

Full Council

27 June 2024

Report for Agenda Item | Rīpoata moto e Rāraki take [2]

Department: Assurance, Finance & Risk

Title | Taitara: Approval of user fees and charges commencing financial year 2024/25

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to recommend that Council adopts the user fees and charges as outlined in the Statement of Proposal for environmental health, sport and recreation (including aquatics, community facilities and parks/reserves), library services, parking, mooring and jetty fees, Wānaka Airport and planning and development.

Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the contents of this report;
2. **Consider** the submissions received on the proposed user fees and charges commencing financial year 2024/25, together with advice from officers;
3. **Approve** the proposed user fees and charges commencing financial year 2024/25, in line with the recommendation of the hearing panel;
4. **Approve** as follows:
 - a. To prescribe as a requirement for the administration of the QLDC Navigation Safety Bylaw 2018 (bylaw), a biennial safety inspection of each mooring under this bylaw, together with any ancillary actions related to the inspection, to be carried out by a suitably qualified person approved by the Council (in accordance with s52 of the bylaw); and
 - b. To prescribe the following fees and charges (in accordance with s53 of the bylaw): a \$500 annual fee for jetty permits, private and commercial moorings.
5. **Note** that the proposed user fees and charges commencing financial year 2024/25 have been included in the draft budgets within the Long Term Plan 2024-34.

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6 June 2024

Reviewed and Authorised by:



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6 June 2024

Context | Horopaki

1. Fees and charges are usually reviewed as part of the Long Term or Annual Plan process. In February 2024, Queenstown Lakes District Council (QLDC) agreed to defer the Long Term Plan 2024-2034 (LTP), following direction from the coalition government to include planning and funding for three waters service delivery for the full ten-year timeframe of an LTP. One consequence of this deferral was the need to separately propose updates to some of QLDC's user fees and charges ahead of the wider LTP process, in order to be able to approve updates prior to the commencement of financial year 2024/25.
2. On 4 April 2024, Council adopted a Statement of Proposal, with proposed fee increases in the following areas (for detailed information on proposed fee increases see the fee schedule at Attachment A):
 - a. Environmental health
 - b. Sports and recreation
 - c. Community facilities/Park and reserves
 - d. Library services
 - e. Planning and development
 - f. Parking
 - g. Mooring and jetty fees
 - h. Wānaka airport landing fees
3. Community consultation on the proposed changes to fees and charges ran from 5 April – 5 May 2024. There were 50 submissions received during consultation, along with 10 late submissions which the hearing panel chose to include, resulting in a total of 60 submissions received during consultation.
4. A hearing panel of Councillors Guy, Bartlett and Gladding was appointed and a hearing of submissions was held on 27 May 2024, with a deliberations session taking place on 4 June 2024. The majority resolution of the hearing panel recommends that Council approve the proposed fees and charges as described in the Statement of Proposal. This report constitutes the report of the hearing panel for this process. The minutes of the 27 May hearing and deliberation meeting (4 June) can be found at Attachment B for further context on the nature of consideration.
5. Fees and charges are reviewed every year 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.
6. The Revenue and Financing Policy is a requirement of the Local Government Act (LGA) and its purpose is to set out how each of Council's activities is to be funded – that is, who pays for what, and why. It provides the target proportion of user pays fee revenue for each Council activity by considering the proportion of private versus community benefit that the activity creates. Activities with a higher proportion of private benefit (e.g. parking) are set in the policy to be funded by a higher proportion of user pays fees, whilst activities with a higher proportion of

community benefit (e.g. library services) are set in the policy to be funded by a higher proportion of general rates.

Analysis and Advice | Tatāritaka me kā Tohutohu

7. The key considerations behind the proposed fee changes include increasing costs to deliver services, growth projections and demand, multi-year leases and contracts and benchmarking against other local authorities.
8. User fees contributed \$50 million to Council in financial year 2022/23 and was 29% of the total revenue of \$173 million that year. An annual uplift of around \$1.25 million in income is expected from user fees due to the proposed changes.
9. During the consultation on the proposed changes to fees and charges, the topic of moorings and jetties fees garnered the most feedback from submitters and was a significant focus of the hearing panel. Therefore, additional information relating to Council's approach is provided below.

Council's approach to inspections of moorings and jetties

10. The safety of the waterways for all users, both public and private, should be at the forefront of everyone involved. It is paramount that any procedure involving moorings and jetties, whether existing or proposed, must have safety as its primary focus. Council has identified a safety risk in relation to the current moorings regime which this is in response to.
11. The Harbour Master as well as private mooring and jetty owners all have a duty of care. The introduction of a new biennial mooring visual safety inspection is required to ensure that all moorings are safe, and this will contribute to better and safer waterways. The Harbour Master will undertake a visual safety inspection of mooring components that includes the buoy, top chain (or rope) and shackles. The cost of this visual safety inspection is incorporated into the proposed mooring fees.
12. Monitoring is required to ensure adequate compliance and can also enable targeted education where compliance is not being achieved. Having no visual safety inspections is not recommended. An annual visual safety inspection was considered, but a cost/benefit analysis suggests it is too costly for the additional benefit. As such, the notified Statement of Proposal proposed a biennial inspection, as an adequate measure. While less costly than an annual inspection fee, there would still be a cost to Council for biennial inspections, and a fee increase is required, and provided for in the Statement of Proposal.
13. Ratepayers currently subsidise mooring administration costs to the approximate sum of \$64,000 per year. If biennial inspections are imposed and a \$500 permit fee charged, the cost subsidised by ratepayers will reduce to \$40,000 per year as detailed at the 4 April 2024 Council meeting.

