

Queenstown Lakes District Council

Council Community Plan – 2009/2019

Volume	1	Overview and Summary
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Foreword

Message from the Mayor

The Council has a legislative obligation to produce a 10-Year Plan which shows the community the policy changes, plan changes, bylaws, works and community projects which are planned for the decade to come and how these various projects are to be funded. This is the third such plan produced in the Lakes District and it clearly identifies the funding challenges this community faces in meeting the demands of growth.

The Council has chosen to include in this plan its current understanding of the cost estimates of a number of large community and works related projects planned for the future. This fully discloses to the community the nature and cost of these projects even though the Council accepts that in their current form, loan funding the growth portion of their cost will be extremely difficult.

That does not mean that the Council will step away from its policy of having the costs of growth met by those who create that growth. To do that would impose an unreasonable and unfair financial burden on the current population. Instead we have to find smarter ways of undertaking these projects and a wider range of mechanisms, than those currently available, for funding them.

The Lakes District is not the only Council facing significant funding challenges for its growth economy. Council has joined with several other high growth communities to better understand this issue and to open a joint discussion with government in order to find solutions that will allow growth to be funded in a way that does not compromise the community of today. For more on the 10-Year Plan's financial affordability please go to key issues on page 11. On completion of the consultation process, submissions, hearings and deliberations the Council has chosen to confirm its position on financial affordability.

This is a Long Term Council Community Plan. Councillors and the executive spent twelve months putting the draft together, which was consulted on during April/May 2009. I am grateful to the community for engaging with us (1143 submissions) to assist the Council in taking significant decisions regarding our future.

Clive Geddes
Mayor

Introduction from Chief Executive

Where have we been and where are we going?

1. The Council, in previous 10-Year Plans identified the ongoing strategic challenge for this District as being growth. That hasn't changed.
2. In response it has put in place a strong programme to achieve the best outcomes for the community. To provide for effective sustainable growth in the district we have :
 - a) Substantially implemented a programme of new policies in the District Plan, Bylaws and other areas to shape the future form of our communities.
 - b) Committed to capital investment for water, sewerage, roads and solid waste that ensures that the District is 100% pure, that the infrastructure meets high quality standards and is available where and when needed.
 - c) Built new community facilities and provided community programmes that support local needs.
 - d) Developed a funding regime (including rates, loans, and development contributions) that ensures everyone contributes fairly to the community.
 - e) Replaced aging contracts for the maintenance of services to achieve modern standards and programmes.
 - f) Put in place new governance structures that emphasise the community-based, not-for-profit nature of Council institutions.
3. Our understanding of the rate of growth is crucial particularly to the timing of our ongoing programme. Volume 4 of our 10-Year Plan is again dedicated to growth modelling for the next 20 years.
4. While we need to retain confidence in the future of the communities of the Queenstown Lakes District it is evident that the rates of growth forecast in past 10-Year Plans will not be sustained during 2009 and into 2010. We do expect historical rates of growth to resume thereafter although there is considerable room to debate the timing of that revival.
5. This 10-Year Plan has allowed the Council to identify that current funding sources are not adequate to fund the programme contained within it and that forecast debt levels are not affordable. Please go to page 11 for further discussion on this key issue. After consultation with our communities, the Council has chosen to confirm this position in the 10-Year Plan and pursue the course outlined, which will bring the plan to affordability by 2012.

How has the economic climate influenced the 10-Year Plan?

6. The focus of the early years of this new 10-Year Plan is to align our policy, investment and services with our knowledge on the impacts of the current international economic recession. What we already know is that a number of capital projects in particular will not be required as quickly as previously thought.
7. For a number of years Council has pursued a policy that those who benefit from growth - and this includes locals who benefit from higher service levels - should meet the costs that growth impose on the community. By deferring non-critical investment and programmes in the early years of the 10-Year Plan the Council is sticking to this principle.

8. This deferral approach should also ensure that costs on ratepayers (through rates, user charges, levies, and debt) are made as affordable as possible. We are also conscious however that there is risk and also uncertainty around rescheduling of projects to match demand. For example:

- a) There is considerable uncertainty around the timing of economic recovery. To ensure that Council and the community is well placed to take advantage of an early recovery, land acquisition and consenting activity will continue, where to do otherwise might put the community at risk. This avoids delay caused by elements that are not entirely in Council's control.
- b) For some small communities in particular it is possible that the growth needed to make some basic infrastructure affordable may be much longer in coming, or may not happen in the foreseeable future. Council has deferred investment in such new schemes until it has a level of confidence in the long term affordability particularly of water and sewerage schemes.
- c) By deferring (in part) the introduction of organic waste (food and green waste) recycling facilities the Council will need to revise its waste diversion targets, and the life of the landfill will consequently be reduced. The relatively brief deferral of these initiatives is not seen as having a serious effect on the life of the landfill overall.

Affordability of this 10-Year Plan

As outlined the Council has closely reviewed all activities to deliver an affordable programme for years 1-4 (2009-2013). While the Council is confident that the programme for the first four years is deliverable, it needs to be flagged that some of the capital expenditure in years five to 10 may not be undertaken unless additional sources of funding are secured. Options for this include Central Government assistance, some form of public/private partnerships to deliver key infrastructure or the sale of non-essential community assets.

We have forecast that by the end of year three, external debt will have risen to \$137m and by the end of the 10-year period; it would reach \$393m. This is over three times the amount anticipated in the last 10-Year Plan and Council recognises that this is not a realistic proposition for our community.

Among the projects in this plan are several very expensive growth driven investments: roading (Inner Links \$51 million), water supply (Jardines intake and main \$48 million), wastewater (Project Shotover Stage 2 \$35 million), stormwater (\$5 million) and community projects (Queenstown Events Centre extensions and developments (\$29 million).

Other issues

Over the full term of this 10-Year Plan the Council will invest \$666 million in capital improvements on roading, transportation, water, sewerage, storm water, and solid waste (80% of the Council's total capital budget). The annual operating cost of these services in 2009/10 will be \$42.1 million. (55.6% of the Council's total operating budget). To deliver these projects and services in 2009/10 the Council will spend \$13.9 million on engineering services, including \$8 million specifically on getting new projects designed.

Council has also been aware that, since it set up Lakes Engineering Ltd, there have been mutual frustrations between that council-controlled-company and the 'in house' staff. It is also aware that many parts of the community find it difficult to understand how the relationship between Council staff, the company and other consultant engineering firms works.

Given the difficulties being experienced, and the significance of these activities, the Council invited the CEO and directors of Lakes Engineering to investigate bringing Council employees and the staff of Lakes Engineering together into one new entity and reducing reliance on external consultants to specific specialist areas. All of the staff in the new Council entity will be directly employed by Council. They will now work

together as one team.

The workload for this team has been carefully assessed on the basis of the work proposed in this 10-Year Plan. An establishment of 24.5 (full time equivalent) engineering staff has been accepted by Council. This in house team will cost \$4.76 million (including Council overheads) in 2009/10. A further \$1.14 million will be invested in specialist consultant engineering services in the same year. In addition, \$8.0 million has been budgeted specifically for the design of the \$41.7 million of capital projects set out in the first year of the 10-Year Plan.

In 2009/10 this revised approach will reduce the cost of engineering services by \$400,000. In the following year, as the transition to the new arrangement is completed through new appointments and the re-negotiation of contracts, the permanent savings will rise to \$1.66 million pa.

This 10-Year Plan captures provision for two new positions:

- a) A management accountant in the finance department to strengthen the Council's ability to evaluate Council projects and operating performance.
- b) A new role to ensure the information in our GIS System is accurate and complete to assist with Council's infrastructure planning.

What are the other savings in the 2009/10 year?

Close scrutiny of the budget by Council staff and elected members to prioritise expenditure and in many cases opt to defer projects has seen a significant reduction in the Council's capital expenditure. The savings are outlined in this summary, the key affected projects being a delay in the introduction of the organic kerbside collection service, a decision to accept status quo in terms of a proposed new Council Building and a decision to invest in upgrading the current Wanaka Pool facility and defer the construction of a new Aquatic Centre of 10 years. The goal has been to keep the average rate increase as low as possible for Year 1 of the 10-Year Plan. The 10-Year Plan shows an average rate increase of 6.3% for Year 1.

Exceptions

- 9. There are a number of exceptions to this policy of deferring growth related investments:
 - a) Where unreasonably low levels of service are already evident e.g. Wanaka sports facilities. For more information go to Page 17.
 - b) Mandatory requirements e.g. Project Shotover. For more information on the waste water activity go to Volume 2 Page 128.

Waste water to land in more detail

It's important to flag the two big projects in our District to end the practice of disposing of our waste water (highly treated sewage water) into the Shotover and Clutha Rivers. These projects are critical to the environment, the community and the future proofing of infrastructure for generations to come. Project Pure in Wanaka has been commissioned, with waste water now being treated and disposed to land adjacent to the Wanaka Airport. The cost of this service will impact on Wanaka rates for the first time in 2009. Project Shotover in the Wakatipu will dispose waste water to land at the Shotover Delta. Funding for this project is already part of the Council's 10-Year Plan with a total of \$36.6m to be committed in the period up until completion in 2013. The consent process is now well advanced.

Reducing Current Levels of Service

The Council gave close consideration to reducing levels of service in a number of our functions. These included cutting funding to areas such as libraries, walkways trusts, affordable housing trust, wilding tree control, family centre funding, pest control, delivery of the Summerdaze programme and arts grants. The Council considers it is important to maintain current levels of service in these activities either because reducing services will create a problem for the future generation or the services support those in the community least able to cope with the current economic pressures. Detailed information about funding of these areas is available in the 10-Year Plan Volume 3.

The Council has however reduced operational expenditure by \$524,433. Of this, \$388,693 comes from rates. Two of the key reductions in service are as follows:

Reduction in the agreed programme of Plan Changes. This includes not undertaking several plan changes or policy reviews.

Budget Difference	Effect on rates
- \$200,000	- \$80,000

Reduction in the hours available for free regulatory advice by Lakes Environmental. Part of this will come from reduced volumes of enquiries, as the number of consents reduces. However, there is also likely to be some reduction in the time Lakes Environmental can spend on applications before billing commences.

Budget Difference	Effect on rates
- \$26,601	- \$26,601

The Council has also:

- reduced the Travel Demand Management programme
- recognised that savings can be made by introducing a seasonal change in street sweeping, ie only once a day during winter.
- reduced provision for Christmas Decorations by seeking to have banners funded by sponsorship rather than through the rates and introducing a no replacement policy.

Proposals that have not been funded in this 10-Year Plan

In a community as diverse as ours, there are numerous new ideas that come either from the unique needs of neighbourhoods or are brought back from residents who visit communities elsewhere. Most commonly these proposals for new initiatives come from community associations or individual submissions to earlier annual plans.

A number of proposals have been considered by Council in the 10-Year Plan process but have not been included as they are considered, in the wider context, to be unaffordable. Among these unfunded initiatives are: a proposal to provide Closed Circuit Television in the Queenstown Central Business District; a number of proposals for seal extensions, playgrounds, amenity work in the Queenstown Central Business District, footpaths, streetlights and tree planting (unless developer funded) and road-side landscaping.

Remarkables Centre

In October 2005 the Council decided to proceed with a master plan and designs for a proposed Wakatipu Arts Centre. The designs provided confidence that the site could accommodate the broad range of arts and community uses proposed over time for the site and that the designs would contribute to the identity of Queenstown.

Towards the end of 2007 the Council acknowledged community anxiety at the potential affordability of the collective project in a resolution that, among other things, asked for a further workshop in the project. The Council has held the first of these workshops, in which it was accepted that there is a demand for new community facilities on this site. A further workshop, yet to be held, will address the specific form of those facilities, the priority for different components and the timing of the project.

