

QLDC Council
26 June 2014

Report for Agenda Item 4

Department

Finance

4. Adopt Annual Plan 2014/15

Purpose

- 1 To complete the special consultative procedure as per sections 83, 83A, 85 and 95 of the Local Government Act 2002 (LGA 2002) in order to adopt the 2014/15 Annual Plan and the revised Policy on Development Contributions.

Recommendation

That Council

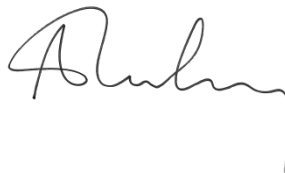
1. ***Agree to adopt the Annual Plan for 2014/15 and the revised Policy on Development Contributions pursuant to 83, 83A, 85 and 95 of the Local Government Act 2002.***

Prepared by:



Stewart Burns
Chief Financial Officer
11/06/2014

Reviewed and Authorised by:



Adam Feeley
Chief Executive
11/06/2014

Background

- 2 Over the past few months the Council has undertaken the necessary steps to comply with the special consultative procedure required to successfully adopt the 2014/15 Annual Plan and the annual update of the Development Contributions Policy. Details of the consultation undertaken are included in a later section of this report.
- 3 The Annual Plan was considered by the Audit and Risk Committee at its meeting on the 13th June 2014. The committee reviewed the draft document as well as the schedule of changes and revised forecast financial statements as a result of the changes approved from the submission process. The committee has recommended that council adopt the Annual Plan for 2014/15.
- 4 Council is required to adopt an Annual Plan for 2014/15 before 30 June 2014. The final version of the 2014/15 Annual Plan document, incorporating all approved changes to the draft as a result of the submission process must be produced within one month of adoption (i.e. by 26 July 2014).
- 5 The Council received a total of 875 submissions by the closing date compared with 300 for the Annual Plan last year.
- 6 The rating effect of the proposed Annual Plan budget for 2014/15 is an average overall rates increase of 0% (after allowing for growth at 2.0%). The LTP signalled an average overall rates increase of 2.81% (after allowing for growth at 1.5%) for 2014/15.

Comment

Changes as a Result of Submission Process

- 6 Hearings were held to consider the submissions on 26 and 28 May and deliberations continued on 29 May. 74 submitters took the opportunity to speak to their submissions and Council is grateful to those who took the time to do so.
- 7 Unfortunately, it is never possible for Council to meet all of the requests; however, submitters can be assured that all submissions are considered. Apart from the obvious funding constraints, there are often policy issues or jurisdictional considerations that must be taken into account as well. Council did, however, make a number of changes to the budgets as a direct result of the submission process.
- 8 The following is a summary of the changes to the 2014/15 Annual Plan that have been approved as a result of external submissions:
 - a. Approve \$5,000 grant to Heritage Trust
 - b. Approve \$1,000 grant to Wanaka Alcohol Group
 - c. Approve increase of \$100,000 for wilding pine control
 - d. Approve \$15,160 increase in grant to Wakatipu Youth Trust
 - e. Approve \$20,000 to Queenstown Gigatown Campaign (stage 2)
 - f. Approve \$20,000 to Wanaka Gigatown Campaign (stage 2)

