

QLDC Council
30 June 2021**Report for Agenda Item | Rīpoata moto e Rāraki take : 2**
Department: Corporate Services**Title | Taitara Ten Year Plan 2021-2031****PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO**

- 1 The purpose of this report is to adopt the Queenstown Lakes District Council 2021-2031 Ten Year Plan (Attachment A), the Policy on Development Contributions (Attachment B) and the Significance and Engagement Policy (Attachment C).

EXECUTIVE SUMMARY | WHAKARĀPOPOTANGA MATUA

- 2 The Council adopted the 2021-2031 Ten Year Plan Consultation and supporting documents, the draft Policy on Development Contributions and the draft Significance and Engagement Policy for public consultation on 18 March 2021. Consultation closed on 19 April 2021 with 504 submissions received. See the executive summary of submissions (Attachment D). Hearings took place in Wānaka and Queenstown on the 10 and 11 May 2021 with 84 people choosing to appear to speak to their submissions. The supporting document (Ten Year Plan) has been amended to reflect the submission and hearing process. The average annual increase in rates over the ten years is now 4.4%. The average rates increase for 2021/22 is 5.45% an increase from the original average increase of 4.56% consulted on in March/April 2021. This reflects the response to submissions as outlined.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

1. **Notes** the contents of this report;
2. **Acknowledges** that the balanced budget requirement as per section 100 (1) of the Local Government Act 2002 is not met for the 2023/24 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;
3. **Adopt** the 2021-2031 Ten Year Plan (Long Term Plan) pursuant to sections 82, 82A, 83, 93 and 94 of the Local Government Act 2002;
4. **Adopt** the amended Policy on Development Contributions as per section 102 (4) of the Local Government Act 2002.
5. **Adopt** the amended Significance and Engagement Policy 2021 as per section 76AA to include the amended wording (p.18) highlighted in this report.

Prepared by:



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8/06/2021

Reviewed and Authorised by:



Mike Theelen
Chief Executive

8/06/2021

CONTEXT | HOROPAKI

1. In accordance with Section 93 of LGA, a local authority must have a Ten Year Plan (Long Term Plan) and it must use the Special Consultation Procedure in adopting the Ten Year Plan.
2. The supporting documents must be adopted prior to the adoption of the Consultation Document in accordance with Part 6, Section 93G of LGA.
3. The Council adopted the supporting documents and Consultation Document on the 18 March 2021 and consultation took place from 19 March to 19 April 2021.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

4. The Local Government Act 2002 (LGA) requires the Council to use a Consultation Document to consult with the community on the Council's Ten Year Plan (Long Term Plan).
5. The document must identify and consult on the Council's prioritised 'big' issues of which there were four, namely:
 - Delivering safe and reliable 3 water services.
 - Meeting the transport needs of our communities
 - New targeted rate on Queenstown Town Centre properties
 - Increasing user fees and charges.
6. The break-down of submissions on these matters is outlined in Attachment D. The Ten Year Plan assumptions in relation to the issues, except the new targeted rate on Queenstown Town Centre properties, remains unchanged based on both the submission and hearing process and deliberations of elected members.
7. Council has not made a final decision on the proposal for the new targeted rate on Queenstown Town Centre properties. This matter will be considered further in the following 12 months.
8. The Council was also specifically seeking comment on responding to Climate Change, the draft Policy on Development Contribution and the amended Significance and Engagement Policy.
9. In response to the submission process a schedule of changes were undertaken (Attachment E). Some of the more notable changes to the plan include the two matters that received the most submissions (see Attachment D) which are detailed in paragraphs 10 and 11.

Active Travel Wānaka

10. New project 'Wānaka Pool to School Active Travel' created with \$2M in year 2 and \$3M in year 3. This budget has been brought forward from the Wānaka Primary Cycle Network project and will be shown as a non-subsidised project.

Climate Change

11. Provide budget (\$200k) for a significant review and change management exercise across the organisation, focussed on improving carbon literacy, developing carbon accounting practices and driving the full integration of emissions reduction within QLDC and bring forward a Climate Action Co-ordinator role from Year 2 to Year 1. This will double the team's ability to deliver projects, build networks and achieve actions from the Climate Action Plan.

