

**QLDC Council
28 June 2018**

Report for Agenda Item: 1

Department: Corporate Services

10 Year Plan

Purpose

The purpose of this report is to adopt the Queenstown Lakes District Council 2018 - 2028 10 Year Plan.

Executive Summary

- 1 The Council adopted the Council's 2018-2028 10 Year Plan Consultation Document and supporting documents for public consultation on 9 March 2018 in accordance with section 93G of the Local Government Act.
- 2 Submissions opened on the 12 March 2018 and closed on the 13 April 2018. The Council received 586 submissions (notably this is a 6% increase in the number of submissions received on the 2015-2025 10 Year Plan). Hearings were held on the 15 and 16 May at Queenstown and Wanaka, with a record 115 individuals and organisations choosing to address the panel.
- 3 The supporting document (10 Year Plan) has been amended to reflect the submission and hearing process and the Council is required at this meeting to approve a number of subsequent recommendations reflected in the amended supporting documents. Internal and external submissions that have been recommended for inclusion in the plan are contained in this report and are highlighted in the supporting document.
- 4 The rating effect of the proposed 10 Year Plan budget for 2018-28 is an average overall rates increase of 6.89% (after allowing for growth at 3.5%). This is marginally less than the proposed increase of 6.95%.
- 5 In addition to the 10 Year Plan, there were two other matters which were subject to consultation during the same period. These matters were the proposals to amend the fees and charges for resource consents, building consents, resource management engineering and the Policy on Development Contributions for 2018/19.

Recommendation

That Council:

1. **Adopt** the 2018-2028 10 Year Plan (Long Term Plan) pursuant to sections 83, 83A, 85 and 95 of the Local Government Act 2002 [attachment A];

2. **Adopt** the amendments to the Building and Resource Consent Fee Schedules as per section 219 of the Building Act 2004 and section 36 of the Resource Management Act 1991 to come into effect on 1 July 2018 [attachments B & C]; and
3. **Adopt** the Policy on Development Contributions for 2018/19 as per section 102 (4) of the Local Government Act 2002. (pages 197-260 of Vol 2 of the 2018-2028 10 Year Plan (Long Term Plan)).

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GM, Corporate Services

19/06/2018

Reviewed and Authorised by:
Mike Theelen



Chief Executive

20/06/2018

Comment

- 1 Council would like to acknowledge all those who took the opportunity to make a submission on the 10 Year Plan. All submissions were considered but not all can be funded.
- 2 Apart from the obvious funding constraints, there are often policy issues or jurisdictional considerations that must be taken into account. Council did make a number of changes to the budgets as a direct result of the submission process.
- 3 The following is a summary of the changes to the 2018-28 10 Year Plan.
- 4 With potentially the largest and most ambitious plan ever proposed by Council, it was reassuring to see the level of support from an engaged community for the issues raised and Council's proposed options. The feedback was largely supportive (see Executive Summary Attachment D) of the preferred options we proposed for the 'Big Issues' and these are recommended to be adopted by the Council as outlined in the Consultation Document. These big issues were:
 - Queenstown Town Centre Masterplan (scope and timing)
 - Funding the Queenstown Town Centre Masterplan
 - Project Connect and Libraries (changes to previous plans)
 - Wanaka Masterplan (shaping the town's future)
 - Water (major capital programme)
 - Funding small communities' water needs

Audit Process

- 5 It is a statutory requirement that both the Consultation Document and the final 10 Year Plan (Long Term Plan) document are subject to audit.
- 6 This involves a thorough external review of the 10 Year Plan document and the supporting material. The audit process includes an assessment of whether:
 - *the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;*
 - *the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;*
 - *the information in the plan is based on materially complete and reliable information;*
 - *the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;*
 - *the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;*
 - *the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;*
 - *the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;*
 - *the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and*
 - *the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.*
- 7 We expect to receive a positive audit opinion with no qualifications. This provides assurance to the Council and community that the 10 Year Plan does provide a reasonable basis for:
 - long-term, integrated decision-making and co-ordination of the Council's resources; and
 - accountability of the Council to the community;
- 8 As with the audit opinion on the Consultation Document, the final audit opinion will include a special "emphasis of matter" paragraph. This highlights readers of the 10 Year Plan to the significance of the funding assumptions made in relation to the Funding the Queenstown Town Centre Masterplan:
 - *Emphasis of matter relating to Council's assumption regarding external funding to meet forecast capital expenditure*
 - *Without modifying our opinion, we draw attention to assumptions the Council has made about funding (see pages 4 and 23 Volume 1), which*

could affect the timing and extent of capital expenditure projects to be carried out during the next 10 years.