No provision for advancing this project has been included in this 10-Year Plan. Instead, after the necessary workshops, the Council will develop an amendment to the 10-Year Plan, which it will consult on specifically.

Sustainability choices

Each of our communities, and Central Government, expect the Council to pursue sustainability. The development of trails, new methods of wastewater disposal, and recycling are all examples of Council initiatives in this area.

In this 10-Year Plan we extend our focus on sustainability to include strong emphasis on public transport the completion of Project Shotover, the introduction in later years of kerbside greenwaste disposal, proposals for economic sustainability (ie support for events), improved stormwater treatment and further investment in trails.

Additional issues raised through submissions

As a result of 10-Year Plan submissions received the Council is including in the 10-Year Plan confirmation that it will support community efforts to secure public access to the following areas; the Wanaka Plantation (Sticky Forest) and the Snow Farm (Pisa Range) Cross Country Ski Area.

The Council is also pleased to further cement its relationship with local Maori in Southland by committing to enter into a Memorandum of Understanding with Te Ao Marama and contribute its share to the funding of Te Roopu Taiao.

Conclusion

The years covered by the 10-Year Plan are going to be tough. The growth we have come to rely on will temporarily slow and our community expectations need to adapt to that change. Enhancements in facilities cannot occur as fast as we would like, and in some communities, delays in growth will mean that enhancing some basic services, including reticulated water and sewerage, will not occur for some time into the future.

What's affordable and a priority now and what projects will need to be deferred are decisions that have been made with the communities' involvement and understanding. I would like to extend a thanks to those residents and ratepayers (1143 submissions) who contributed to that process.

Duncan Field
Chief Executive

What's in the 10-Year Plan?

The **Summary** is a snap-shot of the 10-Year Plan with a focus on key consultation projects. It's distributed to every ratepayer.

Volume 1 is a summary of the information contained in the other three volumes. It contains an overview of the current situation and presents the major issues facing the district over the life of the plan. Information on the community outcomes and council's response to these issues is presented, including a summary of the monitoring strategy. A financial overview, using graphs, shows the impact on rates for the 2009/10 year.

Volume 2 presents all the detailed information for each of Council's activities (governance and district promotion, property, community, resource management and regulation, utilities, roading and parking). This Volume includes details of asset information, performance measurement, operational and capital expenditure as well as funding implications.

Volume 3 includes all the required financial data over a 10-year timeframe. This includes all financial statements and financial policies. Details of rates required for the 2009/10 year are disclosed in this Volume.

Volume 4 deals with the growth assumptions that underpin the analysis within the plan. It has been collated into a separate Volume as a resource for use by other agencies and interested parties.

10-Year Plan process



The submission process April-May 2009

Hearings were held to consider the submissions on 4 and 5 June and deliberations continued on 3 days of the following week. 68 submitters took the opportunity to speak to their submissions and Council is grateful to those who took the time to do so.

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 some significant changes to the budgets and proposals as they appeared in the draft 10-Year Plan.

The following is a summary of the changes to the draft QLDC 10 Year Plan 2009-19 that have been approved as a result of submissions:

1. Defer Council Offices project (Total cost \$30.6m)
2. Defer Wanaka Aquatic Centre project (Total cost \$11.5m)
3. Increase grant to Lake Wanaka Tourism by \$118,918. (Funded by Wanaka Tourism Promotion rate)
4. Approve remedial works for Wanaka Pool for 2009/10 of \$305,000.
5. Provide for Queenstown CBD Community Guides at \$46,000 per annum (2 pax/3 nights per week).
6. Approve revised capital expenditure priorities for Lakes Leisure; including bringing forward additional sportsfield floodlighting (\$150,000) and changing room improvements at Queenstown Events Centre (\$100,000).
7. Grant to Upper Clutha Historic Records Society \$1,000.

8. Approve \$35,000 for minor structural improvements at Memorial Hall.
9. Approve \$60,000 for extension and refurbishment of Frankton Tennis Courts in astroturf to allow for winter use as hockey training facility.
10. Approve Kelvin Heights walkway as the priority 2009/10 project and smoothing of future Wakatipu Walkways Capital budgets.
11. Approve bringing forward reserve improvement work at Gibbston to 2009/10 (\$25,000)
12. Agree to continue to attempt to secure public access to the Wanaka Plantation (Sticky Forest) and the Pisa Cross Country Ski Area.
13. Provide for annual contributions to Kaupapa Taiao and Te Roopu Taiao (\$35,664).

The following is a summary of the main changes that have been approved as a result of internal submissions:

- Reallocation of engineering overhead to reflect transfer of Lakes Engineering staff to Council (decrease \$107,000)
- Approve Capital Carry Forwards from 2008/09 budgets (various \$5.42m)
- Approve various Capital Programming changes for Utilities and Roading projects
- Adjust Depreciation Expense as a result of Capital Programming changes
- Adjust Interest Expense as a result of Capital Programming changes
- Approve bringing forward dump station improvements to 2009/10 (\$75,000)
- Approve increase in maintenance provision for community buildings 2009/10 (\$21,000)
- Increase asset planning overhead to allow for forward capital review (\$100,000)
- Approve funding for various bylaw reviews (\$40,000)
- Increase Interest Expense for 2009/10 for Water & Wastewater as a result of additional 2008/09 loans (\$56,516)

Effect on Rates

The combined effect of these changes is that the overall average rates increase (after allowing for growth) has increased from 5.2% to around 6.3%. The average increase includes the effect of the \$118,918 increase in funding for Lake Wanaka Tourism. The primary effect of this impacts the rates payable by businesses in the Wanaka ward.

If we exclude the effect of the increase in tourism promotion funding, the overall average rates increase (after allowing for growth) reduces from 6.3% to around 6.0%.

District map



Fact File

Area: 8,467 square kilometres
Peak population 2006: 77,543
Residential dwellings 2006:
Wanaka: 4713
Wakatipu: 8415
Rateable properties 2009: 18,388
Resident population 2006: 23,000
Visitor population in 2006: 13,000



Community Outcomes

Our community outcomes were derived from a two-year community workshop process from 2002 to 2004. Common objectives were taken from nine district-wide 2020 workshops involving over 1300 residents. The resulting outcomes, with the over-riding outcome of sustainable growth management, represent the desires of our communities and provide a solid framework for ensuring that we protect and preserve what is important to the people of this district. The community outcomes now form a basis for all functions of the Council. The outcomes signify an opportunity for the Council and agencies to better understand our communities, their needs and hopes and how to best work within our organisations towards meeting those expectations. The community will need to revisit the outcomes for 2012.

Our Community Outcomes



Sustainable growth management.



Quality landscapes and natural environment and enhanced public access.



A safe and healthy community that is strong, diverse and inclusive for people of all age groups and incomes.



Effective and efficient infrastructure* that meets the needs of growth.



High quality urban environments respectful of the character of individual communities.



A strong and diverse economy.



Preservation and celebration of the district's local cultural heritage.

*The term infrastructure includes network infrastructure, roads, trails, public transport and community facilities.

The outcomes are the communities not the Council's.

Feedback

The 2008 Queenstown Lakes District Council Residents and Ratepayers Satisfaction and Opinion Survey indicated that 47.8% of residents and ratepayers were aware of the Community Outcomes. The survey listed the outcomes and asked if they were a good summary. The response was that 89.7% of respondents considered the outcomes a good summary.

How Will The Council Further The Outcomes?

The Queenstown Lakes District Council is committed, together with the community, organisations, Government agencies and stakeholders, to achieving the desired community outcomes. The Council will continue to nurture effective partnerships and will take appropriate roles towards achieving the community's outcomes. This is best reflected in the Council's Monitoring Strategy 2005. Our role includes:

- Promote and facilitate
- Advocate and support
- Fund or supplement funding
- Service and provide
- Regulate
- Monitor

The Council's process will be transparent. We will actively encourage our residents to share, participate and engage in all Council affairs.

How each activity contributes towards the community outcomes will become a fundamental part of any substantial decision taken by the Council. This will be achieved by ensuring there are linkages between the Council's strategic objective through to levels of service, with community outcomes.

How do the outcomes relate to other key strategic planning documents and processes?

The outcomes guide the Council in terms of:

- The types of activities it will be involved in, what role it will take in these activities and what level of service the community can expect. A good example of this is whether or not the Council should be involved in affordable housing or providing more walkways.
- Progressively developing the District Plan to reflect the community's expectations in the 10-Year Plan.
- Managing and planning for growth.
- Where ratepayer money is spent in the future.
- Where and on which issues advocacy activity should be focused in the future.

How does the Council monitor and report on our communities' progress towards achieving the outcomes?

Having established the Community Outcomes it is important to understand whether we are achieving them, and whether there are trends showing that we are doing better or worse in relation to the Community Outcomes.

Monitoring of the Community Outcomes helps us as a Council consider what actions we should take to address issues and fulfil our responsibilities in the district. Sometimes monitoring may identify issues that may be worthy of the attention of others, such as other government agencies. The Council can use its advocacy role to encourage others to address matters raised through the monitoring of Community Outcomes and it can identify issues that would benefit from inter-agency work.

The Council has a number of legal obligations to monitor its activities and policies (some under the Local Government Act 2002 and also the Resource Management Act 1991). One of these obligations is to monitor progress towards Community Outcomes.

The Council recognised that in having a number of responsibilities to monitor, some of which potentially overlap, it made sense to have an integrated approach. As a result the Council adopted the Monitoring Strategy in 2005 that provided direction on how the Council would fulfil its monitoring responsibilities. This included an explanation on how the Council would monitor the Community Outcomes. This required the reporting on indicators identified in the Strategy.

The indicators for monitoring progress towards achieving Community Outcomes can be seen in Volume 2. The indicators are not exhaustive; rather they provide a 'snapshot' of our Communities and what is happening.

In 2009 the Council will publish the results of the monitoring of the 2009 monitoring of the Community Outcomes. Comparisons will be made to the last monitoring of these indicators that were published in 2006.

For a further explanation on the Council's monitoring responses, refer to Volume 2 of the 10-Year Plan.

Partnership: How will the Council work together with others to further the outcomes?

The outcomes can be broken into four areas that equate to well-being in our community, an obligation under the Local Government Act 2002. They are: social, cultural, economic and environmental. As the outcomes belong to the community, the community should play a major role in ensuring the outcomes are achieved.

The Council has identified the organisations that are likely to contribute to the appropriate outcomes and has already established strong relationships with many of them. The Council is very keen to extend these links with parties who can further the Community Outcomes. These organisations have been given an opportunity to be involved in achieving the outcomes and in determining how the Council will monitor progress against the outcomes. In some instances they will play an important part in this monitoring providing much of the information.

The organisations are: Statistics New Zealand, Lakes Environmental Limited, Department of Conservation, Otago Regional Council, Land Information New Zealand, Tenancy Services, Real Estate New Zealand, New Zealand Medical Council, Public Health South, Ministry of Education, Ministry for the Environment, Queenstown and Wanaka Chamber of Commerce, Companies Office, Historic Places Trust, Ngai Tahu,

Police, Fire Service, Happiness House, X-it Youth, Fish and Game NZ. Consultation is ongoing.