- g. Approve \$10,000 to Queenstown Chamber of Commerce for Sister City administration
 - h. Approve \$4,000 for insulation on Queenstown Arts Society premises
 - i. Approve \$65,000 capital grant to Upper Clutha Tracks Trust for Hawea School Track
 - j. Approve \$10,000 towards Wanaka Track and Trails co-ordinator
 - k. Approve \$10,000 towards completion of Economic Development Strategy
- 9 The following is a summary of the changes that have been approved as a result of internal submissions:
- a. Approve \$35,000 for Wanaka Yacht Club Borefield Design
 - b. Approve \$100,000 reduction in Roding Network & Asset Mgmt (subsidised)
 - c. Approve increase of \$28,649 for Lake Hayes Sewer Maintenance
 - d. Approve increase of \$64,000 for Lake Hayes Water Maintenance
 - e. Approve \$1,600,000 capital grant to Shotover Primary School Hall Extension
 - f. Approve increase of \$5,000 for Wakatipu Facilities Maintenance
 - g. Approve \$85,000 reduction to Lakeview Project (now \$165,000)
 - h. Approve \$10,000 reduction in grant expenditure (Upper Clutha Tracks Trust)
 - i. Approve \$445,000 for Lakeview Plan Change
 - j. Approve \$38,000 increase to Wanaka Office Upgrade (now \$188,000)
 - k. Approve \$88,965 reduction in DC income for Community Facilities
 - l. Approve \$426,725 increase in DC income for Reserves
 - m. Approve \$428,315 reduction in Insurance Costs
 - n. Approve \$3,707,650 reduction to Wanaka Sports Facility capex budget for 14/15 (now \$4,500,000)
 - o. Reduced rate funded debt repayment by \$197,000

Rating Implications

- 10 The rating effect of the proposed Annual Plan budget for 2014/15 is an average overall rates increase of 0% (after allowing for growth at 2.0%). The LTP signalled an average overall rates increase of 2.81% (after allowing for growth at 1.5%) for 2014/15.
- 11 This does not mean that every property in the district will see a zero increase for 14/15. Depending on valuation, location and the nature of services received, the likely range of movements is:
- a. Lower Values: -2.12% to +4.22%
 - b. Median Values: -3.25% to +2.93%
 - c. Higher Values: -3.82% to +2.66%

12 The following tables highlight the indicative movements in more detail:

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 14/15				
Lower Values				
			Rates	Rates
<u>PROPERTY TYPE</u>	<u>CV</u>	<u>LOCATION</u>	<u>%</u>	<u>\$</u>
RESIDENTIAL	\$395,000	QUEENSTOWN	0.86%	\$17
COMMERCIAL	\$260,000	QUEENSTOWN	0.25%	\$5
ACCOMMODATION	\$440,000	QUEENSTOWN	2.16%	\$79
M/U ACCOMMODATION	\$445,000	QUEENSTOWN	1.24%	\$32
VACANT	\$175,000	QUEENSTOWN	2.67%	\$38
M/U COMMERCIAL	\$420,000	QUEENSTOWN	0.22%	\$5
RESIDENTIAL	\$465,000	WANAKA	0.57%	\$13
COMMERCIAL	\$440,000	WANAKA	1.41%	\$45
ACCOMMODATION	\$410,000	WANAKA	4.22%	\$158
M/U ACCOMMODATION	\$400,000	WANAKA	2.06%	\$53
PRIMARY INDUSTRY	\$950,000	WANAKA	1.15%	\$20
COUNTRY DWELLING	\$720,000	WANAKA	1.62%	\$26
VACANT	\$190,000	WANAKA	2.07%	\$29
M/U COMMERCIAL	\$360,000	WANAKA	1.05%	\$24
RESIDENTIAL	\$490,000	ARROWTOWN	-1.95%	-\$44
COMMERCIAL	\$380,000	ARROWTOWN	-1.92%	-\$54
ACCOMMODATION	\$325,000	ARROWTOWN	1.58%	\$50
M/U ACCOMMODATION	\$400,000	ARROWTOWN	-0.48%	-\$12
VACANT	\$215,000	ARROWTOWN	1.56%	\$23
M/U COMMERCIAL	\$500,000	ARROWTOWN	-2.12%	-\$57
PRIMARY INDUSTRY	\$960,000	WAKATIPU	1.15%	\$20
COUNTRY DWELLING	\$715,000	WAKATIPU	1.63%	\$26
RESIDENTIAL	\$275,000	GLENORCHY	3.25%	\$60
RESIDENTIAL	\$250,000	ALBERT TOWN	0.93%	\$17
RESIDENTIAL	\$280,000	HAWEA	-0.66%	-\$13
RESIDENTIAL	\$275,000	KINGSTON	3.47%	\$40
RESIDENTIAL	\$390,000	ARTHURS POINT	0.02%	\$0

