Consultation Topic 1A: Targeted rates on Queenstown Town Centre properties for Street Upgrades (2024-2025)
 - Consultation Topic 1B: Targeted rates on Queenstown Town Centre properties for Arterials
 - Consultation Topic 2: Bringing forward investment in community and sporting facilities
 - The intent to seek alternative funding options, such as an upfront development contribution
 - The draft policy on Development Contributions.

Topic 1A: Targeted rate on Queenstown town centre properties (street upgrades 2024-2025)

6. There were 630 responses to question 1A regarding the introduction of a targeted rate to recover costs associated with the Queenstown town centre street upgrades.
7. Of these 24% were in favour of Option 1 (targeted rates for Queenstown town centre properties), 21% for option 2 (apply costs to the existing Whakatipu roading rates), while 11% responded neither and 44% neutral.
8. Following consultation and deliberation, Council recommended inclusion of Option 1 in the Long Term Plan: to introduce targeted rates recovery through the Queenstown CBD transport rate.

Topic 1B: Targeted rate on Queenstown town centre properties (arterials from 2025-2026)

9. There were 603 responses to this question, with 23% in favour of option 1 (targeted rates for Queenstown town centre properties), 21% option 2 (apply costs to the existing Whakatipu roading rates), 11% responded neither and 45% neutral.

10. Following consultation and deliberation, Council recommended inclusion of Option 2 in the Long Term Plan: to apply costs to the existing Rooding Rate (Whakatipu).

Topic 2: Bringing forward investment in community and sporting facilities

11. There were 761 responses to this question. Option 1 (bring forward funding to invest in community and sports facilities in Queenstown and Wānaka) was preferred by 75% of submitters, with option 2 (Don't bring forward funding and deliver the facilities and upgrades at a later date) preferred by 14%. 3% responded neither and 8% neutral.
12. Following consultation and deliberation, Council recommended inclusion of Option 1 in the Long Term Plan: to bring forward funding to invest in community and sports facilities in Queenstown and Wānaka.

Other consultation topics and key themes of consultation

13. The community was also asked for input on whether it supported Council's intent to pursue alternative funding options, such as an upfront development contribution and Central Government funding e.g. Regional Deals and other funding tools that the government has signalled for review. There were 613 responses to the question on alternative funding options. 53% were in support, 6% opposed, and 41% neutral.
14. As well as feedback on the key consultation topics, other themes that emerged during the consultation process included requests for investment in Cardrona-based Snow Farm facilities and services, Upper Clutha sports facilities, Wānaka performing arts and cultural centre, climate and biodiversity, Council spending and infrastructure projects, and active travel.
15. Following the Long Term Plan adoption, it is Council's intent to continue to pursue opportunities to re-consider the timing of projects such as the Ballantyne Road remediation. Any potential advancement of budget for these projects will be brought back to Council for consideration as soon as costings and implications are available.
16. Lack of parking in the Queenstown CBD was also a topic of submissions and was considered during deliberations. This will be looked at further by Council, including potential opportunities to advance the Stanley Street carpark.
17. All submissions were provided to elected members in full and read before hearings and deliberation proceeded. Considerable time and research was reflected in many of the submissions and they were respectfully considered and discussed by elected members in the fullness of deliberations.

Significance and Engagement Policy

18. Clarifications were made to the way strategic assets are recorded in the policy and to specify the level of Council-owned equity shares in Queenstown Airport Corporation. Specifically, the 75.01% shareholding in Queenstown Airport is identified as a strategic asset. The proposed group of assets for non-reserve land holdings has been removed following deliberations with these matters being managed via the Council's Property Sale and Acquisition Policy.¹
19. These changes are consistent with the intent of the draft policy and ensure Council's ability to conduct business relating to non-reserve land transactions without an excessive administrative burden whilst enabling appropriate decision-making gateways for elected members to determine a level of significance.

Development Contribution Policy

20. The Development Contribution Policy 2024 was produced this year as part of the wider Long Term Plan process, updating on the Development Contribution Policy 2021/22. The main reason for the amendments to the Policy was to update contribution levels as a result of the incorporation of the latest actual expenditure and the revised capital programme proposed by the Long Term Plan 2024-2034.
21. The Development Contribution Policy 2024 was consulted with the community alongside the LTP consultation from 28 June – 28 July. Nine submissions were made as part of this consultation. Changes made to the Development Contribution Policy 2024 for internal submissions following consultation are addressed below.