Linkages

The Council delivers 20 activities which are summarised in this volume and in more detail in Volume 2 of the 10-Year Plan. The activities (core Council business) must work towards achieving one or more of the community outcomes, which in turn deliver community 'well being'. The direct effect of the activities can be assessed in terms of levels of services. Each activity identifies the service it achieves for the community and how well that service is being delivered. Performance measures are contained in each activity in Volume 2 of the 10-Year Plan. In terms of the engineering activities these performance measures are derived from the Asset Management Plans. In terms of community activities some performance measures are based on New Zealand Standards and others are based on best practice. Many of the measures are based on the Queenstown Lakes District Council Resident and Ratepayer Service in order to reflect the communities satisfaction with the activities

Consultation with our Maori Community

An important component of the Council's consultation will be the further development of relationships with Maori.

The Council has developed a good working relationship with Ngai Tahu, which holds strong cultural and business interests in our community. The Council has in place a Resource Consent protocol with KTKO Limited to facilitate the involvement of Maori in the resource consent process and has an informal agreement to consult and inform Te Ao Marama Incorporated (Ngai Tahu Murihiku Resource Management Consultants).

The Council is mindful of the wider issue of Maori consultation and how the Council can assist the Iwi to become more involved and informed about the Council and its communities and in turn how the Council can learn more about Maori culture and protocols.

How do our Community Outcomes contribute to the four "Well-beings"?

Community Wellbeing	Social	Cultural	Economic	Environment
Sustainable growth	✓	✓	✓	✓
Landscapes , natural environment				✓
Safe, healthy, strong, diverse community	✓	✓	✓	
Effective and efficient infrastructure*	✓		✓	✓
High quality urban environment	✓		✓	✓
Strong and diverse economy			✓	
Local cultural heritage		✓		✓

*The term infrastructure includes network infrastructure, roads, trails, public transport and community facilities.

Key Consultation Issues - Pages 11-18

ISSUE - Financial Affordability

Can we afford it?

The Council has found that the current funding sources available to it are not adequate to fund the programme contained in this 10-Year Plan. The Council thinks that years one (2009) to four (2013) are affordable (financially prudent) and necessary for the wellbeing of the District but in the later years of the 10-Year Plan the programme becomes unaffordable.

There are some key reasons why this has happened since the last version of the 10-Year Plan was adopted in 2006:

- **Better knowledge** - Over the past three years the Council has invested in a thorough understanding of our infrastructure networks. It is now clear that there is more work to do on our existing assets to ensure they do not fail in the near future than was previously forecast. The programmed investment in rehabilitating roads in the next three years is the clearest example of this.
- **Goal Post Shift** - In several cases new standards have been applied to Council activities by Central Government and other agencies. Water standards, and quality standards for sewerage discharge, are two examples that have resulted in substantial increases in the cost of the capital programme compared to past forecasts.
- **Growth** - The single biggest impact however is still due to growth. Council's projections, which have been developed and proved accurate, over the past five years highlight that our current District average day population will rise from an estimated 35,777 people in 2006 to 68,305 in 2029. However the Council has to provide infrastructure for the peak day (including visitors). By 2029 the peak day population is estimated to be 137,404.
- **New Facilities** - The Council and the community have made decisions in recent years to invest in new facilities (Alpine Aqualand, Recycling Centre, Project Pure etc) which have been partly paid for out of debt.

What is the problem?

While we expect growth rates to slow over the short term, Council must still plan carefully for growth over the 10-year period. It has confidence in the long term future of this District and must plan for both infrastructure and reasonable levels of community facilities. But affordability becomes a problem. This is because the projects we build today must allow for growth. Although these projects will be affordable when the population is in place to support them, they need to be paid for today. This is done largely through debt so the burden is not unfair or too great for today's ratepayer. One of the biggest challenges for Council in this plan, especially in the current environment, is to make judgements about when capital investments will need to be made in order to secure our long term economic future, without imposing unreasonable financial burden on today's ratepayers. This plan forecasts debt levels to reach \$393 million by the year 2019 (see graph adjacent). The Council's view is that this level of debt is not affordable.

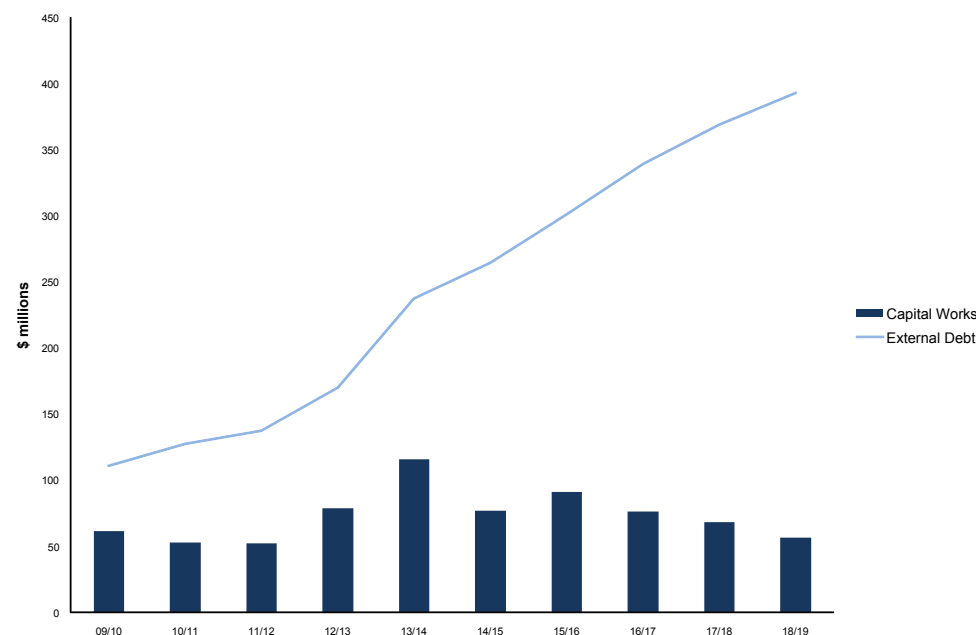
Telling it like it is

All 10-Year Plans are audited by the Office of the Auditor General. As expected by the Council the audit opinion for this plan agrees with the Council's own conclusions. Although in all other areas the Council is delivering sound financial practice and the audit opinion shows confidence in our understanding of those matters and the assumptions that we have made in preparing this plan, the opinion has been 'qualified'. This

is because the Auditor General has no choice but to find that the plan cannot meet the 'financial prudence' test for the reasons the Council has already outlined. This opinion confirms the Council's own view that in the last six years of the plan, debt levels are not affordable. For its part, the Council has chosen to reject a simplistic approach to this problem by slashing capital expenditure for the sake of obtaining a perfect scorecard. To do this without having a thorough understanding of the impacts that those changes might have on this community now and in the future would be short sighted. The Council has also rejected the option of applying dramatically increased rates, user charges or property sales for which there is not a sound justification.

Instead the Council has chosen to maintain rates at an affordable level, disclose the problem, have the conversation with the community and then get on with a solution.

10 Year Financial Analysis External Debt vs Capital Works



What can we do about it?

We will have three more years as a community before we produce another 10-Year Plan and our intention is to resolve the issues we have described in the next two years, so that we can approach the next 10-Year Plan with a thorough, considered, and realistic set of solutions.

We expect development contribution revenue (this is used to reduce debt levels and pay for projects) to slow substantially for an uncertain period. If development contributions collected in a year are less than the interest costs of loans incurred for growth projects, then today's ratepayers will be paying for improvements that benefit future generations. As already stated this would place unreasonable burden on our community in an already difficult economic climate.

Getting it right

The Council's intended response to this problem is:

- a. The Council has already deferred a considerable portion of the capital programme as far as it considers prudent on current information. As the impact of the current economic environment becomes clearer, it may be possible to further defer projects, or some projects may need to be brought forward in order to address changing circumstances.

Projects that have been deferred include:

- New Wastewater Schemes \$17.1m (2014-19)
 - New Water Supply Schemes \$11.6m (2014-19)
 - Queenstown Inner Links (CBD By-pass) \$19.4m (2017-19)
 - Queenstown - New Roads \$22.5m (2013-19)
 - Wanaka - New Roads \$18.0m (2015-19)
 - Wanaka Indoor Sports Facility \$10.0m (2011-13)
 - Queenstown Events Centre extensions \$29.1m (2013-15)
 - Organic Waste Composting facility \$3.9m (2012)
 - Town Centre Streetscape Improvements \$16.0m (2012-19)
 - Remarkables Centre (performing arts) Stg 1 \$17.0m (not funded)
 - Wanaka Aquatic Centre \$11.5m (not funded)
 - Council Offices \$30.6m (not funded)
- b. The Council will, alongside other Councils (facing similar growth related issues), seek access to additional funding sources, and continue to debate with Central Government the justification for some new standards.
- c. The Council will over the next two years, engage in a forward review of its current capital programme in regard to a broad range of matters including:
- the justification for projects;
 - the scope of improvements proposed;
 - whether the technical solution proposed is the best available;
 - whether there are alternative funding sources such as private, public partnerships;
 - whether the timing proposed is the latest reasonable date at which we can commit to these projects;
 - and update project costs on the basis that the contracting environment has changed considerably.
- d. Every capital project programmed to occur in the first two year period of this 10-Year Plan will be subject to additional scrutiny by Council to confirm that the committing of these projects is essential to preserving service levels, promoting growth, and does not contain an unreasonable funding risk for ratepayers.

More information

For more information go to page 43.

ISSUE - Organic and Residual (Rubbish) Services



What are we doing?

In 2008 the community declined a proposal for a three bin refuse and recycling system. The Council was requested to develop an alternative that provided greater incentives for those that minimise waste and recycle to a high degree (ie champion recyclers). At the same time it was decided that solutions for organic waste (food and green waste) collection and processing be investigated.

In the future the new regime will be:

- a) Maintaining the current recycling services.
- b) Providing in the coming year support for home composting and providing community drop-off facilities.

Why are we doing it?

In keeping with the 2003 Waste Management Strategy, the Council, in 2006 for Wanaka, and 2007 in the Wakatipu, implemented our highly successful recycling programme for many recyclables. This has resulted in us achieving diversion rates of 16% in the Wakatipu, 34% in Wanaka and 25% district-wide. This service does not collect or process organic waste (food and green waste). Finding solutions to deal with food waste is really the key focus of any new organic waste collection and processing service. At present food waste is disposed of to landfill in blue bags or from private wheelie bins (although conscientious individuals may compost at home). The organic waste proposal aims to reduce organic waste to landfill and increase the diversion rate to above 50% district-wide. However, given the other priorities facing communities the Council is recommending introducing the full organic waste collection and processing service in 2013, as opposed to 2010.

What are the implications for the landfill of pushing the full organic waste service out to 2013?

- 7,600 tonnes of organic material continues to enter the landfill, each year. This is anticipated to increase over time (ie. 10,500 tonnes in 2013). This greenwaste takes up valuable space and produces leachate and gases which need to be managed.
- Current projections estimate that the landfill will be full in 2061. For every year of delay in implementing organic waste collection and processing 2-3 months of additional landfill space will need to be found.

Other things to consider - landfill levies to fund recycling

In July 2009 there will be two levies:

Non-optional

One imposed by Central Government of \$10 a tonne deposited at the landfill. This will be collected from those who create the waste. Half of the proceeds of this levy will be taken by central government and may be returned to the Council for specific waste projects. The balance of the levy will be distributed to local authorities on a population basis (with an indication of \$3.77 per resident being mooted).

Proposed Levy

A Council levy of \$36 per tonne in 2009/10 to fund its own programme of waste minimisation and recycling initiatives. This levy will be collected at the landfill gate and will be paid by everyone who disposes of waste to landfill. The levy will result in an increase in blue bag charges and private bins. This is the application of the 'user' or 'polluter' pays concept as outlined in the waste management strategy. For those who create less rubbish there will be less cost, those who create more, will pay more. More on 'How do we pay' on the next page.

