

QLDC Council  
7 March 2019

Report for Agenda Item: 1

Department: Corporate Services

Visitor Levy Referendum Resolution

Purpose

- 1 The purpose of this report is to seek a resolution to hold a non-binding Queenstown Lakes District ratepayer referendum, under the Local Electoral Act 2001, on the proposed introduction of the Queenstown Lakes District Visitor Levy.
- 2 It should be noted that this item has been brought as an urgent item to enable the immediate commencement of a referendum process at the earliest opportunity.

Recommendation

That Council:

1. **Note** the contents of this report;
2. **Agree** to hold a non-binding referendum of Queenstown Lakes District ratepayers on the proposal to introduce a Visitor Levy to support the delivery of visitor growth-related infrastructure and services investment; and
3. **Direct** the Electoral Officer to commence the process of conducting a non-binding referendum.

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6/03/2019

Reviewed and Authorised by:



Mike Theelen  
Chief Executive Officer

6/03/2019

## Background

1. A significant development for the future of our district is the announcement that Council is working with Central Government and other bodies to develop a spatial plan for our district's future. This Council has long advocated with Central Government on two counts. Firstly the challenges faced by our district are entirely unique (one ratepayer to every 34 international visitors) and secondly we must look to a unique solution to find a way to ease the burden of infrastructure investment on ratepayers. This Council has been clear that the quantum of future projected cost cannot continue to be borne by our ratepayer base. This scenario is not sustainable.
2. The development is acknowledgement by the Government of these challenges and signifies a commitment to work with QLDC to find a sustainable pathway.
3. There are a number of work streams that flow from a proposed partnership including the future investment as outlined and how the investment is to be funded.
4. Notably the Government has taken the initiative of introducing a Border Levy. Although this initiative will go some way to funding much needed investment into the Department of Conservation estate and enable a contestable fund for some communities, this is not a sustainable or guaranteed revenue for our communities. The income stream will be limited and is not targeted at addressing the direct impact of tourism on local infrastructure. This Council has made a strong case that the revenue model required to sustain future growth and investment must be exceptional. We believe we can create a model that can achieve this and ensures that visitors to our beautiful district make a much-needed contribution to tourism-related infrastructure costs.
5. In broad terms, in 2018 we adopted a Ten Year Plan with an ambitious investment programme of just under a billion dollars over the next ten years. To ensure delivery of this plan Council needs a sustained and legitimate alternate revenue stream. In short, a visitor levy.
6. Whether you live here or are just visiting, everyone's flushing the toilet and driving on the roads so it's only right that everyone shares the cost. If Council does not get funding assistance, it must reprioritise its capital programme in the knowledge that it cannot keep up with the investment that's needed over time. Reprioritisation may potentially diminish the local and visitor experience, leading to reputational damage.
7. Because Council is seeking an exceptional solution QLDC has agreed with the Government that it should seek the local communities view in regards the proposed introduction of a visitor levy.
8. Although the referendum is a poll it will be non-binding. It will offer a clear signal of the appetite of our communities for a mechanism that will enable visitors to pay a fair share towards the tourist related infrastructure required to meet projected growth. Although the outcome of the referendum will not necessarily lead to a visitor levy being enacted by Council or Government, strong support would provide a non-binding mandate.

9. For the Government's part, support or otherwise for a visitor levy, demonstrated through an independent referendum, will lend considerable weight to its consideration of making a change to legislation, which would be required to enable such a levy for the Queenstown Lakes.

## Comment

10. Today's decision is to give effect to a process to enable a referendum to take place. It is not a paper to determine the nature of how a proposed visitor levy will be delivered. This detail is being developed and will be clearly outlined in material that will accompany the voting papers. Council will ensure this material is made widely available and opportunities and forums to outline the model will be held before the final poll.
11. This paper is seeking a resolution to commence the requisite 90 day period, which is required to enable the process of ensuring the electoral roll is accurate. The poll must be completed within 89 days of the notification. Clearly Council will want to make the detail of how the proposed model will be delivered, available as soon as possible.
12. Notice of the date of the poll itself will be issued by the Electoral Officer 28 days before the poll is to close. The poll will be conducted by Electionz.com, which will ensure the integrity of the referendum.

## Options

13. Option 1 Councillors adopt a resolution to enable QLDC to undertake to hold a non-binding referendum on the potential introduction of a visitor levy.

### *Advantages:*

14. This will enable Council and the Government to understand the level of support for or against a visitor levy.

### *Disadvantages:*

15. The poll is non-binding and may not result in legislative change to enable a visitor levy.

16. Option 2 Full Council declines to adopt a resolution to enable QLDC undertakes to hold a non-binding referendum on the potential introduction of a visitor levy.

### *Advantages:*

17. The Council will not meet the cost of a non-binding referendum.

### *Disadvantages:*

18. Council will not have a clear sense of the community's sentiment in any consideration of a legislative change to enable an alternate funding stream by way of a visitor levy.

19. This report recommends **Option One**.

## **Significance and Engagement**

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

## **Risk**

21. This matter relates to the strategic risk SR1 – current and future development needs of the community.

## **Financial Implications**

22. The independent non-binding referendum will be undertaken by Electionz.com in accordance with the Local Electoral Act 2001. The cost of the referendum will be \$70k.

## **Council Policies, Strategies and Bylaws**

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

- 2018-28 Ten Year Plan

## **Local Government Act 2002 Purpose Provisions**

24. 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 businesses.
- Can be implemented through current funding under the 10-Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly 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.

## **Consultation: Community Views and Preferences**

25. The purpose of this paper is to undertake a referendum to seek the views of ratepayers in regards to the proposed introduction of a visitor levy.

26. The Council outlined a clear case in the 2018-2028 Ten Year Plan Consultation Document that it intended to pursue and alternate funding stream with Central Government.

## **Legal Considerations and Statutory Responsibilities**

27. The proposed non-binding referendum will be independently conducted in accordance with the Local Electoral Act 2001.