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 14/15				
Median Values				
			Rates	Rates
<u>PROPERTY TYPE</u>	<u>CV</u>	<u>LOCATION</u>	<u>%</u>	<u>\$</u>
RESIDENTIAL	\$626,918	QUEENSTOWN	-0.03%	-\$1
COMMERCIAL	\$1,167,853	QUEENSTOWN	-2.55%	-\$158
ACCOMMODATION	\$1,167,853	QUEENSTOWN	0.65%	\$54
M/U ACCOMMODATION	\$754,261	QUEENSTOWN	0.15%	\$5
VACANT	\$391,824	QUEENSTOWN	2.13%	\$38
M/U COMMERCIAL	\$754,261	QUEENSTOWN	-0.99%	-\$32
RESIDENTIAL	\$528,962	WANAKA	0.48%	\$11
COMMERCIAL	\$704,739	WANAKA	1.33%	\$59
ACCOMMODATION	\$704,739	WANAKA	2.51%	\$159
M/U ACCOMMODATION	\$587,736	WANAKA	1.83%	\$57
PRIMARY INDUSTRY	\$3,262,479	WANAKA	-0.68%	-\$27
COUNTRY DWELLING	\$1,076,790	WANAKA	1.01%	\$21
VACANT	\$293,868	WANAKA	1.73%	\$28
M/U COMMERCIAL	\$587,736	WANAKA	0.81%	\$24
RESIDENTIAL	\$460,393	ARROWTOWN	-1.83%	-\$40
COMMERCIAL	\$1,107,447	ARROWTOWN	-3.25%	-\$201
ACCOMMODATION	\$1,107,447	ARROWTOWN	-1.17%	-\$101
M/U ACCOMMODATION	\$617,123	ARROWTOWN	-1.31%	-\$41
VACANT	\$244,890	ARROWTOWN	1.51%	\$23
M/U COMMERCIAL	\$617,123	ARROWTOWN	-2.53%	-\$75
PRIMARY INDUSTRY	\$2,669,301	WAKATIPU	-0.23%	-\$7
COUNTRY DWELLING	\$1,391,338	WAKATIPU	0.85%	\$20
RESIDENTIAL	\$450,598	GLENORCHY	2.92%	\$61
RESIDENTIAL	\$293,868	ALBERT TOWN	0.85%	\$16
RESIDENTIAL	\$362,437	HAWEA	-0.63%	-\$14
RESIDENTIAL	\$450,598	KINGSTON	2.93%	\$41
RESIDENTIAL	\$489,780	ARTHURS POINT	0.05%	\$1