Current Cost		Proposed Cost	
60 Litre Blue Bag	\$2.10	30 Litre Blue Bag	\$2
		60 Litre Blue Bag	\$3

Organic waste (food and green waste) in more detail

Households

The Council is proposing a new organic waste collection and processing service with home composting solutions to be rolled-out in two stages.

Stage 1 - It is proposed that from July 2009 households in Glenorchy, Kingston and Makarora and other rural areas will receive a subsidised home composting starter pack consisting of a compost bin, worm farm or Bokashi system to deal with food waste plus an on-going composting education service. The current green waste trial drop-off points in Glenorchy, Kingston, Frankton, Wanaka, Hawea and Makarora would be retained. (\$300k)

Stage 2 – From October 2013 households in urban areas would receive a small bin and a supply of biodegradable bin-liner bags (for food waste including cooked meat waste), plus a 140 litre wheelie bin for collection of the small bin-liner bags and green waste (\$750k per annum). The organic waste wheelie bins would be collected on a weekly basis and composted at a new composting facility (\$3.9m capital plus \$500k per annum).

Businesses

From October 2013 businesses in the urban collection areas would be able to subscribe to a food and green waste collection service provided by the Council. The collection service would be available 7 days per week and businesses would pay per pick up (\$150k per annum).

Residual (rubbish) waste collection in more detail

The contract for residual waste collection has now expired and Council must put in place a new alternative.

In doing so Council is conscious of prior public feedback that:

- a) The community wishes to see a greater financial incentive for those who minimise waste and actively recycle.
- b) Discomfort about the current private 240 litre wheelie bin service.

From July 2009, residents will have a choice as to the type of service and how it pays for kerbside residual rubbish collection. The choices will be:

- a) A 30 litre pre-paid biodegradable blue bag at an estimated cost of \$2 per bag. This price covers the full cost of the residual waste collection and disposal at the landfill (including new landfill levies); or
- b) A 60 litre pre-paid biodegradable bag at an estimated cost of \$3 per bag; or
- c) A 120 litre pre-paid wheelie bin (owned by Council) at an estimated annual charge of \$200 which covers the financing of the bin, the weekly collection service, and disposal to landfill costs.

The townships of Kingston, Glenorchy and Makarora will have their 240 litre wheelie bins replaced with 120 litre wheelie bins (free of charge).

Businesses

Businesses in the Queenstown CBD have the choice of a Council pre-paid blue bag or making their own arrangements for waste collection.

All other businesses in the district will need to make private arrangements for residual waste collection.

How will we pay for the proposed new services?

Currently, the direct cost of rubbish collection and disposal are paid for through user charges in the cost of blue bags and wheelie bins. Waste minimisation initiatives and infrastructure such as the recycling centres and waste education are paid for through a base waste management charge at \$107 per annum paid by all ratepayers. Residentially rated properties pay extra for kerbside recycling collections through a higher waste management charge of \$175 per annum.

From July 2009 the Central Government levy will be imposed as previously discussed at \$10 per tonne.

In addition the Council is proposing to implement a landfill levy of \$36 per tonne to help subsidise new and existing services that divert waste from landfill (e.g. recycling centres).

Waste management rates decrease and user charges increase as shown below:

	2008 actual	2009 estimate	2010 estimate	2011 estimate
Waste Management Charge (Residential Properties)	\$175	\$138	\$140	\$125
Waste Management Charge (Commercial Properties)	\$107	\$104	\$102	\$91
Landfill Levy/tonne (includes govt levy of \$10/tonne)	na	\$46	\$48	\$43
Transfer Station Fees				
Cars	\$13	\$13	\$13	\$12
Small Trailers	\$26	\$28	\$28	\$26
Large Trailers (\$/tonne)	\$130	\$165	\$165	\$155
30 litre Blue Bag Cost	na	\$2	\$2	\$2
60 litre Blue Bag Cost	\$2.50	\$3	\$3	\$3
120 litre Wheelie Bin	na	\$200	\$200	\$200

How does that add up for my house?

We have developed five different household categories ranging from dedicated recyclers to those that take no part in recycling to show the likely costs resulting from the proposed changes. The costs shown below are inclusive of the waste management charge and show that those households that actively recycle save themselves money.

The categories are:

- **Recycling Champion – owns home.** On average this group does not use the transfer station and either does not create any residual (rubbish) or uses one 60 litre blue bag every 4 weeks and utilises kerbside recycling.
- **Typical recycling household – owns home.** On average this group uses one 60 litre blue bag every week. This group visits the transfer station with a trailer once per year and utilises the kerbside recycling service.
- **Typical recycling household – rental.** This group is the same as a typical household but rents as opposed to owning a property (waste management charge not directly paid). This group visits the transfer station with a trailer once per year and utilises the kerbside recycling service.
- **Typical recycling household – wheelie bin.** This group is the same as a typical household but instead of using blue bags, rents a wheelie bin from the council in the future.
- **Takes no part in recycling.** This group is assumed to own a property. On average this group disposes of one small trailer per quarter at the transfer station and uses two blue bags per week and rarely utilises the kerbside recycling service.

Your cost per household

	2008 actual	2009 estimate	2010 estimate	2011 estimate
Recycling Champions	\$208	\$160	\$163	\$149
Typical Recycling Household -owns home	\$326	\$293	\$302	\$285
Typical Recycling Household -rents home	\$151	\$170	\$178	\$174
Typical Recycling Household - 120L Bin	na	\$338	\$352	\$333
No part in Recycling	\$529	\$519	\$535	\$511

Other

In 2009/10 the Council will develop a Solid Waste Bylaw in line with a review of the current Waste Management Strategy.

The Council will also be investigating ways to divert Construction and Demolition Waste from the landfill.

More information

More information on the Waste Management Activity is contained on page 37 and more detailed information is contained in Volume 2 of the 10-Year Plan.

ISSUE - Transport



Extensive study of our roading network has indicated that unless significant changes to our transport system occur, the district's key arterial roads will become heavily congested in the years ahead. This represents a major threat to the economic future of the District and more immediately the Queenstown CBD. This could become a major imposition on residents and visitors who work and play in the area. The Council has through its transportation strategies adopted a sustainable approach to the development of the transportation system.

While recent economic conditions have created some 'head room' before congestion that already occurs at some peak times becomes endemic, and worsens still further, the Council needs to act.

The Council's transportation strategies recognise that some new roading will be necessary in the future but Council intends to defer that investment as long as possible. It will however proceed with land acquisition and consenting in priority areas and measures that will lead to more efficient use of the existing network.

The most economic and effective way to address transportation is through greater use of public transport, cycling and walking. Public transport includes buses and ferries. Effective public transport is provided by the private sector often with policy and funding support from regional transport agencies - in our case the Otago Regional Council (ORC) and New Zealand Transport Agency.

The ORC has made a commitment to enhancing public transport in the Wakatipu Basin. Its proposal can be found in the ORC's 10-Year Plan, which explains the service enhancements planned and the implication for the ORC's rates.

In this 10-Year Plan Council has recognised its role as:

- a) Providing public transport infrastructure such as bus shelters, bus stops and bus priority measures.
- b) Ensuring that residents and visitors are aware of the transport choices and the opportunities that public transport provides.
- c) Working with business, schools and event organisers to encourage use of the range of transport options available.

The pace of Council's investment in Public Transport infrastructure and Travel Demand Management will ultimately be guided by the extent to which bus and ferry services do provide an effective alternative to the car.

Roads

In recent years the Council has committed to a strong programme of roading improvements. This has resulted in seal extensions, much improved cycling and walking and landscaping.

Considerable additional cost has been incurred to achieve this higher level of service. The Council is also conscious that its attention must be shifted to road rehabilitation; particularly in the Wakatipu Basin as there is evidence the underlying foundation of our roads require attention and greater investment.

The evidence comes from the extensive investment the Council has made into understanding the state of our roading asset and scrutiny of the rate of deterioration on both sealed and unsealed roads. These roads are at the end of their economic life in many cases, in part due to higher than anticipated traffic volumes.

Over the next three years the Council intends to:

- a) Prioritise its roading programme towards renewals and rehabilitation to address concerns that the maintenance of our roads is falling behind.
- b) Require developers in 'greenfield' situations to meet the full cost of roading needed to service their development.
- c) Defer seal extensions and other related road improvements, except in critical areas.
- d) Clearly scrutinise the aspects of our new roading projects that involve improved, enhanced landscaping as they add considerably to the cost. For example the planned upgrade of Church Street will be limited largely to the carriageway re-instatement.
- e) Over this period there will be no new footpath, lighting or tree planting on roads within the Queenstown central business district areas unless wholly funded by developers.
- f) The Council has provided for a greater commitment to both oiling and maintenance metalling of unsealed roads. We are aware that these roads in particular have deteriorated to an undesirable degree.

The Council tendered its roading maintenance contract in May 2009, which creates both an opportunity and a risk for costs over the following period.

More information

More information on Transport is contained on page 39 and more detailed information is contained in Volume 2 of the 10-Year Plan.

ISSUE - Council Offices



Council offices currently occupy a range of properties in the Queenstown Central Business District.

Queenstown Council staff are located in six different locations, five of those are rental arrangements and key services of engineering and planning and regulatory are in different buildings again, in the case of Lakes Environmental, on the other side of the central business district.

The Council is conscious that this distributed accommodation leads to poor communication at times between different arms of the Council and means that our customers can find it frustrating and time consuming to access Council services.

Poor working conditions could mean the community may lose staff needed to provide essential services.

Current leases expire over the next two years and there is substantial cost in renting remote premises.

It is very difficult to predict the size of the Council in 10 or 15 years time. As the District population grows, so will contact with the public, the length of roads, the number of facilities etc. Some provision needs to be made for the future.

In the last two years the Council has twice resolved to proceed with a new office building on a site at the corner of Gorge Road and Boundary Street, Queenstown. An extensive appraisal of the alternatives has been undertaken at the same time that the design of the original proposal proceeded.

This exercise has led the Council to the view that it has two alternatives available to it:

- a) To build new offices to house local government functions on the Gorge Road site. The cost of the building would be shared as a joint venture with a private, commercial partner. The Council contribution would include providing the land and funds from the sale of the existing building. The Council would need to borrow \$5 million to complete the transaction. The new building will also contain a new Queenstown library. The total cost of the project is estimated to be \$30.6 million. The Council's evaluation has been that the rating implication of this and other options are very similar, with this option having the advantage that the Council owns a share of a major asset for the future.
- b) To retain the current building and lease arrangements with the need to find alternative premises at the point when current leases cannot be renewed.

Cost	Council Offices
Current estimates of cost	\$30.6M
Council's share (50%) funded from:	
Gorge Road office sale	\$4.22M
Land sales	\$5.0M
Grants and donations	\$1.1M
Loan repaid by ratepayers	\$4.99M
Rates	
Average expected increase (based on 2008/09 rates)	2.86%

Decision

In light of the issues around affordability surrounding this plan and the current economic circumstances, the Council has deferred consideration of this project. It will be re-evaluated at the time of the next 10-Year Plan in 2012. In the meantime the Council will continue with the current building and leasing of additional space as required. Some current leases expire in 2009 and 2010 and some relocation is likely to occur.

More information

More information on the Property Activity is contained on page 25 and more detailed information is contained in Volume 2 of the 10-Year Plan.

ISSUE - Wanaka Aquatic Centre and Sports Facilities



Council's growth projections indicate that the usually resident population of the Wanaka ward will grow from 7,000 today to 15,000 by 2026. In 2007 the Council commissioned an assessment of whether the current sporting facilities could meet the sporting needs of the Wanaka community.