- The Council has proposed a capital expenditure programme of \$990m over 10 years which is a significant increase from \$380m proposed in the 2015/25 Long-Term Plan. A number of the projects within the capital expenditure programme are for the Queenstown Town Centre Master Plan, and these projects are interconnected. A significant project within the Queenstown Town Centre Master Plan is the Queenstown Arterials Programme, which is expected to cost \$148.8m, where the Council has assumed that the New Zealand Transport Agency will provide \$119m (80%). A decision by the New Zealand Transport Agency about whether it will provide this funding is not expected until 2019.*
- If the funding from the New Zealand Transport Agency is significantly less than assumed, the Council has stated that it will need to defer some of the projects in the Queenstown Town Centre Master Plan which may include parking, public transport, street upgrades, and walking/cycling facilities. As a result, actual capital projects and the level of capital expenditure may differ significantly from forecast which could affect proposed levels of service.*

- 9 The QLDC Audit and Risk Committee considered and recommended the draft Consultation Document to Council on 22 February 2018.

Changes approved as a result of external submissions include:

- 10 Apart from the obvious funding constraints, there are often policy issues or jurisdictional considerations that must be taken into account. Council did make a number of changes to the budgets as a direct result of the submission process.

Transport

- 11 The investment in active transport networks for Wanaka (subject to detailed business cases and confirmation of additional NZTA funding) has been increased by \$2.30M to a total of \$3.70M.

Community Services and Facilities

- 12 Increase in vested assets \$14.6m over the ten-year period due to a revised forecast for Reserve Land Contributions, following consultation on the Development Contributions Policy.

Grants

- 13 The following changes were made to grants and funding applications for 2018/19:

14 Economy

- a. Downtown Queenstown - \$25k
- b. Queenstown Mountain Bike Strategy \$20k (Economic Development Fund)

15 Community

- c. Queenstown Trails Trust - \$25k
- d. Happiness House - \$20k
- e. Wakatipu Youth Trust - \$9.68k
- f. Head of the Lakes Trails Trust - \$20k
- g. Te Kakano Aotearoa - \$5k
- h. Albert Town Community Association Lagoon Restoration \$10k
- i. Queenstown Mountain Bike Club Trail maintenance - \$20k
- j. Skyline Queenstown – \$20k
- k. Eligible community associations (up to \$5k annual project grant).

16 Changes approved as a result of internal submissions include:

17 Community Services and Facilities

- l. Increase in 2018/19 budget for developing the Community Services master plan and Sport field demand strategy by \$0.01M.
- m. Increase in costs of \$0.8M relating to the management of Glenorchy Aerodrome.
- n. Rent from the Wanaka Airport long-term lease agreement of \$1.4M over the ten-year period.
- o. Revised calculation of the Lakeview and other campground cabins has increased revenue by \$0.9M.
- p. A \$1.8M decrease in revenue and a \$1.4M increase in maintenance costs have been applied for forestry activities, such as tree thinning costs, and adjusted according to revised programme timings.
- q. Reduction in debt opening balance \$14.5M through pre-paid rent and asset sales received for Wanaka airport via Queenstown Airport Corporation agreement.

18 Environmental Management

- r. The net surplus for Resource Consents has increased by \$1.5M following the approval of increases to user fees and charges offset by a reduction in chargeable hours during the ten year period.
- s. Additional Housing Infrastructure Fund costs of \$14.6m between 2018-25 for Quail Rise and Kingston for Roding and Three Waters because of further developed Business Cases and Quantity survey estimates.
- t. Revenue from development contributions has increased by \$16.3M as a result of additional Housing Infrastructure Fund costs which are funded by development contributions.