Further changes following consultation, including from Internal Submissions:

22. *Rates impact and allowance for growth.* The draft Long Term Plan 2024-2034 proposed an average rates increase of 15.6% for 2024-2025, after allowing for 3.5% growth in the rating database. Actual growth has now been confirmed at 3.3% district-wide lifting the average rates increase to 15.8%. The impact of this change is not even across the district. In Wānaka-Upper Clutha growth has been 4.3% meaning the actual rates increase will be lower than forecast. For Whakatipu, actual growth was a little lower at 2.7% meaning the rates increase will be slightly higher than forecast, depending on property type and location.
23. *Safety of drinking water key performance indicators.* Changes to mandatory performance measures relating to the safety of drinking water were communicated to councils nationwide in July 2024, and came into force on 21 August 2024. These changes resulted in minor wording changes to two existing drinking water KPIs, and one new KPI. The new KPI relates to measuring compliance with drinking water quality assurance rules for microbiological monitoring in the distribution zone, with a year-on-year target of 100% compliance.

¹ <https://www.qldc.govt.nz/media/00tjkpr1/property-sale-and-aquisition-policy-2014.pdf>

24. *Significance and engagement policy.* Clarifications were made to the way strategic assets are recorded in the policy and to specify the level of Council-owned equity shares in Queenstown Airport Corporation. Specifically, the 75.01% shareholding in Queenstown Airport and the Wānaka Airport are identified as strategic assets. The proposed group of assets for land holdings has been removed with these matters being managed via the Council's Property Sale and Acquisition Policy.
25. *Development contributions policy.* The LGA allows Council to amend the Policy on Development Contributions at any time in accordance with section 102 (4) (b). Minor changes were made to the policy following the consultation process. This included clarification of some glossary terms and an update to the boundaries of the Hāwea water supply and wastewater contribution area maps.

Audit

26. It is a statutory requirement that the final Long Term Plan is subject to audit. This involves a thorough external review of the Long Term Plan document.
27. The audit team has advised that the audit of the Long Term Plan has no qualifications and there are no emphases of matter (capital programme do-ability was an emphasis of matter for LTP 2021-2031). The audit has focused on the following key areas:
- Significant Forecasting Assumptions
 - Forecasting Levels of Debt
 - NZTA Waka Kotahi funding (our auditors have confirmed with the Office of the Auditor General that no further changes are required to the Long Term Plan as a result of recently announced NZTA Waka Kotahi Funding – this is addressed further in the What's Changed section of the Long Term Plan)
 - BERL Inflation Indices (our significant forecasting assumption relating to inflation rates has been updated in the Long Term Plan in coordination with our auditors – our auditors have confirmed with the Office of the Auditor General that no further changes are required to the Long Term Plan)
 - Capital programme do-ability
 - Impact of climate change
 - Financial Strategy and Infrastructure Strategy
 - Three waters reform
28. The Long Term Plan (updated following public consultation and subsequent hearings and deliberations) has been reviewed by the audit team and all queries have been worked through to ensure Local Government Act 2002 requirements are met.

29. Deloitte’s audit report is included in the Long Term Plan from page 406. The AFR Committee reviewed considered the draft audit report at its meeting on Thursday 12 September and agreed the following recommendation:

Recommend to Council that the Long Term Plan 2024-2034 be considered for adoption.

Options

30. Option 1 Adopt the Long Term Plan 2024-2034, Development Contributions Policy and Significance and Engagement Policy

Advantages

- Adopting the Long Term Plan 2024-2034, Development Contributions Policy and Significance and Engagement Policy enables Council to meet its obligations to implement a Long Term Plan in accordance with Section 93 of Local Government Act 2002.

Disadvantages

- This option does not allow for any substantive changes to be made to the final Long Term Plan 2024-2034 if required.

31. Option 2 Do not adopt the Long Term Plan 2024-2034, Development Contributions Policy and Significance and Engagement Policy

Advantages

- This option would allow for substantive changes to be made to the Long Term Plan 2024-2034, Development Contributions Policy and Significance and Engagement Policy if requested by Council.