The report (Rutherford report) concluded that current indoor facilities were very limited and could not cope with future growth. There was also a need for a large land area for a junior sporting hub. Currently junior facilities lack even basic changing or toilet facilities.

The facilities are restricting the development of many sporting codes.

Separately it has become evident that the existing Wanaka pool cannot meet the growing needs of the community in the long term.

Learn to swim, fitness, competitive and leisure uses are likely in the future to exceed the capacity of the current building. The building and the plant will also suffer from rapidly rising maintenance and operating costs if a new facility is not built although a more recent report suggests that with reasonable maintenance the facility can meet short to medium term needs.

Two community working parties were formed to advance planning for the necessary new facilities. Both have now completed their work and the reports are available from the Council and Upper Clutha libraries.

The Sports Facilities Working Party has recommended the new facility be located on the Wanaka Showgrounds with buildings being located on the current motor park site. It believes this location is central for all users, allows for the lowest operating costs as facilities can be co-located, and makes best use of existing land.

The working party has also identified a number of greenfield sites that might be suitable. Several of these greenfield sites are not owned by Council and, if purchased, will increase the cost of the projects and the time needed to implement them. Purchasing a greenfields site will add \$8-10m to the cost of these projects.

The proposed Sports Facilities include:

A two-court indoor sports centre of approximately 2,600 square metres with ancillary facilities including club rooms; Outdoor courts which could be covered at a later date; Parking for 125 cars and five buses; New playing fields and a main arena.

The Wanaka Aquatic Centre Working Party has proposed:

A heated 25m x 15.4m lap pool; 15m x 15m combined learners and hydrotherapy pool; 6m x 6m toddlers pool; Spa; Outdoor water play; A possible future gymnasium.

This working party proposes the pool be built on Kellys Flat as it prefers proximity to schools to maximise usage and income.

Kellys Flat is however not large enough to co-locate both the indoor sports facility, sports fields and the aquatic centre.

Where to locate the facilities?

To assist the decision about location the Council has prepared several additional reports.

A Co-location Report that looks at the advantages of building the sports facilities and the pool in a common location. The report concludes that there are substantial savings to be made from the two facilities sharing common areas, staffing, parking and other features. The report also concludes that the District Plan does not prohibit the facilities being built on the current Motor Park site, although a publicly notified designation process will be required.

A Wanaka Motor Camp Report which concludes that the Council cannot establish an economical case to redevelop on its current site and discusses accommodating visitor demand for camping facilities at alternative sites such as Glendhu Bay (due for redevelopment), Albert town, or the Outlet Camp.

A Transportation Report which discusses the comparative accessibility of the sites for users.

A Site Plan of the A&P Showgrounds which confirms that, with careful planning and co-operation, this site can accommodate these facilities and the annual A&P Show.

When could the new facilities be built?

If sites currently owned by the Council are used then Council could provide for the design and consenting of new facilities beginning in 2009. It was proposed in the draft 10-Year Plan that both the indoor sport facilities and the aquatic centre would be developed consecutively with both being open by 2016. Rates to cover the operating cost of the facilities would be levied only as each facility opened. This scenario has changed substantially as a result of the decisions set out below.

Having to purchase and get consent for a 'greenfield' site is expected to substantially delay completion of the new facilities. Rates to cover the operating cost of the facility would also be levied only once the facility opened.

What would the new facilities cost?

Cost	Sports Facility Building	Wanaka Pool
Current estimates of cost	\$10 M	\$11.5 M
Funded from:		
Developer contributions	\$3.6M	\$4.98M
Wanaka Land sales	\$2.5M	\$2.50M
Grants and donations	\$1.5M	\$1.70M
Loan repaid by ratepayers	\$2.38M	\$2.28M

Once facilities are opened, operating costs are expected to increase average residential rates (based on rates today 2008/09)

Average increase % (Targeted rate)	0.70%	5.36%
Average increase \$ (Targeted rate)	\$14.41	\$110.86

Decision

The Council received a significant number of submissions on the proposed new facilities for Wanaka (739 submissions). The majority were in general supportive of the proposal however the Council also received a number of submissions requesting the proposal be deferred or in part deferred.

As a result of the submission and hearing process, the Council has decided to:

- a) request a technical assessment of greenfields sites before choosing between one of these sites and the A and P Grounds proposal;
- b) include a provisional capital sum in 2009/10 for the purchase of a greenfields site if selected.
- c) support the proposed format of the aquatic centre but defer the aquatic centre for 10-15 years, due to the current economic climate and a recent report that the current facility can continue to operate at an affordable cost(after some improvements in air handling and floor surfaces;
- d) investigate investing in some internal facility enhancement on the existing pool, including the possible creation of learners pool for inclusion in the 2010/11 Annual Plan;
- e) confirm that an indoor sports facility is the priority and commence development of a stadium and hard court area (with provision for an aquatic centre footprint) in year 3 of the 10-Year Plan (2011).

More information

More information on the Community Facilities Activity is contained on page 28 and more detailed information is contained in Volume 2 of the 10-Year Plan.

ISSUE - Water Demand Management



Water throughout New Zealand is in high demand for domestic consumption, economic uses such as irrigation, and recreation. The allocation of these resources is a function of the Otago Regional Council but QLDC has an important role to ensure water, and the funding required to deliver that water, isn't wasted.

Our district has one of the highest household water uses of any district in New Zealand. Almost invariably the water we use to wash our car or irrigate our garden has been treated to standards required for drinking water. These standards have now been revised by Central Government. To achieve those standards will require a substantial capital programme that will be paid for by water consumers:

- a) If UV treatment solutions are sufficient then the estimated capital cost will be \$ 5.4m (estimate).
- b) If filtration or other methods are required then the capital cost will be \$ 19.1m (estimate).

Council is currently engaged in preparing public health risk management plans which will allow us to confirm the required treatment standards and consider other options which potentially have less financial impact on communities. The plans will incorporate implementation plans for the achievement of required water standards. The timing for the completion of these plans is set down by the Health (Drinking Water) Amendment Act 2007.

In addition to treatment, the Council must also restrict excessive use of water. Council has four avenues to pursue this:

- a) We have adopted a new Water Supply Bylaw which commenced on 20 December 2008. This allows Council to control activities which are an abuse of the purpose for which potable water is provided.
- b) Each water supply area has a Demand Management Plan (which can be found on the Council website). These plans include a requirement that all new connections will need to have a water meter installed by July 2009. This will allow information to be collected about water use. Council will also be able to require meters on apparent high use properties.
- c) Council has an active programme of identifying leaks in the water network and reduced water pressure areas.
- d) In the future the community will need to debate whether volumetric charging for water consumption is required in the interest of fairness.

More information

More information on the Water Supply Activity is contained on page 34 and more detailed information is contained in Volume 2 of the 10-Year Plan.

Community outcomes linked to activities



Sustainable Growth Management



A strong and diverse economy

- Governance, page 23
- Property, page 25
- Resource Management and Regulation, page 32
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Effective, efficient infrastructure

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Safe, healthy, strong community

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Local, cultural heritage

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Landscapes, Natural environment

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High quality urban environment

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Governance

- Community Leadership/Strategic

District Promotion

- District Promotion

Property

- Community Assets

Community

- Library Services
- Community Development
- Community Grants
- Public Toilets
- Cemeteries
- Community Facilities
- Waterways Facilities
- Parks and Recreation Facilities
- Emergency Services

Resource Management and Regulation

- The District Plan
- Regulatory Services
- Waterways Control

Utilities

- Water Supplies
- Stormwater
- Wastewater
- Waste Management

Transport

- Roading
- Parking

Other Initiatives and Projects

The following is a guide to Council projects either completed or underway and how they relate to furthering individual outcomes.

1. Growth managed in a sustainable way

- Growth Options Study
- Frankton Flats Master Plan and Plan Change
- Wanaka Structure Plan implementation
- Wanaka Town Centre Strategy
- Queenstown Town Centre Strategy
- Making the partially Operative District Plan fully operative
- Variations and Plan Changes to better align the Plan with community outcomes (ongoing)
- Development Contributions
- Waste Management Strategy (towards 'Zero Waste')
- Business and Industrial Zones review
- Visitor Accommodation Plan Change
- Arrowtown proposed Urban Growth Boundary Plan Change consultation 2008/09
- District Plan Review

2. Quality landscapes and natural environment and enhanced public access

- Landscape values well protected through the District Plan and Environment Court
- Monitoring the effectiveness and efficiency of the Rural General Zone
- Wakatipu Trails Trust Strategy 2004
- Rural Roding Corridor Management Guideline
- Wakatipu / Wanaka entranceway study
- Earthworks rules in the rural zones
- Wilding Conifer Strategy 2008
- Ben Lomond, Queenstown Hill Reserves Management Plan 2004
- Upper Lake Wakatipu Reserves Asset Management Plan 2004
- Tree Management Plan
- High-country tenure review (ongoing)
- Broom and Gorse Strategy
- Public awareness guidelines (ecology and wilding species)
- Albert Town-Wanaka walkway/cycle/way
- Identifying areas of Significant Indigenous Vegetation
- Frankton Marina Project

- Bob's Peak Forest Plan
- Upper Clutha Trails Trust and Strategy
- Wanaka Sports Facility and Aquatic Centre Consultation 2008/09
- Lighting Strategy
- Jetty and Mooring Policy
- Arrowtown proposed Urban Growth Boundary Plan Change consultation 2008/09

3. A safe and healthy community that is strong, diverse and inclusive for people of all age groups and incomes

- Flood Mitigation Strategy
- Youth facilities – skate parks Queenstown, Wanaka, Arrowtown, Glenorchy, BMX Wanaka, Queenstown
- Establish Lakes Leisure Limited (council controlled organisation to manage community facilities district-wide) 2008
- Social Wellbeing Policy
- Joint Library Service
- HOPE Strategy implementation
- Affordable Housing Plan Change
- Community Housing Trust Established 2008
- Dog Policy and Bylaw 2006
- Liquor Policy 2004 (reviewed 2006)
- Prostitution Bylaw (reviewed 2008)
- Gambling Policy 2004
- Opening of Alpine Aqualand 2008
- Water Safety and Navigation Bylaw (reviewed 2008/09)
- Remarkables Centre ongoing
- Co-operation and facilitation of land sales to Ministry of Education
- Pedestrian Flow Project 2004
- Support for Sport Central
- Strategy on Earthquake prone buildings 2006

4. Effective and efficient infrastructure* that meets the needs of growth

- Project Pure - Wanaka and Albert Town disposal of wastewater to land
- Project Shotover - Wakatipu disposal of wastewater to land
- Waste Demand Management 2009
- Roding Maintenance Contract 2009
- Temporary use of Public Space for Construction Purposes Policy
- Transport and Parking Study for Wakatipu and Wanaka 2008
- Queenstown Airport Corporation Strategic Plan 2023

- Asset Management Plan Review Stormwater, Sewerage and Water Supply 2008
- Water Supply Bylaw Review 2008
- Kingston Water and Sewerage (consulting 2009)
- Glenorchy Water and Sewerage study 2008
- Future Link Transportation and Parking Strategy 2005
- Public Transport Project
- Travel Demand Management 2009

5. High quality urban environments respectful of the character of individual communities.

- Wanaka Boat Strategy 2004
- Parks and Reserves Asset Management Plan 2003
- Wanaka Lakeside Reserves Development Project 2004
- Frankton Marina Reserve Management Plan 2004
- Dwelling Capacity Model
- Signage Bylaw and Plan Change
- Arrowtown Design Guide 2006
- Urban design guidelines and panels for Wakatipu and Wanaka
- Lakeview Project ongoing
- Residential density, carparking and visitor accommodation studies 2004
- Plan changes for amenity in the high density zone, car parking, accessways and residential flats
- CBD material palette developed 2005
- Camp Street Upgrade 2008
- Rural Living Zone Review
- Urban design review for small towns
- Remarkables Centre ongoing
- Queenstown Recreation Reserve Management Plan 2006