19 Water Supply

- u. Construction of a section of the Kawarau Bridge to Frankton Flats supply ring main has a budget increase of \$0.7M to a total project investment of \$1.5M following an updated detailed design.
- v. The budget for the Luggate Water Supply Treatment plant upgrade has been decreased by \$1.2M to \$2.6M following further clarification of costs.
- w. Budget of \$0.1M was brought forward to 2017/18 for the Frankton Flats Water Main project from the BP roundabout to the Kawarau Bridge. Reduction of \$0.1M to \$2.8M in 2018/19.

20 Wastewater

- x. Investment in the Cardrona Wastewater scheme brought forward from 2023-2025 into 2018-2020 following discussions with the developer. There is no change to the overall budget other than a \$0.4M reduction in inflated costs due to timing.
- y. The Project Shotover wastewater treatment plant disposal field budget is reduced by \$1M with sufficient budget to be carried forward from 2017/18 to complete the project.

21 Transport

- i. Investment in both the Crown Range Road and Glenorchy Road has been increased to take advantage of NZTA special funding rates before they are reduced. In years one to three the overall increase in investment is \$4.3M however the effect on roading rates is minimal due to the offset in NZTA funding. The total investment for these projects in the Ten Year Plan is \$7.9M.
- ii. Design for the Brecon Street pedestrianisation is being brought forward from 2019/20 to 2018/19 to be incorporated into similar projects for Beach and Rees Street work. There is no change to the overall investment.
- iii. Investment for the installation of traffic signals to allow safe pedestrian and cycling access to the Shotover Bridge at Arthurs Point has been brought forward into 2018/19 and 2020/21 from 2020-2022 with no change to the overall budget.
- iv. An additional \$2.5M has been brought forward from 2028/29 for town centre cycle network links with the Wakatipu to progress a detailed business case sooner than initially scoped. This increases the overall ten year investment to \$26.0M.
- v. The business case to invest in Mt Aspiring Road (Wanaka) widening and drainage needs to be revisited and therefore \$0.1M has been allowed for this work, whilst the remaining \$4.9M for implementation of the project has been deferred until the business case is updated.
- vi. The budget for the Wanaka Masterplan programme development has been increased by \$0.4M to a total of \$0.9M in 2018-2020.
- vii. An additional \$0.4M has been included in 2018/19 for the development of a Frankton Masterplan.

- viii. Operating expenditure revisions for transport have increased the NZTA subsidy for transport modelling and parking income by \$0.1M and \$4.6M respectively.
- ix. Contractor-related operating costs for additional stormwater maintenance and planned maintenance across 3 waters have increased by a total of \$6.8M over the ten year period.

22 Waste Management

- x. Income from the Central Otago District Council Emissions Trading Scheme contribution for Victoria Flats landfill has been increased by \$1.4M over the ten years.

23 Regulatory Functions and Services

- xi. Income from traffic and parking infringements has been increased in 2018/19 by \$0.5M.
- xii. The costs associated with traffic and parking enforcement and managing abandoned vehicles has been increased in 2018/19 by \$0.2M.
- xiii. \$3.8M increase in operational expenditure for building consents due to an increase in hours worked by external contractors (\$3.3M) and an increase in hourly rate for external contractors (\$0.5M).
- xiv. \$2.3M net decrease in operating income for building consents due to an increase in user fees (\$11.7M) offset by a reduction in chargeable hours (\$14.0M).

24 Finance and Support Services

- xv. An increase in premiums and fringe benefit tax has required the staff medical insurance budget to be increased by \$1.30M over the ten year period.

Rating Implications

25 As outlined, the rating effect of the proposed 10 Year Plan budget for 2018-28 is an average overall rates increase of 6.89% for 2018/19 (after allowing for growth at 3.5%). This is marginally less than the proposed increase of 6.95% signalled in the Consultation Document.

26 The overall rates increase over the full 10 years is 3.41% (after allowing for growth).

Special Consultation Issues

27 As outlined in the Consultation Document the Council undertook two further special consultations in regard to:

- Proposals to amend building and resource consent fees.
- Proposal to amend the Policy on Development Contributions

28 These consultations were undertaken in parallel to the 10 Year Plan consultation process and the hearing of submissions has now been held and recommendations are included in this paper.

