

Property Council New Zealand

Submission on

Queenstown Lakes District Council's Draft Annual Plan 2026-27

24 April 2026

For more information and further queries, please contact

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Queenstown Lakes District Council
Via online

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1. Summary

- 1.1. Property Council New Zealand's South Island Regional Committee ("Property Council") welcomes the opportunity to provide feedback on Queenstown Lakes District Council's Draft Annual Plan 2026-27 ("draft Annual Plan").
- 1.2. Property Council is concerned that the draft Annual Plan proposes significant rates and fee increases, alongside continued business and vacant site differentials, placing pressure on ratepayers and investment. A stronger focus is needed on reducing expenditure, improving transparency and forecasting, and adopting alternative funding approaches.

2. Recommendations

- 2.1 At a high level, we recommend that Queenstown Lakes District Council:
 - Reduce the scale of future rates increases through careful management of operational and capital expenditure;
 - Continue to provide clear rationale for fee increases;
 - Provide clarity about the proposed annual inflationary adjustment for development contributions, including publication of the 2025-26 development contribution charges in the updated development contribution policy;
 - Ensure funding reform under the next Long-Term Plan is transparent and fair to developers, residents and the tourism sector; and
 - Consult on funding for the Wānaka-Upper Clutha Community Board priority projects as part of the Long-Term Plan.

3. Introduction to Property Council New Zealand

- 3.1. Property Council is the leading not-for-profit advocate for New Zealand's most significant industry, property. Our organisational purpose is, "Together, shaping cities where communities thrive."
- 3.2. The property sector shapes New Zealand's social, economic and environmental fabric. Property Council advocates for the creation and retention of a well-designed, functional and sustainable built environment, in order to contribute to the overall prosperity and well-being of New Zealand.

- 3.3. Property is Otago's largest industry. There are around \$11.4 billion in property assets across Otago, with property providing a direct contribution to GDP of \$1.8 billion and employment for 12,360 Otago residents.
- 3.4. Property Council is the collective voice of the property industry. We connect property professionals and represent the interests of 85 Otago companies (and their teams) across the private, public and charitable sectors.
- 3.5. This document provides Property Council's feedback on the [Queenstown Lakes District Council's Draft Annual Plan 2026-27](#) and related consultation material, with comments and recommendations on issues relevant to our members. Reflecting the diversity of our membership, Property Council members may wish to comment in greater detail on issues specific to their business. Accordingly, we support individual members providing separate submissions addressing those matters.

4. Rates

- 4.1. We are concerned that the proposed average rates increase for the 2026-27 year is 11.7%. Although this is less than the rates increase of 13.5% last year and in line with the forecast increase of 11.6% in the Long-Term Plan, 11.7% is significant for any ratepayer.
- 4.2. The rates increase for businesses in Queenstown and Arrowtown are higher again at 12.8% and 14.9% respectively. This places additional pressure on a sector already facing rising operating costs. Rates form a significant component of property operating expenses, and over time have increased much faster than inflation. The cumulative effect of large, year-on-year increases compounds costs and places growing pressure on property owners and their tenant businesses.
- 4.3. From a construction perspective in Queenstown, the proposed rates increase adds another layer of pressure onto an already stretched environment. Projects are already dealing with high build costs and tight margins. Rate increases of this scale affect feasibility even further.
- 4.4. Businesses and visitors are feeling the pinch with the cost-of-living crisis and global economic conditions. We urge careful management of Council's operational expenditure.
- 4.5. As a core principle, Property Council supports the use of fair, transparent, user-pays funding models for local government. We advocate for all local authorities throughout New Zealand to investigate funding methods that provide alternatives to general rates. For example, targeted rates, user-charges, Special Purpose Vehicles, asset recycling and external fundraising.
- 4.6. These alternative models meet the legislative principles of transparency and objectivity for funding local government set out in both the *Local Government Act 2002* and *Local*

Governing (Rating) Act 2002. Our approach is also consistent with the recommendation of the New Zealand Productivity Commission that local government should adopt a more transparent approach to rating tools and other funding sources¹.

5. Fees and charges

- 5.1. For the 2026-27 financial year, Queenstown Lakes District Council proposes to increase resource consenting and building consenting fees, and other fees associated with planning and development. According to the draft Annual Plan the price increase methodology is CPI rounded, with the CPI increase being 2.2%.
- 5.2. We're glad to see clear justification for the proposed increase. Rising consenting costs directly affect project feasibility and investment decisions, so we support Queenstown Lakes District Council's transparent and consistent approach. Property Council encourages user-pays apportionment of cost. Focusing on user-pays opportunities reduces the burden on the wider ratepayer base and mitigates the need for high rates increases.