6. A strong and diverse economy

- Focusing of Destination Queenstown and Lake Wanaka Tourism on high yield, longer stay shoulder season growth
- Film Friendly – co-funding of regional film office and encouragement of film and video industries
- Facilitate and promote educational opportunities
- Ongoing commitment to the development of the Queenstown and Wanaka airports (Queenstown Airport Terminal Upgrade 2008)
- Mayoral Taskforce on Jobs
- Otago Forward

- Milford Governance Group
- Central Employment Trust
- District Plan Variation facilitating temporary activities (including filming and events)
- Preparation of an Economic and Arts Strategy

7. The District's local cultural heritage preserved and celebrated

- Consultation with Iwi and continued fostering of relationships with local Whanau groups
- Arrowtown Miners Cottages purchase and restoration 2008/09
- Aspiring Arts Trust and on-going financial support
- Ongoing and regular consultation with the New Zealand and Queenstown Branch of the Historic Places Trust and local heritage groups
- Funding support for Lakes District Museum
- Skippers heritage redevelopment
- Heart of the District Awards
- Art in Public Places Policy
- One Mile Powerhouse Restoration Project 2004
- Lower Shotover Bridge Restoration Project 2005
- Heritage Variation and Plan Change
- Heritage grants programme
- Events Strategy 2008/09
- Avonmore Heritage Precinct

Summary of Activity Plans and Highlights

The following section of this volume summarises the Council's Activity Management Plans which are contained in greater detail in Volume 2. The 28 activities are as follows:

Governance

District Promotion

Property

- Community Assets

Community

- Library Services
- Community Development
- Community Grants
- Public Toilets
- Cemeteries
- Community Facilities
- Waterways Facilities
- Parks and Recreation Facilities
- Emergency Services

Resource Management and Regulation

- The District Plan
- Resource Consents
- Environmental Health
- Inspection and licensing
- Animal control
- Bylaw and General Enforcement
- Car Parking Enforcement
- Building Control
- Waterways Control

Utilities

- Water Supplies
- Stormwater
- Wastewater
- Waste Management

Transport

- Parking Facilities
- Roothing

Governance

This includes:

- Community Leadership and Strategic Direction

Community Leadership and Strategic Direction

Community leadership is the activity by which the Council and the Wanaka Community Board assist the community to make informed choices on important local issues.

This includes the power to rate property owners and use these funds in the wider public interest, establish strategic direction to regulate activities through the District Plan and Bylaws and to speak on behalf of the community it represents.

The underlying view is that more can be achieved where there is a common focus on the desired community outcomes. The outcomes guide all of Council's actions and strategic planning for the future.

The Council's strategic direction is made up broadly of seven key issues: heritage and culture, rural protection, growth, management, affordable housing, economic issues and urban design.

Advocacy on Broader Issues

The Council undertakes advocacy on broader issues, which includes monitoring in some cases. This involves supporting, or if the case requires it, challenging, those agencies at national, regional or local level that have the direct responsibility for a function. This will often involve the Council supporting local groups rather than leading on an issue itself.

This advocacy function will be the primary means by which the Council satisfies the new obligation under Section 10 of the Local Government Act to promote the social wellbeing of the district.

The Wanaka Community Board

The Wanaka Community Board has an independent legal status from Council but the two bodies work closely together. The board generally exercises the functions delegated by Council but is also an advocate for the Wanaka Ward on a wide range of issues. There are four separately elected members on the board. The three Wanaka Councillors also sit on the Wanaka Community Board.

Membership

The local body elections took place in October 2007.

Mayor to October 2010: Clive Geddes

QLDC Councillors to October 2010: Queenstown/Wakatipu - Gillian Macleod, John Mann, Cath Gilmour, Vanessa Van Uden, Lex Perkins, Mel Gazzard, Arrowtown - John Wilson, Wanaka – John S Wilson (Deputy Mayor), Leigh Overton, Lyal Cocks.

Wanaka Community Board to October 2010: Lyal Cocks (Chairman), Jude Battson, Dick Kane, Ken Copland, Carrick Jones. (Membership includes all Wanaka Councillors).

Service Delivery Review

In 2008 a number of Council contracts, including that of CivicCorp and Lakes Contract Services expired. In 2004/05 the Council initiated a service delivery review. This involved major stakeholder and key user consultation and close scrutiny by independent working groups made up of industry experts. The review has ensured the streamlining of the change in the way the Council delivers these services. As a result regulatory and planning services are now delivered by council controlled organisation Lakes Environmental, the Council now has a Horticultural Team to deliver services 'in-house' and new contracts were tendered and let from July 2008 for various services including utilities maintenance, toilet cleaning, weed control, and tree maintenance.

Representation Review

The Council undertook a full review of its ward representation and adopted the revised representation in 2006, prior to the 2007 elections, as required by law. The review resulted in the council resolving to have six Queenstown ward elected members, three Wanaka Ward elected members and an Arrowtown representative. The Wanaka board consisted of four elected members and three members appointed from the Wanaka Ward Councillors. The next review must take place in 2012.

Highlights of Governance

- Election (Council, Community Board, District Health Board and Community Trust 2007)
- Fair allocation of community cost through development contributions under the Local Government Act 2002.
- Implementation Growth Management Strategy.
- Active support for flood mitigation measures, project led by Otago Regional Council.
- Establishment of Lakes Leisure Limited to manage community facilities.
- Development of Social Wellbeing and Economic Wellbeing Policies, including defining Council's role in these areas.
- Service delivery review.
- Taking treated wastewater out of our rivers through significant environmental contribution with completion of Project Pure (2008) and ongoing implementation of Project Shotover (2008)
- Opening of the new Queenstown Aquatic Centre (2008) and progress towards Wanaka sports facilities and aquatic centre.
- Establishment of Community Housing Trust (2008).
- Advocacy for new Frankton Primary School.
- Investigating the development of sports facilities and an aquatic centre for the Upper Clutha.

Summary of Forecasted Financial Performance

	2009/10	2010/11	2011/12
Expenditure	\$000	\$000	\$000
Governance	3,324	3,582	3,663
Strategic Planning	950	995	1,030
Operating Costs	4,274	4,577	4,693
Group Activity Income	-	-	-
Net Cost/(Surplus) of Service	4,274	4,577	4,693
Capital Expenditure	-	-	-
Funding Required/(Generated)	4,274	4,577	4,693
Funded By:-			
Targeted Rates	2,137	2,289	2,347
General Rates	2,137	2,289	2,347
Total Funding	4,274	4,577	4,693

District Promotion

Over 15 years ago the commercial sector of Queenstown approached the Council to collect and distribute a tourism marketing levy on each business which benefited from tourism growth. This took the form of a rate on every commercial premise (including those having mixed uses) within the Wakatipu Basin. Later, a similar scheme was adopted for Lake Wanaka Tourism and the Arrowtown Promotion Association.

This levy is collected on behalf of the commercial sector to ensure that all businesses contribute fairly to tourism marketing which in turn contributes to their individual success. It has worked well throughout that period. The funds are distributed to Destination Queenstown, Lake Wanaka Tourism and the Arrowtown Promotion Association. They in turn apply the funds in accordance with business plans agreed by their membership. The Council also supplements this funding by \$180,000 per annum from general rates to reflect the wider community benefit gained from tourism. As the rating authority the Council achieves its accountability by satisfying itself that the funding reflects the strategic planning and business plans of each regional tourism organisation.

The Council and Destination Queenstown have also concluded a strategic statement which places priority for marketing on the shoulder seasons, longer stay and high yield business. A similar strategic statement is planned for the relationship between Council and Lake Wanaka Tourism.

Grants paid to promotional organisations

Expenditure \$000	2009/10	2010/11	2011/12
Destination Queenstown	2,989	3,085	3,184
Lake Wanaka Tourism	515	593	617
Arrowtown Promotion	107	110	114

Summary of Forecast Financial Performance

	2009/10	2010/11	2011/12
Expenditure	\$000	\$000	\$000
Tourism Promotion	3,657	3,838	3,967
Operating Costs	3,657	3,838	3,967
Group Activity Income	-	-	-
Net Cost/(Surplus) of Service	3,657	3,838	3,967
Capital Expenditure	-	-	-
Funding Required/(Generated)	3,657	3,838	3,967
Funded By:-			
Targeted Rates	3,475	3,646	3,768
General Rates	182	192	199
Total Funding	3,657	3,838	3,967

More information

More detail on this activity is available in Volume 2 of the 10-Year Plan and more financial data is available in Volume 3 of the 10-Year Plan.

Property

Community Assets

The Council is involved in this activity to provide the maximum possible return and benefit for the community. The Council portfolio includes residential and commercial subdivisions, freehold land, leased camping grounds, reserve land, airports, rental properties, housing and elderly housing. Cemeteries, community and recreational facilities or utilities are regarded as part of these land holdings. The Council also manages a production forest jointly with the Central Otago District Council and administers wilding conifer cover on recreation reserve, including the harvest of timber. This activity includes road legislation management.

Summary of Forecast Financial Performance

	2009/10	2010/11	2011/12
Expenditure	\$000	\$000	\$000
Council Land	554	566	576
Housing	201	208	214
Wanaka Airport	290	329	411
Forestry	348	371	392
Holiday Parks	3,865	4,072	4,221
Operating Costs	5,258	5,546	5,814
Group Activity Income (1)	5,608	5,789	14,913
Net Cost/(Surplus) of Service	(350)	(243)	(9,099)
Capital Expenditure			
Council Land	3,506	3,378	-
Housing	158	139	139
Wanaka Airport	306	490	1,320
Holiday Parks	1,870	2,770	390
Capital and Debt Repayment	5,840	6,777	1,849
Funding Required/(Generated)	5,490	6,534	(7,250)
Funded By:-			
General Rates	109	219	279
Asset Sales	-	5,000	-
Loans (Internal & External)	2,138	3,010	1,349
Transfers (to)/from Reserves	3,207	(1,733)	(8,918)
Depreciation not Funded	36	38	40
Total Funding	5,490	6,534	(7,250)
Activity Income Includes (1)			
User Charges	5,608	5,789	5,991
Grants & Subsidies	-	-	-
Property Sales	-	-	8,922
Total Activity Income	5,608	5,789	14,913

Council Offices

In light of the issues around affordability surrounding this plan and the current economic circumstances, the Council has deferred consideration of this project. It will be re-evaluated at the time of the next 10-Year Plan in 2012. In the meantime the Council will continue with the current building and leasing of additional space as required. Some current leases expire in 2009 and 2010 and some relocation is likely to occur.

For more on the Council office proposal go to page 16.

