

QLDC Council

31 August 2023

Report for Agenda Item | Rīpoata moto e Rāraki take [1]

Department: Assurance, Finance & Risk

Title | Taitara : Setting of Rates for 2023/24

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to set the rates for the Queenstown Lakes District Council for the 2023/24 financial year as per section 23 of the Local Government (Rating) Act 2002.

Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the contents of this report; and
2. **Set** the rates for the Queenstown Lakes District Council for the 2023/24 financial year in accordance with section 23 of the Local Government (Rating) Act 2002 [as per Attachment A].

Prepared by:



Name: Stewart Burns
Title: GM Assurance, Finance & Risk
16 August 2023

Reviewed and Authorised by:



Name: Mike Theelen
Title: Chief Executive
16 August 2023

Context | Horopaki

1. The Council adopted the Annual Plan 2023/24 on 29 June 2023 and the detailed work required to calculate the rates for 2023/24 has been completed. The rates are largely as expected. The rates resolution can only be made after the Ten Year Plan/Annual Plan has been adopted.
2. The Local Government (Rating) Act 2002 and the Local Government Act 2002 provisions mean that the draft Annual Plan or draft Ten Year Plan (LTP) has become the primary notification to the public of the proposed rates for the new year.
3. Rates can only be set by resolution of the Council.

Analysis and Advice | Tatāritaka me kā Tohutohu

4. The final rates for the 2023/24 year as per the attached resolution are substantially as expected. The indicative rates information published in the Annual Plan 2023/24 are the Council's best estimate at that time. They are subject to change as a result of alterations made to the draft budgets through the submission process which may have a funding impact and to changes in the capital value of the district which may occur between adoption of the draft plan and 30 June.
5. District-wide the actual annual increase in capital value is 2.4% (2022: 3.2%) compared to 3.5% allowed for in the Annual Plan 2023/24. This amount reflects the estimated growth in rating base for the past year. The overall increase in the Wanaka ward was 2.84% (2022: 3.07%) compared to 2.1% (2022: 3.26%) within the combined Wakatipu/Arrowtown wards. The capital value growth factor for the year is therefore below the forecast at 2.4%; less than the 3.5% allowed for in the Annual Plan 2023/24.
6. The total number of rateable units for the 2023/24 year is estimated to be 32,455 (2022: 1,364) which represents an increase of 3.5% (2022: 3.75%) on last year. The rating unit growth factor for the year is therefore consistent with the 3.5% forecast allowed for in the Annual Plan 2023/24.

Impact on Rates

7. As a result of the Annual Plan 2023/24 submission process, the overall average rates increase moved from 13.6% to 14.2% (after allowing for growth). This shift reflects the combined impact of Council's budget changes, responses to community and internal submissions, and mitigating actions outlined in this Annual Plan. The average rates increase of 14.5% is now slightly above the indicative rates information published in the final Annual Plan 2023/24.
8. The impact of the rates increase for 2023/24 will not be even across all property types and locations. This is largely because of the impact of targeted rates which are often ward or scheme based and the availability of reticulated services.
9. The columns on the left-hand side of the tables below labelled '23/24 Final' show the final proposed rates movement for 2023-2024. These have been compared to the estimated rates in the final Annual Plan document adopted on 29 June 2023 labelled '23/24 AP' below.

10. There is a high degree of consistency between the final proposed rates and the estimated rates in the final Annual Plan document. Most of the rates increases show less than \$60 annual difference to what was indicated in the final Annual Plan document. The average variance for median value properties is \$30 per annum. Those that show a difference greater than \$60 per annum are for types of property or in areas that did not experience the rate of growth anticipated (i.e. Arrowtown & Queenstown Commercial and Accommodation).