6. Development contributions

- 6.1. As part of the draft Annual Plan consultation, Queenstown Lakes District Council is also inviting feedback on the draft Updated Development Contributions Policy 2026-27 ("the draft DC Update").
- 6.2. The proposed 3.77% increase is presented in a confusing way in the draft DC Update. The document shows the proposed change in development contribution charges over two years, from 2024-25 to 2026-27. It appears no inflationary adjustment for 2025-26 development contributions was made, and that Queenstown Lakes District Council is now proposing an increase of 3.77% to make up for a year of under-collection.
- 6.3. However, there was an inflationary adjustment of 2.4% last year (2025-26). The annual percentage change in development contributions from 2024-25, 2025-26 and 2027-26 should be shown clearly.
- 6.4. Like fees and charges, development contributions are a cost that can directly affect project feasibility and investment decisions. Property Council notes the Government's proposed reform of development contributions, with implementation of a new development levies regime expected during 2027–2028. In the interim, it is critical that Queenstown Lakes District Council's development contributions settings remain stable and predictable. Maintaining consistent charges will provide the certainty required for property investment and project delivery during the transition period.

¹Local government funding and financing. Retrieved from <https://www.productivity.govt.nz/inquiries/local-government-funding-and-financing/>

6.5. We recommend setting out the 2025-26 development contributions in the draft DC Update, alongside the previous 2024-25 charges and proposed 2026-27 charges.

7. Early Long-Term Plan engagement

Funding reform

- 7.1. The consultation material explains that early engagement for next year's Long-Term Plan has identified key themes to focus on. These are: prioritising basic services, economic diversification, funding reform, and prioritising communities and the environment.
- 7.2. On the theme of funding reform, the community has indicated the Queenstown Lakes District Council should "advocate and use funding tools where tourists and developers contribute more to the costs of growth & infrastructure."
- 7.3. There is a growing sense among residents that they are carrying a disproportionate share of the cost to service demand that is heavily visitor driven. Developers feel the same way. Visitor numbers are a big part of the wider challenge for the Queenstown Lakes area. The ratepayer base is relatively small, but at peak times the population effectively doubles. This puts real strain on roads, transport networks, water, and core services - driving the need for upgrades and ongoing infrastructure investment.
- 7.4. We are concerned about community expectations for developers to assume even more responsibility for the costs of growth and infrastructure. Developers already contribute to such costs via a mix of rates, consenting fees, development contributions, and other council charges. These outlays stack together and bite into project feasibility. Some developments are getting harder to progress, delivery timelines are stretching, and end costs keep moving upwards.
- 7.5. We recommend that the Long-Term Plan incorporates a more balanced approach to infrastructure funding that recognises the scale of visitor impact and utilises different funding mechanisms (refer to paragraphs 5.4 and 5.5 above). Without a different approach, affordability and delivery of development projects in Queenstown will continue to tighten.

Wānaka-Upper Clutha Community Board priority projects

- 7.6. The consultation material mentions the potential to reprioritise funding in the draft Annual Plan to enable the Wānaka-Upper Clutha Community Board's priority projects. The projects include Roys Bay Jetty renewal, a standalone lakefront pathway project, new links between McDougall Street carpark and the Water Sports carpark, Lower Helwick Street redevelopment, an artificial sports turf and improvements to the shared path network.
- 7.7. The draft Annual Plan does not provide any detail of the trade-offs that may be required to progress these priority projects, and the consultation material is light on detail about

potential funding sources. Investment in community infrastructure projects for Wānaka will support the accessibility, attractiveness and liveability of the town, but there needs to be certainty, transparency and equity in the funding models applied.

7.8. We recommend setting out detail of the proposed projects and how they will be funded in next year's Long-Term Plan, rather than substantially changing the draft Annual Plan.

8. Conclusion

8.1. Property Council advocates for the creation of a well-designed, functional and sustainable built environment.

8.2. We are concerned about increased pressure on ratepayers and businesses from the proposed rates increases and visitor demand on local infrastructure and services. Queenstown Lakes District Council should focus on cost control and alternative funding methods to ensure Queenstown Lakes District remains vibrant and attractive for residents, visitors and businesses.

8.3. Property Council members invest, own, and develop property in the Queenstown Lakes District. We wish to thank the Queenstown Lakes District Council for the opportunity to submit on draft Annual Plan as this gives our members a chance to have their say in the future of our city. **We also wish to be heard in support of our submission.**

8.4. Any further enquires do not hesitate to contact Samantha Lay Yee, Senior Advocacy Advisor, via email: samantha@propertynz.co.nz or phone: 09 300 9580.

Yours Sincerely,



Tom Chatterton
South Island Regional Committee Chair
Property Council New Zealand