Disadvantages

- Choosing not to adopt the Long Term Plan 2024-2034 would result in a delay that would prevent QLDC from meeting its statutory requirement to deliver a Long Term Plan by the end of September 2024. It would also further delay the process of issuing and collecting rates, and the commencement of certain capital projects.
- Choosing not to adopt the proposed amendments to the Development Contributions and Significance and Engagement policies would similarly impact on QLDC’s statutory requirement to deliver a Long Term Plan by the end of September 2024, given that the policies are included and referenced within the Long Term Plan.

32. This report recommends **Option 1** for addressing the matter because it enables Council to meet its obligations to implement a Long Term Plan in accordance with Section 93 of Local Government Act 2002.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

33. This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy 2021 because the Long Term Plan is an important element of Council's engagement with the community on items that are likely to significantly affect community wellbeing, including delivery of Council's core functions, community facilities, levels of service, rates and borrowing. It was therefore subject to a Special Consultative Procedure.
34. The persons who are affected by or interested in this matter are the residents/ratepayers of the Queenstown Lakes district community.
35. The Council consulted with the community on the matters outlined in this report from 28 June to 28 July 2024.

Māori Consultation | Iwi Rūnaka

36. The Council has engaged with Te Ao Marama Incorporated and Aukaha as representatives of our treaty partnership with Kāi Tahu as part of the Long Term Plan process.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

37. This matter relates to the Regulatory/Legal/Compliance 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 very high residual risk rating.
38. The approval of the recommended option will allow Council to implement additional controls for this risk. This will be achieved as a result of appropriate assurance of the Long Term Plan. Deloitte's Audit of the draft Consultation Document and underlying information from the draft Long Term Plan 2024-2034, confirmed that capital programme 'do-ability' did not need to be an emphasis of matter. Two key strategies were considered by Deloitte, QLDC's Financial Strategy and 30 Year Infrastructure Strategy and there were no material findings to report to the Committee. Significant assumptions were tested and worked through with the subject matter experts. The auditors commented on risks related to assumptions regarding funding from Waka Kotahi and the forecasting of debt levels. Given the continuation of cost uncertainty (market volatility), and the need for new processes to be embedded, the risk level currently remains unchanged (very high).

Financial Implications | Kā Riteka ā-Pūtea

39. The Local Government Act 2002 contains a requirement to balance the budget (Section 100). A local authority must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses.
40. The balanced budget requirement as per section 100 (1) of the Local Government Act 2002 is not met for the 2024/25 financial year, and Council resolves to set projected operating revenues at a different level from that required by that subsection as it is considered financially prudent to do so per section 100 (2) of the Local Government Act 2002.
41. Section 100 (2) allows council to set projected operating revenues at a different level from that required by 100 (1) if the local authority resolves that it is financially prudent to do so having regard to:
- a) *The estimated expenses of achieving and maintaining the predicted levels of service provision set out in the long term plan, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life.*
 - b) *The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity to assets throughout their useful life.*
 - c) *The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life.*
 - d) *The funding and financial policies adopted under section 102.*
42. The resolution includes the relevant provision to meet the requirements of section 100.

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

43. The following Council policies, strategies and bylaws were considered:
- Long Term Plan 2021-2031
 - Annual Plan 2023-2024
 - Queenstown Lakes Spatial Plan.
44. Adopting the Long Term Plan is consistent with the principles set out in the named materials.
45. The Long Term Plan 2024-2034 includes or references to the following strategies and policies:
- Significance and Engagement Policy 2024
 - Development Contribution Policy 2024
 - 30 Year Infrastructure Strategy
 - Revenue and Financing Policy

- Financial Strategy
- Risk Mitigation Strategy
- Rates Remission and Postponement Policy
- Treasury Management Policy.

Legal Considerations and Statutory Responsibilities | Ka Ture Whaiwhakaaro me kā Takohaka Waeture

46. Under the LGA it is a statutory requirement for Councils to have a Long Term Plan.

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

47. 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.

48. The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households; and
- Is consistent with the Council's plans and policies.

Attachments | Kā Tāpirihaka

A	Long Term Plan 2024-2034
B	Development Contribution Policy 2024
C	Significance and Engagement Policy 2024
D	Executive summary of submissions

All attachments are circulated separately