14. The community needs to understand how to comply with the bylaw and Permit Holders shall be encouraged to comply with the bylaw. This is one of a number of important Harbour Master functions. Private mooring owners will continue to be responsible for inspecting the whole system below the water every two years. This will require them to remove kinks, replace worn components and verify the integrity of the mooring block/attachments. This inspection must be conducted by a suitably qualified professional.
15. The Harbour Master's biennial inspection will review the appropriate use of moorings, locations of moorings and identification of any non-compliance or unlawfully established moorings. The Harbour Master's inspection will be to ensure that the information received by mooring owners is true and accurate.
16. The emphasis is around compliance. It is part of Council's regulatory enforcement role. As part of this role, Council is required to continue to educate Permit Holders, and enforce the Bylaw.
17. The consultation in relation to the moorings and jetties has been a part of the wider fees and charges process. During this process, Council has considered the Navigation Safety Bylaw 2018, and in particular section 52.1(d) which deals with the requirement for a publicly notified resolution for any processing or administrative requirements which the Council deems appropriate to give effect to the Bylaw. By providing public notification of this administrative change to the moorings regime in the publicly notified Statement of Proposal adopted on 4 April 2024 by Council Resolution, this requirement has been fulfilled, and is also not contrary to Council's obligations under ss 150 and 82 of the Local Government Act 2002.
18. In any case, a recommendation to Council to adopt the mooring fees and charges should for the avoidance of doubt be accompanied by a related recommendation that the Council consider and if it sees fit, adopt the resolutions at 4(a) and 4(b).

Options

19. Option 1 – Retain current fees and charges.

Advantages

- Fees and charges do not change and members of the community and individual users of the relevant services will not have to fund an increase.

Disadvantages

- If fees are not increased, then an increase in rates equivalent to \$1.15m (0.92% rates increase) would be required.
- The private / public splits set out in the relevant fee areas in the Revenue and Financing Policy would not be achieved.

- Does not update the fees and charges to better align with the actual costs of providing the services.
20. **Option 2** – Adopt the proposed changes to fees and charges commencing financial year 2024/25 contained at Attachment A, in line with the recommendation of the hearing panel.

Advantages

- Better reflects the actual costs of providing the services
- Achieves the private / public splits set out in the Revenue and Financing policy.
- Reduces cost to ratepayers by ensuring that the users of a service pay the reasonable cost of the service provided to them.

Disadvantages

- Increases costs to users of the relevant services subject to proposed fee increases.
21. This report recommends **Option 2** for addressing the matter because it reflects consideration of the matters raised in the submissions and received during the public consultation process, while still providing fees and charges that reflect the costs of the services, align with our policy settings and mitigate the need for further rates increase.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

22. This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy 2021 because a decision to not adopt the proposed user fees and charges may increase rates.
23. A decision to not adopt the proposed user fees and charges would be contrary to existing adopted Council policies.
24. The persons who are affected by or interested in this matter are residents, ratepayers and visitors to the Queenstown Lakes District community.
25. This matter was subject to Queenstown Lakes District community consultation from 5 April - 5 May 2024 and submissions were heard by an appointed hearing panel at a public meeting on Monday 27 May 2024.

Māori Consultation | Iwi Rūnaka

26. The Council engaged with Te Ao Marama Incorporated and Aukaha as representatives of our treaty partnership with Kāi Tahu as part of the user fees and charges consultation process, and is consulting with these groups part of wider Long Term Plan consultation.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

27. This matter relates to the Financial risk category. It is associated with RISK10005 Ineffective planning for community services or facilities within the QLDC Risk Register. This risk has been assessed as having a low residual risk rating.
28. The approval of the recommended option will allow Council to retain the risk at its current level. This will be achieved by ensuring there is sufficient funding to deliver community services and/or facilities.

Financial Implications | Kā Riteka ā-Pūtea

29. User fees and charges is one revenue source for Council to fund its services. Total Council income from user pays funding was \$50 million in financial year 2022/23.
30. The table on the following page sets out the proposed fee schedule for financial year 2024/25.

Table 1: Proposed fee schedule for financial year 2024/25

<u>CATEGORY</u>	<u>Forecast 24/25 Revenue excl. fee increase</u>	<u>Proposed 24/25 Revenue incl. fee Increase</u>	<u>Proposed Revenue Increase</u>
1. Environmental Health Fees	576,588	653,788	77,200
2. Sport & Recreation Community Facilities / Parks & Reserves	5,461,485 666,483	5,573,485 701,374	112,000 34,891
3. Library Services	107,068	112,068	5,000
4. Parking Fees	2,962,935	3,062,935	100,000
5. Mooring and Jetty Fees	73,913	147,826	73,913
6. Wānaka Airport Landing Fees	170,775	320,775	150,000
7. Planning and Development Fees & Charges	14,998,707	15,698,707	700,000
TOTALS	25,017,954	26,270,958	1,253,004

31. The proposed fee increases result in a total of \$1.25m in additional revenue for the 2024-2025 year of which \$1.15m will offset against the rates increase (Parking is 100% user pays). If these fees are not increased rates will need to increase by 0.92%, which is not seen as equitable. A proposed rates increase will be communicated and consulted on as part of the Long Term Plan 2024-2034 consultation from 27 June – 28 July 2024.

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

32. The following Council policies, strategies and bylaws were considered:
- Our Vision and Mission - QLDC
 - Revenue and Financing Policy July 21
 - The QLDC Disability Policy

33. The recommended option is consistent with the principles set out in the named Revenue and Financing Policy July 21.

34. This matter is included in the Long Term Plan.

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

35. 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. The recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

36. The recommended option:

- Can be implemented through future funding under the Long Term 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	Proposed fee schedule for user fees and charges 2024/2025
B	Minutes of hearing of submissions (27 May 2024) and hearing panel deliberations (4 June 2024)