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 14/15				
Higher Values				
			Rates	Rates
<u>PROPERTY TYPE</u>	<u>CV</u>	<u>LOCATION</u>	<u>%</u>	<u>\$</u>
RESIDENTIAL	\$2,100,000	QUEENSTOWN	-2.32%	-\$115
COMMERCIAL	\$20,750,000	QUEENSTOWN	-3.44%	-\$3,462
ACCOMMODATION	\$40,500,000	QUEENSTOWN	-0.60%	-\$1,547
M/U ACCOMMODATION	\$2,675,000	QUEENSTOWN	-1.95%	-\$163
VACANT	\$640,000	QUEENSTOWN	1.73%	\$38
M/U COMMERCIAL	\$920,000	QUEENSTOWN	-1.39%	-\$50
RESIDENTIAL	\$1,200,000	WANAKA	-0.05%	-\$2
COMMERCIAL	\$7,250,000	WANAKA	0.87%	\$355
ACCOMMODATION	\$8,700,000	WANAKA	0.36%	\$211
M/U ACCOMMODATION	\$2,500,000	WANAKA	1.12%	\$95
PRIMARY INDUSTRY	\$6,850,000	WANAKA	-0.74%	-\$61
COUNTRY DWELLING	\$2,000,000	WANAKA	0.24%	\$8
VACANT	\$800,000	WANAKA	0.82%	\$21
M/U COMMERCIAL	\$690,000	WANAKA	0.73%	\$23
RESIDENTIAL	\$1,175,000	ARROWTOWN	-3.72%	-\$130
COMMERCIAL	\$2,875,000	ARROWTOWN	-3.82%	-\$578
ACCOMMODATION	\$1,100,000	ARROWTOWN	0.37%	\$27
M/U ACCOMMODATION	\$1,400,000	ARROWTOWN	-2.75%	-\$146
VACANT	\$550,000	ARROWTOWN	1.14%	\$23
M/U COMMERCIAL	\$690,000	ARROWTOWN	-2.74%	-\$86
PRIMARY INDUSTRY	\$7,000,000	WAKATIPU	-1.08%	-\$76
COUNTRY DWELLING	\$4,100,000	WAKATIPU	-0.04%	-\$2
RESIDENTIAL	\$630,000	GLENORCHY	2.66%	\$62
RESIDENTIAL	\$550,000	ALBERT TOWN	0.46%	\$11
RESIDENTIAL	\$650,000	HAWEA	-0.56%	-\$15
RESIDENTIAL	\$670,000	KINGSTON	2.49%	\$42
RESIDENTIAL	\$750,000	ARTHURS POINT	0.57%	\$13

Policy on Development Contributions

- 13 The Council adopted the last Policy on Development Contributions along with the 10 Year Plan in June 2012. The council may amend the Policy but, the Act requires that the special consultative procedure be used in order to do so. In practical terms this will mean that the Annual Plan will include a separate section dedicated to the revised Policy on Development Contributions.
- 14 The policy was introduced on 1 July 2004. Generally it is working well; however, there is a requirement for regular update in order to ensure its effectiveness. We therefore need to:
- a Update the calculations of the contributions payable on an annual basis.
 - b Review the Policy for required changes as a result of likely legislative change
- 15 The Draft Annual Plan 14/15 was prepared on the assumption that none of the upcoming legislative changes would impact the 2014/15 year. As the Bill has progressed through the parliamentary process, it has become evident that some of the changes will impact 2014/15. In particular, the narrowing of the definition of community facilities.
- 16 In order to keep the anticipated legislative changes consistent with the policy, we have decided to amend the policy to reflect the changes with immediate impact.

- 17 This has resulted in the Policy being re-worked to exclude future capital expenditure which is now outside of the narrower definition of community facilities. This has resulted in a reduction in DC for community facilities:

	Draft	Final
Wanaka	\$2,501	\$1,152
Wakatipu	\$3,627	\$2,878

Local Government Act 2002 Purpose Provisions

- 18 The Annual Plan process is core to the LGA purpose provisions (ss10, 11, 11A) because it provides for public accountability around Council activities and their associated costs. The following are therefore all relevant to the Annual Plan:

- Activity (local democracy, infrastructure, local public services or performance of regulatory functions);
- Quality (efficient, effective and appropriate to present and future circumstances); and, or
- Economic (most cost-effective for households and businesses).

Council Policies

- 19 The following Council Policies were considered:

- Policy on Significance – the adoption of the Annual Plan requires the use of the special consultative procedure.
- Policy on Development Contributions – the annual revision of the Policy is undertaken along with the Annual Plan process
- 10-Year Plan 2012-22
- Annual Plan 2013-14

Consultation

- 20 The process for adopting the Annual Plan and amending the Policy on Development Contributions is:

17-Apr-14	Council adopts draft AP
19-Apr-14	Submissions open
23-Apr-14	Summary AP distributed
Apr-May 14	AP Consultation
19-May-14	Submissions close
26–28 May	Submissions heard
11-Jun-14	Final AP produced including changes
13-Jun-14	AP Review by Audit & Risk Committee
26-Jun-14	Council adopts AP

Publicity

- 21 An Annual Plan summary will be distributed to all ratepayers.

Attachments

- a. Annual Plan 2014/15