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 23/24								
Median Values			23/24	23/24	23/24	23/24		
	new		Final	Final	AP	AP	Diff	Diff
PROPERTY TYPE	CV	LOCATION	%	\$	%	\$	%	\$
RESIDENTIAL	\$1,390,000	QUEENSTOWN	13.62%	\$467	13.18%	\$452	0.45%	\$15
COMMERCIAL	\$2,999,000	QUEENSTOWN	14.77%	\$1,064	13.62%	\$981	1.15%	\$83
ACCOMMODATION	\$2,860,000	QUEENSTOWN	13.09%	\$1,490	12.35%	\$1,406	0.73%	\$84
M/U ACCOMMODATION	\$1,720,000	QUEENSTOWN	14.37%	\$655	13.77%	\$628	0.60%	\$27
VACANT	\$1,086,000	QUEENSTOWN	15.17%	\$398	14.56%	\$382	0.61%	\$16
M/U COMMERCIAL	\$1,565,000	QUEENSTOWN	13.90%	\$557	13.26%	\$532	0.64%	\$25
RESIDENTIAL	\$1,298,000	WANAKA	14.37%	\$486	14.04%	\$475	0.33%	\$11
COMMERCIAL	\$1,780,000	WANAKA	9.10%	\$474	9.68%	\$505	-0.58%	-\$30
ACCOMMODATION	\$1,724,000	WANAKA	10.22%	\$832	10.61%	\$863	-0.39%	-\$32
M/U ACCOMMODATION	\$1,613,000	WANAKA	12.40%	\$564	12.40%	\$564	0.00%	\$0
PRIMARY INDUSTRY	\$7,138,000	WANAKA	14.93%	\$714	14.38%	\$688	0.55%	\$26
COUNTRY DWELLING	\$2,465,000	WANAKA	16.53%	\$473	16.20%	\$463	0.33%	\$9
VACANT	\$907,500	WANAKA	14.31%	\$358	13.99%	\$350	0.32%	\$8
M/U COMMERCIAL	\$1,390,400	WANAKA	13.00%	\$507	12.91%	\$503	0.09%	\$4
RESIDENTIAL	\$1,437,000	ARROWTOWN	15.34%	\$543	13.88%	\$492	1.46%	\$52
COMMERCIAL	\$3,302,000	ARROWTOWN	14.95%	\$1,144	13.23%	\$1,012	1.72%	\$132
ACCOMMODATION	\$2,689,000	ARROWTOWN	15.83%	\$1,456	14.33%	\$1,318	1.50%	\$138
M/U ACCOMMODATION	\$1,380,000	ARROWTOWN	15.18%	\$629	13.81%	\$573	1.37%	\$57
VACANT	\$1,180,000	ARROWTOWN	17.35%	\$463	16.26%	\$434	1.09%	\$29
M/U COMMERCIAL	\$1,430,000	ARROWTOWN	15.13%	\$590	13.62%	\$531	1.51%	\$59
PRIMARY INDUSTRY	\$5,750,000	WAKATIPU	22.05%	\$847	20.94%	\$805	1.11%	\$43
COUNTRY DWELLING	\$3,281,000	WAKATIPU	22.11%	\$708	21.24%	\$680	0.88%	\$28
RESIDENTIAL	\$892,000	GLENORCHY	16.68%	\$466	16.93%	\$473	-0.25%	-\$7
RESIDENTIAL	\$1,042,000	LAKE HAYES	16.54%	\$511	15.61%	\$483	0.92%	\$29
RESIDENTIAL	\$843,000	HAWEA	10.49%	\$295	12.33%	\$347	-1.84%	-\$52
RESIDENTIAL	\$788,000	LUGGATE	13.68%	\$416	13.61%	\$414	0.07%	\$2
RESIDENTIAL	\$840,000	KINGSTON	19.77%	\$364	19.20%	\$353	0.57%	\$10
RESIDENTIAL	\$1,013,000	ARTHURS POINT	15.49%	\$486	13.47%	\$423	2.02%	\$63

11. The impact on both the Higher Values and Lower Values follows a similar pattern with similar percent variations although the nominal differences vary according to capital value of the properties. Most of the rates increases for lower value properties show less than \$40 annual difference to what was indicated in the final Annual Plan document. The average variance for lower value properties is \$18 per annum. Most of the rates increases for higher value properties show less than \$200 annual difference to what was indicated in the final Annual Plan document. The average variance for higher value properties is \$140 per annum.