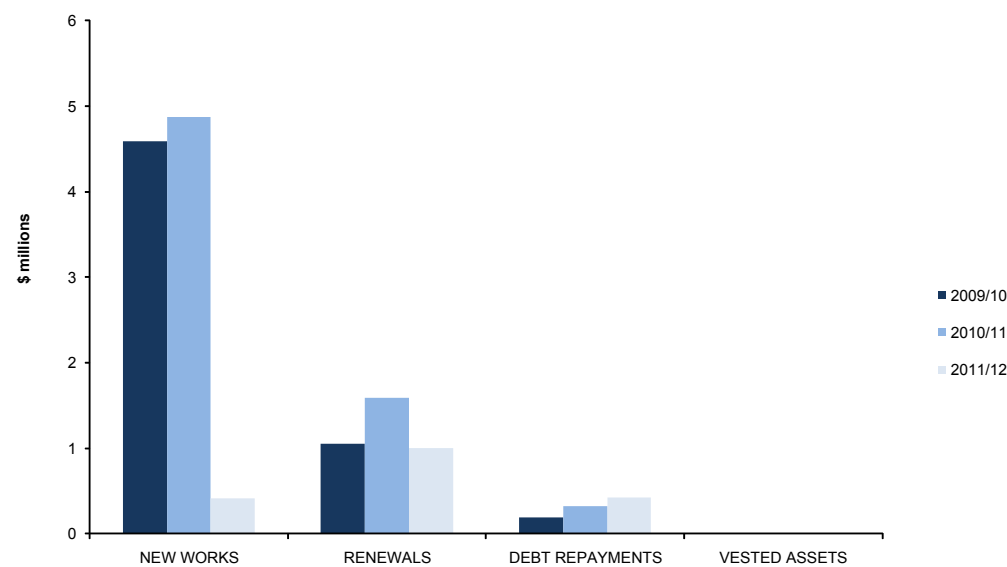
Highlights of Property Activity Group

- Council Office proposal (now deferred)
- The 2005 Camping Ground Strategy, which reviewed the management of camping grounds at Frankton, Arrowtown, Wanaka, Glendhu Bay and Lake Hawea. The new policy will see camp grounds revert to management by Council as leases expire.
- Arrowtown Camping Ground (the first under the new policy) management reverted to Council in May 2006 and upgrade successfully completed. Future of Wanaka Camp Ground under review.
- Comprehensive development plan implementation of Lakeview site (former Queenstown Camp Ground).
- A land exchange with the Department of Conservation is proposed for the Queenstown Commonage.
- Wanaka Airport Upgrade.

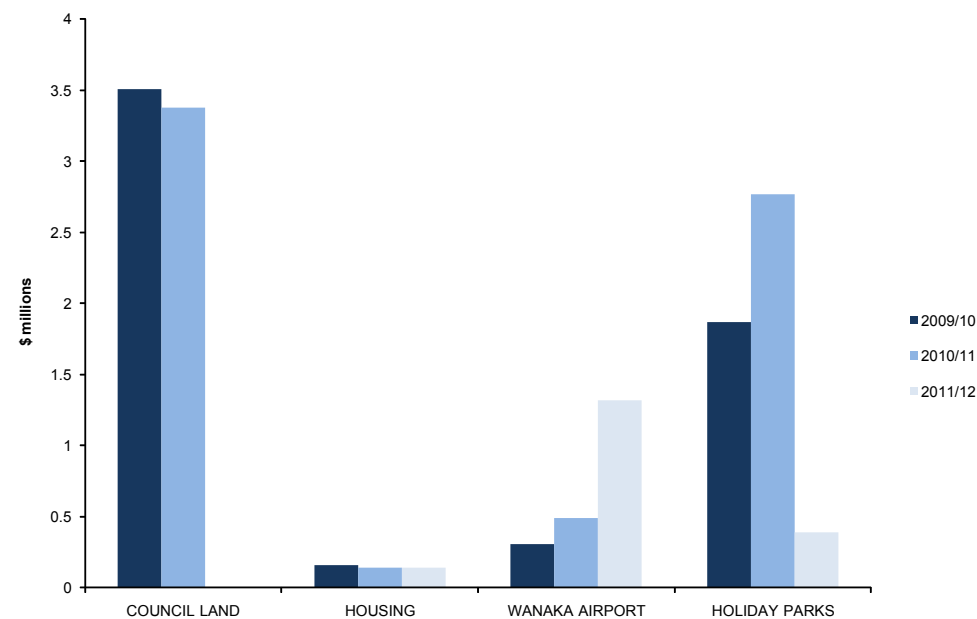
Capital expenditure

Projects (\$000)	2009/10	2010/11	2011/12
Camping Grounds			
Glendhu Bay Motor Park - Planning for New Camp	1,500	2,500	20
Lakeview Project	200		
Council Land			
Commonage Development Costs	3,111	1,100	
Scurr Heights Development Costs	200	2,278	
Wanaka Airport			
Apron Development	10	20	620
Terminal Building		50	150

Property Capital Expenditure by Type 2009 to2011



Property Capital Expenditure 2009 to2011



Community

The Community activity includes the operation of:

- Library Services
- Community Development
- Public Toilets
- Cemeteries
- Community Facilities
- Waterways Facilities
- Parks and Recreation Facilities
- Emergency Services

It is proposed the delivery of community services throughout the district be consolidated, maintaining current levels of services, such as clean toilets and well maintained parks and gardens. There will be a very limited number of playground improvement over the next three years. New toilets will be constructed at Lake Hayes Estate and Lake Hayes, the Queenstown Recreation Ground and Wanaka Station Park. There will be a small amount of renewal for high priority issues and some improvements made to the Lake Hayes Pavilion but it is proposed the focus will be on providing major projects for Wanaka, the Roy's Bay Marina Stage 2 and the Wanaka Sports Facility and Fields. The cost of the latter project will be borne by the Wanaka community, as was the cost of the Queenstown Aquatic Centre. See page 17 for further information on the Wanaka Sports Facility and Fields and the Wanaka Aquatic Centre decision.

More detailed information on community activities is contained in Volume 2 of the 10-Year Plan.

Library Services

Internationally libraries are seen as one of the most fundamental facilities in our democratic society. They promote education and the exchange of information and ideas. They are also a focus for the communities they serve. There are seven libraries in the Queenstown Lakes District, they are Queenstown, Wanaka, Arrowtown, Kingston, Glenorchy, Hawea and Makarora. The libraries are jointly managed together with Central Otago District Libraries and offer the Liberty System of electronic book co-resourcing. The Council considers libraries to be an essential part of the community's resource, providing high quality library services to a national standard. Library services are now available online www.libraries.codc.qldc.govt.nz.

Community Development

This activity helps the community to help itself. It captures the Council's relationships with its community, providing programmes and communications that strengthen the networks that are based around social agencies, community groups and volunteers.

The Council's role in this area is generally undertaken through communication, promotion, advocacy and support. Community development is aimed at informing, involving and empowering the community.

Continued development of the Council's website is a key component of the community development activity with over 7200 website visits each week (1500 in 2004). The site was upgraded in December 2008.

The Council is also a central point for information about community funding and funds and supports arts, culture and sporting events.

The Council also financially supports an independent regional film office and allocates funding to Sports Central.

Public Toilets

The Council provides 47 public toilets to meet the needs to residents and visitors. The objective of the activity is to protect the public environment through the provisions of clean, accessible and conveniently located public toilets.

The introduction of counters to new toilet facilities and radio frequency tags for maintenance monitoring enables the Council to consistently improve toilet facilities available to the community.

New toilets will be constructed at Lake Hayes Estate and Lake Hayes, the Queenstown Recreation Ground and Wanaka Station Park.

Capital Expenditure

Major Projects (\$000)	2009	2010	2011
Buildings - Toilets - Wakatipu Ward			
Earnslaw Park - Refurbish or replace	10	565	-
Lake Hayes - Bendemeer Replace landmark	-	134	-
Kelvin Grove - new Novaloo	-	134	-
Glenorchy Hall - Refurbish Existing	-	-	127
Queenstown Recreation Ground - Refurbish	120	-	-
Buildings - Toilets - Wanaka Ward			
Showgrounds - New novaloo	-	134	-
Wanaka Station Park - Replace with novaloo	130	-	-

Cemeteries

There are twelve designated cemeteries under the ownership of the Queenstown Lakes District Council. There are 10 operating cemeteries. These are situated at Makarora, Queenstown, Glenorchy, Frankton, Kingston, Cardrona, Wanaka, Lake Hawea, Skippers and Arrowtown. All cemeteries in the district are of major historical importance, including Skippers and Macetown Cemeteries. Of these only Macetown is 'closed'. A cemetery has been provided at Lower Shotover to meet future demand, once Wakatipu cemeteries are no longer operational. This will occur within the next ten years.

Service enhancements identified within this 10-Year Plan include establishing levels of service for each facility, introducing on-line cemetery records data and ensuring data management is accurate and linked to Council's GIS system.

Community Facilities

The purpose of this function is to provide a range of aquatic facilities, halls and similar multi-use indoor facilities throughout the District. Major facilities such as the Queenstown Event Centre, Queenstown Memorial Hall, Lake Hayes Pavilion, Athenaeum Hall and Lake Wanaka Centre are multi-purpose recreation and community venues are managed by Lakes Leisure.

Community halls such as Kingston, Glenorchy, Hawea Flat, Cardrona and Luggate support local needs and are generally managed in association with hall committees supported by the Council.

Aquatic facilities include Alpine Aqualand, Arrowtown Memorial Pool and the Wanaka Community Pool managed by Lakes Leisure. The Council also supports the operation of the Glenorchy and Hawea community pools via annual operating grant.

The aim of this activity is to provide affordable and accommodating facilities to a wide range of recreational, community, and cultural groups.

Wanaka Sports Facilities and Aquatic Centre

As a result of the submission and hearing process, the Council has decided to:

a) request a technical assessment of greenfields sites before choosing between one of these sites and the A and P Grounds proposal; b) include a provisional sum of \$10m in 2009/10 for the purchase of a greenfields site if selected; c) support the proposed format of the aquatic centre but defer the aquatic centre for 10-15 years, due to the current economic climate and a recent report that the current facility can continue to operate at an affordable cost(after some improvements in air handling and floor surfaces; d) investigate investing in some internal facility enhancement on the existing pool, including the possible creation of learners pool for inclusion in the 2010/11 Annual Plan; e) confirm that an indoor sports facility is the priority and commence development of a stadium and hard court area (with provision for an aquatic centre footprint) in year 3 of the 10-Year Plan (2011).

Go to page 17 to find out more about the proposed Wanaka sports facilities and deferred aquatic centre.

Capital Expenditure

Major Projects (\$000)	2009	2010	2011
Halls - Events Centre			
Floodlighting	150	-	-
Queenstown Events Centre - additional parking	-	478	492
Halls - Wanaka Sports Facility			
Wanaka sports facilities building	500	514	6,352
Wanaka Community Pool			
Swimming Pool - renewals	305	-	-

Waterways Facilities

The purpose of this activity is to help provide affordable and accessible water based recreation facilities throughout the District that may also be used by commercial operators. This includes the maintenance and

development of Council owned waterways facilities including ramps and jetties. The Council maintains boat ramps and associated structures at Glenorchy, Sunshine Bay, St Omer Park, Bay View (Kelvin Peninsula), Frankton Marina, Kingston, Hawea foreshore, Roys Bay (Wanaka).

A programme of regular inspections are undertaken by qualified personnel to ensure waterway facilities are safe that routine maintenance is being undertaken and that capital repairs are forecast and planned well ahead of time.

The Council has also developed a Jetties and Moorings Policy which gives guidance to those who already own a jetty or mooring and those wishing to do so, on Frankton Arm, Queenstown Bay and Kingston Arm. It allows the Council to fully consider the cumulative effects of new applications and it sets out the issues of public access.

Capital Expenditure

Major Projects (\$000)	2009	2010	2011
Waterways Facilities - Wakatipu Ward			
Bayview Jetty design/construction	-	-	11
Waterways Facilities - Wanaka Ward			
Roys Bay Marina - Stage 2 (carparks) & 3 (reclamation)	350	-	-
Glendhu Bay - New ramp and Jetty	15	195	-

Note: More detail on this activity is available in Volume 2 of the 10-Year Plan and more financial data is available in Volume 3 of the 10-Year Plan.