Community Projects

12. Based on submissions received to the Ten Year Plan, the Council introduced the following key community projects.

Provision of a Youth and Community Centre in Wānaka at the former Mitre 10 site

13. This site will provide a home for a number of community groups and a base for a range of QLDC sport and recreation programmes. The proposal is to lease the building for the next 10 years, requiring \$750k from Council capex budgets, plus \$250k in grant funding for the fit out. Revenue is anticipated to be \$100k for programmes and \$275k in venue hire per annum. The centre will require 4.88 FTE to run all operations with proposed revenue expected to meet the revenue and financing policy. The funding remains subject to the successful negotiation of a lease.

Creation of a Community Centre at 516 Ladies Mile, Queenstown.

14. The existing property at 516 Ladies Mile will be retrofitted and upgraded to be a full use community centre with better access and infrastructure upgrades. At this stage, sports fields are not included. The forecast cost of \$2M includes a \$0.6M deferral from 20/21 and the remaining \$1.4M will be covered by surplus capital expenditure budgets outlined in the March reforecast. Third party funding currently also to be explored.

Development of Te Atamira Arts and Culture Hub, Queenstown.

15. Working with the Three Lakes Cultural Trust, Te Atamira is proposed to be an arts and cultural hub based at Remarkables Park. There is an opportunity to create a home for a number of arts and cultural groups within a facility proposed to be leased for ten years. Council has included funding for lease costs of \$295k plus \$52k operational expenditure in Year 1, increasing to \$461k and \$100k respectively per annum ongoing. The funding remains subject to the successful negotiation of terms between the Council and the Trust.
16. To note this is not a replacement for a proposed performing arts centre on Stanley Street but a short term initiative. Further the Council acknowledges that it will need to consider future investment into the Upper Clutha in the performing arts space with priority given from the \$51.7m fund to replacing the Queenstown Memorial Hall in years 4 to 8.

Further changes resulting from Internal Submissions

Additional Adjustments Required

17. Update QAC Dividend Forecast – the existing dividend forecast was made in September 2020. It is appropriate to update to QAC's latest forecast which aligns with the SOI. The latest forecast is more positive and results in an increase of \$21.4m over the 10 years from \$45.1m to \$66.4m. The increase in dividend revenue has been applied to debt repayment.
18. QAC Lease Repayment - The forecast financial statements now include provision for repayment to QAC of the capital elements of the now defunct Wānaka Airport lease. Based on carrying values – this equates to \$14.1m (\$3.2m for airport assets and \$10.9m for prepaid lease). This is assumed to occur in Year 1 and will be debt funded.
19. Change in timing for Project Connect – which is now pushed back by 1 year. The revised capex programme has caused our debt/revenue ratio to rise to an unacceptable level in Year 5; so Project Connect is deferred by 1 year to commence Year 4 and complete by Year 7 (rather than commence Year 3 and complete by Year 6).

Community Grants

20. Community grants are outlined in What's Changed in Volume 1 of the Ten Year Plan (see Attachment E). The Council has included in excess of \$1.1 million in community grants in 2021/22.

Significance and Engagement Policy

21. The LGA 2002 is not prescriptive on the timing with regards the review of the Council's Significance and Engagement policy (Section 76AA) however given any review is subject to the Special Consultation Procedure the Council includes the review of the policy through the Ten Year Plan consultation process. The policy was last consulted on through the 2018 Ten Year Plan Special Consultation Process.
22. No specific submissions were received on the amended policy but a further minor technical amendment has been recommended based on a legal review of the draft policy. The amendment is on p.18 and relates to clarifying that the reference to undertaking a Special Consultative Procedure in relation to assets cannot be interpreted as applying to minor matters. The amended wording now reads: Transfer of ownership of major parts of the significant strategic asset, or transfer of an ownership stake in the significant strategic asset.

Proposed amendments to the 2021 – 2022 Policy on Development Contributions.

23. The Local Government Act 2002 (LGA) allows Council to amend the Policy on Development Contributions at any time in accordance with section 102 (4) (b) of LGA. Given any review is subject to the Special Consultation Procedure the Council includes the review of the policy through the Ten Year Plan consultation process.