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 23/24								
Lower Values			23/24	23/24	23/24	23/24		
			Final	Final	AP	AP	Diff	Diff
PROPERTY TYPE	CV	LOCATION	%	\$	%	\$	%	\$
RESIDENTIAL	\$862,000	QUEENSTOWN	12.82%	\$378	12.50%	\$369	0.32%	\$9
COMMERCIAL	\$680,000	QUEENSTOWN	11.77%	\$348	10.78%	\$318	0.99%	\$29
ACCOMMODATION	\$920,000	QUEENSTOWN	12.28%	\$528	11.66%	\$501	0.62%	\$27
M/U ACCOMMODATION	\$1,004,000	QUEENSTOWN	13.13%	\$473	12.69%	\$458	0.43%	\$16
VACANT	\$584,000	QUEENSTOWN	13.99%	\$306	13.54%	\$296	0.45%	\$10
M/U COMMERCIAL	\$996,000	QUEENSTOWN	13.14%	\$441	12.62%	\$424	0.52%	\$17
RESIDENTIAL	\$1,172,000	WANAKA	14.48%	\$472	14.16%	\$462	0.32%	\$11
COMMERCIAL	\$815,000	WANAKA	10.76%	\$353	10.86%	\$356	-0.10%	-\$3
ACCOMMODATION	\$775,000	WANAKA	9.05%	\$367	9.46%	\$383	-0.40%	-\$16
M/U ACCOMMODATION	\$1,093,000	WANAKA	12.83%	\$488	12.80%	\$487	0.03%	\$1
PRIMARY INDUSTRY	\$2,030,000	WANAKA	16.89%	\$390	16.43%	\$380	0.46%	\$11
COUNTRY DWELLING	\$1,868,000	WANAKA	16.84%	\$415	16.57%	\$408	0.27%	\$7
VACANT	\$785,000	WANAKA	14.39%	\$343	14.07%	\$336	0.31%	\$8
M/U COMMERCIAL	\$945,000	WANAKA	13.61%	\$456	13.47%	\$451	0.14%	\$5
RESIDENTIAL	\$1,428,000	ARROWTOWN	15.33%	\$542	13.88%	\$490	1.46%	\$51
COMMERCIAL	\$1,101,000	ARROWTOWN	14.25%	\$524	12.37%	\$455	1.88%	\$69
ACCOMMODATION	\$710,000	ARROWTOWN	12.80%	\$477	11.49%	\$428	1.31%	\$49
M/U ACCOMMODATION	\$1,193,000	ARROWTOWN	15.02%	\$584	13.68%	\$532	1.34%	\$52
VACANT	\$703,000	ARROWTOWN	16.66%	\$376	15.63%	\$352	1.03%	\$23
M/U COMMERCIAL	\$1,280,000	ARROWTOWN	15.08%	\$561	13.59%	\$506	1.49%	\$56
PRIMARY INDUSTRY	\$2,293,000	WAKATIPU	21.49%	\$496	20.59%	\$475	0.90%	\$21
COUNTRY DWELLING	\$1,646,000	WAKATIPU	21.51%	\$472	20.86%	\$457	0.65%	\$14
RESIDENTIAL	\$613,000	GLENORCHY	16.00%	\$393	16.17%	\$397	-0.17%	-\$4
RESIDENTIAL	\$950,000	LAKE HAYES	16.46%	\$497	15.54%	\$469	0.91%	\$28
RESIDENTIAL	\$734,000	HAWEA	10.62%	\$287	12.43%	\$336	-1.81%	-\$49
RESIDENTIAL	\$670,000	LUGGATE	12.81%	\$410	12.71%	\$407	0.10%	\$3
RESIDENTIAL	\$643,000	KINGSTON	19.75%	\$333	19.25%	\$325	0.50%	\$8
RESIDENTIAL	\$864,000	ARTHURS POINT	15.31%	\$458	13.30%	\$398	2.01%	\$60