In summary the following changes are recommended:

29 Fees and Charges for Planning and Development

- Amendments to the fees and charges for building consents, resource consents, resource management engineering and other matters were proposed through a special consultative procedure. The changes sought to better reflect actual costs of consent processing and to better achieve the Council's funding policy.
- Three submission were received. The Planning and Strategy Committee considered the submissions and recommended that the fees and charges be adopted as notified, with one amendment in response to submissions. The amendment relates to creating a 'basic' and 'complex' category for resource consent variations, to better reflect that these types of resource consents can vary greatly in their complexity.

Policy on Development Contributions

30 Council has completed consultation on the proposed amendments to the Policy on Development Contributions for 2018/19. As well as the annual update of contribution levels as a result of the incorporation of the latest actual expenditure and the revised capital programme proposed by the 10 Year Plan budget for 2018-28, there are additional proposed amendments to the Policy on Development Contributions.

31 In total 5 submissions were received in relation to this matter and after due consideration of the issues raised, Council intends to adopt the proposed amendments as proposed. As a result of submissions received, Council agreed to the following additional amendments:

- Include further Reserve Land disclosures.
- Include revised growth assumptions for Hawea and Luggate.

Rating Implications

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33 The overall rates increase over the full 10 years is 3.41% (after allowing for growth).

Options

34 The 10 Year Plan (Long Term Plan) is a statutory requirement under the Local Government Act 2002 (section 93).

Significance and Engagement

- 35 This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy and has therefore been the subject of the special consultation process. The 10 Year Plan triggers three of the criteria for assessing the significance threshold namely: importance to the district; community interest and impact on the 10 Year Plan and Financial Strategy.

Risk

- 36 This matter relates to the strategic risks namely SR1 current and future development needs, SR3 Legislation and SR5 Business capacity. The 10 Year Plan dictates Council's core business, financial strategy and work programme and accountability for the next 10 years (to be reviewed in 2021).

Financial Implications

- 37 The financial implications are in accordance with the 10 Year Plan funding and financial policies which are in accordance with section 102 of the Local Government Act:

(1) A local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt the funding and financial policies listed in subsection (2).

(2) The policies are—

(a) a revenue and financing policy; and

(b) a liability management policy; and

(c) an investment policy; and

(d) a policy on development contributions or financial contributions Council Policies, Strategies and Bylaws

- 38 Policy on Significance and Engagement – the Consultation Document highlighted that the policy had been reviewed as of March 2018 and minor amendments made. The adoption of the 10 Year 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/ 10 Year Plan process.
- 10-Year Plan 2015-25
- Annual Plan 2016-17
- Annual Plan 2017-18

Local Government Act 2002 Purpose Provisions

- 39 The 10 Year Plan is core to the Local Government Act 2002 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 10 Year Plan:

- to enable democratic local decision-making and action by, and on behalf of, communities; and
- to 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.
- This relates to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services, and performance that are:
 - (a) efficient; and
 - (b) effective; and
 - (c) appropriate to present and anticipated future circumstances.

Consultation: Community Views and Preferences

40 Community consultation was undertaken in two phases:

- Pre-consultation (August/September/October 2017)
- Consultation (March/April 2018)

41 The pre-consultation process was delivered under the theme of 'building momentum'. Officers and councillors met with every community association in the district to gather ideas and suggestions for consideration in preparing the draft Ten Year Plan.

42 The 2018-2028 10 Year Plan consultation saw the Consultation Document published online, available from Libraries and Council offices and circulated as per Scuttlebutt (Council newsletter) distribution, represented through a roadshow involving multiple and district-wide 'pop-up' engagement opportunities in accordance with the Special Consultation Procedure (as prescribed under section 93 and in accordance with section 83). The following is an outline of consultation key dates:

9 March 2018	2018-2028 10 Year Plan Consultation Document adopted
12 March 2018	Public Submissions opened
13 April 2018	Public Submissions closed
15-16 May 2018	Hearing of Submissions
28 June 2018	10 Year Plan recommended for adoption

Legal Considerations and Statutory Responsibilities

43 The 10 Year Plan (Long Term Plan) is a statutory requirement under the Local Government Act 2002 (section 93).

Attachments

- A 10 Year Plan (circulated separately)
- B Resource Consent Fee Schedule
- C Building Consent Fee Schedule
- D 10 Year Plan Executive Summary