24. The policy received 68 submissions and hearings were held on the 10 and 11 May 2021. The following changes have been made to the policy as a result of the submissions and hearing process:

- Applying a ground floor area based credit for dwellings that are being converted to visitor accommodation.
- Grouping Hāwea with Makarora, Luggate and Cardrona for local/community park cash contributions as detailed in section 3.6.7. This has altered the reserve land value for both Wānaka areas.
- As a result of changes to the Ten Year Plan capital programme, some contribution amounts have changed. These changes are minor in terms of financial impact.

Audit

25. It is a statutory requirement that both the Consultation Document and the final Ten Year Plan (Long Term Plan) document are subject to audit. This involves a thorough external review of the Ten Year Plan document and the supporting material.

26. As with the audit opinion on the Consultation Document, the final audit opinion includes a special “emphasis of matter” paragraph. This flags to readers of the Ten Year Plan to the significance of the assumptions made in relation to:

- Uncertainty related to the proposed 2024 Visitor Levy.
- Assumption regarding completion of planned capital works programme.
- Uncertainty over Three Waters Reforms.

27. In addition to the matters listed above, Waka Kotahi informed all local authorities on 31 May 2021 of their indicative funding allocations for the next 3 years for road maintenance activities (including renewals). As with many local authorities, there is now a difference between the amounts of subsidy assumed in the TYP compared to the indicative allocation for this period.

28. For QLDC, the assumed programme included in the TYP for 2021 to 2024 amounts to \$59.9M with \$30.5M of subsidy (net cost of \$29.3M). The indicative allocation provides for \$45.4M with \$23.2M of subsidy (net cost of \$22.2M). This amounts to a shortfall in subsidy of \$7.4M over the first 3 years.

29. Whilst the loss of funding is disappointing, QLDC does have options to manage the situation. It is our intention to re-prioritise road maintenance activities to stay within our current “local share” budgets over the next 3 years. This may include spreading some renewal works over a longer period and undertaking some works without subsidy. We may do this up to a value of \$7.1M without impacting rates. Council will therefore adjust TYP budgets accordingly in August 2021 once the final funding decision is made by Waka Kotahi for all roading programmes.

30. The audit opinion is attached (Attachment F).

Options

31. No alternative options are presented because the Ten Year Plan (Long Term Plan) is a statutory requirement under the Local Government Act 2002 (Section 93).

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

32. This matter is of high significance, as determined by reference to the Council’s Significance and Engagement Policy and was the subject of a Special Consultation Procedure.

> MĀORI CONSULTATION | IWI RŪNANGA

33. Iwi engaged in the Annual Plan process and the Council received submissions from Te Ao Marama and Aukaha on behalf of Mana Whenua.

> RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

34. This matter relates to the Financial and Strategic/Political risk category RISK00025 ‘Ineffective Revenue and Financing Policy to set user charges’ and RISK00040 ‘Failure to deliver statutory reports’ both of which carry a moderate risk rating.

35. The approval of the recommended option will support the Council by allowing the risk to be avoided.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

36. 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.

37. Council meets these requirements over the timeframe of the plan based on key assumptions around external funding sources. The forecast Statement of Financial Performance over the next ten years shows consistent operating surpluses, which demonstrates the Council is balancing its budget requirements. There is a minor breach of this requirement in 2023/24 which coincides with a dip in revenue before the visitor levy is assumed to be introduced in 2024/25.

38. 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.

39. The resolution includes the relevant provision to meet the requirements of Sec 100.

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

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

- Significance and Engagement Policy 2021
- Policy on Development Contributions 2021/22
- 30 Year Infrastructure Strategy
- Revenue and Financing Policy
- Financial Strategy
- Risk Mitigation Strategy
- Councils Community Outcomes
- Vision 2050
- Rates Remission Policy
- Funding Impact Statement
- Forecasting Assumptions
- Council Activity Statements

LEGAL CONSIDERATIONS AND STATUTORY RESPONSIBILITIES | KA TURE WHAIWHAKAARO, ME KĀ TAKOHAKA WAETURE

41. Under the LGA it is a statutory requirement for Councils to have a Ten Year Plan (Long Term Plan).

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

42. 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 | NGĀ TĀPIRIHANGA

A	Ten Year Plan Volumes 1 and 2
B	Development Contribution Policy
C	Significance and Engagement Policy
D	Executive Summary of Submissions
E	What's Changed – Extract from Volume 1
F	Deloitte Audit Opinion