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 23/24								
Higher Values			23/24	23/24	23/24	23/24		
	new		Final	Final	AP	AP	Diff	Diff
PROPERTY TYPE	CV	LOCATION	%	\$	%	\$	%	\$
RESIDENTIAL	\$5,020,000	QUEENSTOWN	16.03%	\$1,079	15.20%	\$1,022	0.84%	\$56
COMMERCIAL	\$35,800,000	QUEENSTOWN	14.62%	\$13,286	13.47%	\$12,237	1.15%	\$1,049
ACCOMMODATION	\$71,000,000	QUEENSTOWN	11.98%	\$34,815	11.30%	\$32,823	0.69%	\$1,992
M/U ACCOMMODATION	\$5,012,000	QUEENSTOWN	16.68%	\$1,492	15.77%	\$1,410	0.92%	\$82
VACANT	\$1,501,000	QUEENSTOWN	15.88%	\$474	15.18%	\$453	0.70%	\$21
M/U COMMERCIAL	\$2,170,000	QUEENSTOWN	14.48%	\$681	13.75%	\$647	0.72%	\$34
RESIDENTIAL	\$3,044,000	WANAKA	13.41%	\$677	12.98%	\$656	0.43%	\$22
COMMERCIAL	\$15,220,000	WANAKA	9.31%	\$4,332	9.79%	\$4,556	-0.48%	-\$223
ACCOMMODATION	\$22,850,000	WANAKA	10.59%	\$9,219	11.10%	\$9,665	-0.51%	-\$446
M/U ACCOMMODATION	\$5,840,000	WANAKA	11.58%	\$1,347	11.60%	\$1,349	-0.01%	-\$1
PRIMARY INDUSTRY	\$26,656,000	WANAKA	13.71%	\$1,952	13.10%	\$1,866	0.61%	\$87
COUNTRY DWELLING	\$5,599,000	WANAKA	15.72%	\$779	15.24%	\$755	0.47%	\$23
VACANT	\$2,724,000	WANAKA	13.67%	\$576	13.27%	\$559	0.40%	\$17
M/U COMMERCIAL	\$1,750,000	WANAKA	12.62%	\$547	12.56%	\$545	0.06%	\$3
RESIDENTIAL	\$3,505,000	ARROWTOWN	15.86%	\$881	14.20%	\$789	1.66%	\$92
COMMERCIAL	\$7,732,000	ARROWTOWN	14.55%	\$2,484	12.78%	\$2,182	1.77%	\$302
ACCOMMODATION	\$4,580,000	ARROWTOWN	14.90%	\$2,576	13.10%	\$2,265	1.80%	\$312
M/U ACCOMMODATION	\$3,220,000	ARROWTOWN	16.13%	\$1,077	14.60%	\$975	1.52%	\$102
VACANT	\$1,570,000	ARROWTOWN	17.77%	\$534	16.64%	\$501	1.12%	\$34
M/U COMMERCIAL	\$1,687,000	ARROWTOWN	15.21%	\$640	13.68%	\$575	1.54%	\$65
PRIMARY INDUSTRY	\$24,520,000	WAKATIPU	22.36%	\$2,979	21.09%	\$2,810	1.27%	\$170
COUNTRY DWELLING	\$8,702,000	WAKATIPU	22.78%	\$1,493	21.65%	\$1,419	1.13%	\$74
RESIDENTIAL	\$1,120,000	GLENORCHY	17.13%	\$526	17.42%	\$535	-0.29%	-\$9
RESIDENTIAL	\$1,437,000	LAKE HAYES	16.85%	\$573	15.89%	\$540	0.96%	\$33
RESIDENTIAL	\$1,468,000	HAWEA	9.91%	\$342	11.87%	\$410	-1.96%	-\$68
RESIDENTIAL	\$965,000	LUGGATE	12.90%	\$444	12.76%	\$440	0.13%	\$5
RESIDENTIAL	\$1,126,000	KINGSTON	19.79%	\$408	19.14%	\$395	0.65%	\$13
RESIDENTIAL	\$1,497,000	ARTHURS POINT	15.97%	\$579	13.94%	\$505	2.03%	\$74

Options:

12. This report identifies and assesses the following options as required by section 77 of the Local Government Act 2002.

Option 1 Set the Rates for 2023/24

Option 2 Do not Set the Rates for 2023/24

13. This report recommends **Option 1**. Setting the rates allows Council to recover the costs of providing services to the community as laid out in the 2023/24 Annual Plan. If the rates are not set, Council will not secure the funding needed to operate.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

14. This matter is of medium significance, as determined by reference to the [Council's Significance and Engagement Policy](#) because the setting of rates impacts on all ratepayers and is a matter of high public interest. The Long Term Plan (LTP)/ Annual Plan process, however, requires the Special Consultative Process, and as the rates are in line with those consulted on, no further consultation is required.

Māori Consultation | Iwi Rūnaka

15. The Council consulted with Te Ao Marama and Aukaha on behalf of Mana Whenua to outline Long Term Plan (LTP) projects.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

16. This matter relates to the Regulatory/Legal/Compliance risk category. It is associated with RISK 00026 'Ineffective management of our rating and development contribution model' within the QLDC Risk Register. This risk has been assessed as having a moderate inherent risk rating.

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

Financial Implications | Kā Riteka ā-Pūtea

18 The rates which are set as a result of this decision have no direct financial implication for Council. They represent the mechanism for collecting budgeted revenues adopted The Long Term Plan (LTP)/ Annual Plan.

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

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

- 2021-31 Long Term Plan
- Annual Plan 2023/24
- Revenue and Financing Policy.

20. The recommended option is consistent with the principles set out in the named policies.

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

21. 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 collection of rates is the Council's primary way of raising funds to deliver services. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

22. The recommended option:

- Can be implemented through current funding under the Long Term Plan and Annual 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	Rates and Charges for 2023/24
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