Parks and Recreation Facilities

This activity provides affordable and accessible recreation facilities throughout the District. The Council owns and maintains 1000ha of designated reserve areas in the communities of Glenorchy, Queenstown, Arthur's Point, Luggate, Arrowtown, Kingston, Wanaka, Albert Town, Hawea and Makarora. This includes: the Queenstown Gardens, 36 playgrounds and 30ha of sports fields in Queenstown, Arrowtown, Hawea and Wanaka. This activity does not include facilities on Council owned land that are owned by other organisations i.e. bowling, tennis and golf clubs. Multi-use indoor facilities are covered in Community Facilities. Council-assisted (not operated) facilities are covered under the Community Grants activity.

The Council undertakes maintenance of the Queenstown Gardens and all amenity horticulture work with its own staff, while mowing, tree maintenance and building maintenance is undertaken under contract by Asplundh (NZ) Limited. Sports Turf is maintained by the specialist turf team at Lakes Leisure Limited.

The emphasis in the 2010 -11 year will be on renewal of assets that have reached the end of their useful life and maintaining current service levels. Some of the facilities provided and maintained by Council include:

- Queenstown Gardens and Wanaka Station Park.
- 36 playgrounds and four skate parks.
- Three BMX jump parks in association with local mountain bike clubs.
- 30 ha of sports fields in Queenstown, Arrowtown and Wanaka and Hawea.
- Over 50km of walkways, tracks and mountain bike trails.

Capital Expenditure

Major Projects (\$000)	2009	2010	2011
Parks and Reserves - Wakatipu Ward			
Lake Hayes - North End Facilities	15	154	159
Kelvin Grove	-	-	265
Lake Hayes Showground Pavillion Parking	250	-	-
Jardine Park Playground	-	-	159
Pergola Roses and Bowling Club	10	98	-
Queenstown Rec Ground Access Improvements	10	98	-
Frankton Track Foreshore Beautification	-	51	53
Kelvin Golf Course Surrounds	30	31	32
Fernhill Playground	-	-	85
Jubilee Park	-	82	-
Kelvin Grove Playground	-	82	-
Lake Street Foreshore Enhancement	-	-	79
Lake Hayes Reserve	-	10	53
Matakauri Reserve	25	26	11
Frankton Courts Refurbishment	60	-	-
Tipperary Place Playground	-	-	53
Kingston Foreshore Plan	-	-	53
Glenorchy Foreshore Plan	-	51	-
Parks and Reserves - Wanaka Ward			
Roys Bay to Wanaka Station Park Improvements	-	26	265
Albert Town Lagoon Boardwalk	-	128	-
Wanaka Show Grounds field development	-	51	53
Albert Town Playground	-	62	-
Walkways - Wakatipu Ward			
Wakatipu Trail Development	301	103	212
Walkways - Wanaka Ward			
Upper Clutha Trail Development	170	205	-

Emergency Management

This activity relates to the provision of Civil Defence and Rural Fire emergencies.

The Council has, with the other authorities in the Otago Region, developed a Civil Defence Emergency Management Plan and supports associated personnel and infrastructure for Civil Defence and other civil emergencies. The main role of this function is to protect public safety by planning, educating and the mitigation of risk.

Council has prepared Emergency Management Plans (Lifelines Study) that outline procedures to be followed to enable the District's essential infrastructure to continue to function in the event of a major breakdown or civil emergency. These are to meet the needs of the Civil Defence and Emergency Management Act 2002 (Lifelines).

Council is the Rural Fire Authority for all areas of the District other than the main urban townships and Department of Conservation areas. The role of this function is twofold, firstly, to mitigate the risk of rural fires by planning and prevention and secondly, to manage any rural fire suppression and to provide resources to fight any fire outbreaks. The Council provides contracted Rural Fire Units operated by the Council's horticultural team and Voluntary Rural Fire Forces based at Kingston, Glenorchy, Makarora and Arrowtown. Council also supports the Upper Clutha area with a tanker based at Luggate Fire Station.

Through its infrastructure maintenance contracts Council provides contracted Rural Fire Units at Lakes Contract Services and Works Infrastructure depots in Queenstown and Wanaka. These units comprise around 40 trained personnel and six trailers containing fire suppression equipment.

Council also supports community Voluntary Rural Fire Forces at Kingston, Glenorchy, Arrowtown and Makarora by providing appliances, equipment buildings and training.

To address water supply issues in the Upper Clutha area Council provides a water tanker based at Luggate NZFS Station.

Council is responsible for rural fire control through:

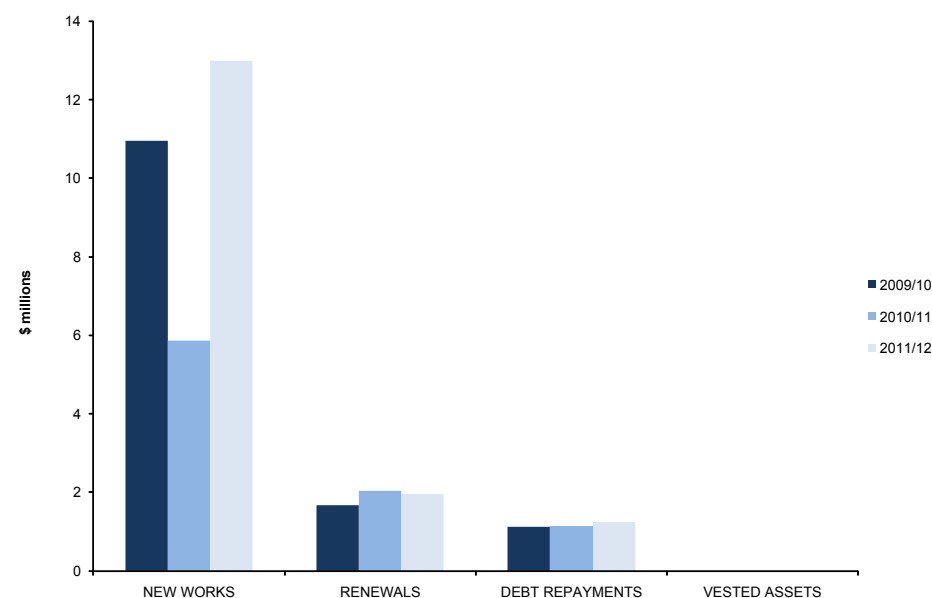
- Monitoring of the fire danger.
- Implementation of fire restrictions.
- Administration of a fire permit system.
- Provision of public information.
- Suppression of all uncontrolled fires in rural areas except Department of Conservation property and urban townships covered by NZFS.

Summary of forecast financial performance

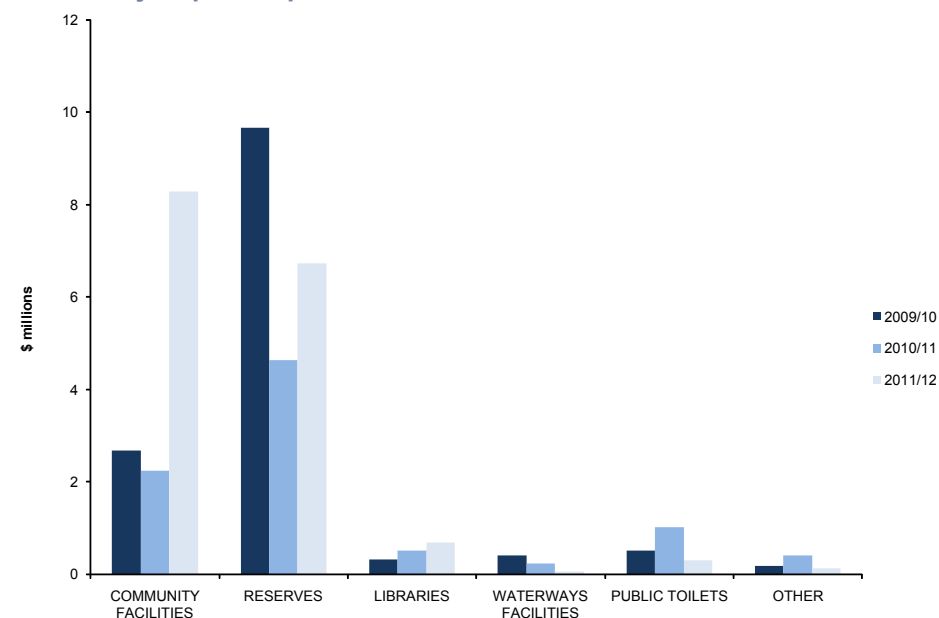
	2009/10	2010/11	2011/12
Expenditure	\$000	\$000	\$000
Community Facilities	3,722	3,887	3,950
Active & Passive Recreation	5,169	5,747	6,156
Community Development	905	938	968
Community Grants	528	547	565
Libraries	1,982	2,121	2,293
Waterways	185	209	224
Cemeteries	134	148	155
Public Toilets	670	756	852
Emergency Services	537	597	615
Operating Costs	13,832	14,950	15,778
Group Activity Income (1)	5,080	5,356	6,642
Net Cost/(Surplus) of Service	8,752	9,594	9,136
Capital Expenditure			
Community Facilities	2,684	2,233	8,287
Active & Passive Recreation	9,654	4,627	6,726
Libraries	313	507	681
Waterways	403	234	51
Cemeteries	60	267	106
Public Toilets	517	1,013	301
Emergency Services	112	147	29
Capital and Debt Repayment	13,743	9,028	16,181
Funding Required/(Generated)	22,495	18,622	25,317
Funded By:-			
Targeted Rates	6,233	6,784	7,150
General Rates	3,957	4,389	4,699
Loans (Internal & External)	6,509	4,420	6,270
Transfers (to)/from Reserves	4,444	1,514	5,614
Depreciation not Funded	1,352	1,515	1,584
Total Funding	22,495	18,622	25,317
Activity Income Includes (1)			
User Charges	1,445	1,518	1,599
Grants & Subsidies	164	162	1,044
Other	180	204	220
Capital Contributions	3,291	3,472	3,779
Total Activity Income	5,080	5,356	6,642

Note: More detail on this activity is available in Volume 2 of the 10-Year Plan and more financial data is available in Volume 3 of the 10-Year Plan.

Community Capital Expenditure by Type 2009 to 2011



Community Capital Expenditure 2009 to 2011



Highlights of Community Activities

- Delivery of new community facilities for the Upper Clutha.
- Ongoing implementation of an ambitious strategy for trails and walkways in Wanaka and Wakatipu in co-operation with local agencies.
- Continuing development of a cooperative approach to libraries through the joint library service.
- Continued development of walkways.
- On-going support and facilitation of an independent regional film office.
- Continued implementation of Wilding Pines Strategy at \$100,000 per annum.



Resource Management and Regulation

This includes:

- The District Plan
- Regulatory Services
- Waterways Control

The District Plan

The single most effective way the Council can exert influence over growth is the District Plan. The primary purpose of this activity will be to better align the District Plan, once fully operative, with the philosophy of this 10-Year Plan.

The form and nature of the plan is governed by the Resource Management Act 1991 (RMA). That legislation contains extensive checks and balances to protect all parties to the process. Development of the plan will require considerable time and resources to achieve a defensible result.

The District Plan is now operative except for one point dealing with financial contributions. The Council is attempting to resolve these issues.

The combination of rapid community growth and a sensitive environment will result in continuing evolution of the District Plan.

District Plan work includes the following key projects:

Growth Management

This includes undertaking plan changes relating to the re-zoning of Frankton Flats, Three Parks, Ballantyne Road Business and Residential Zones and Growth Boundaries for the District's main urban areas.

Town Centres and Small Communities

This includes Plan Changes in Kingston and the Cardona Village Rural Visitor Zone and Plan Changes arising from the Queenstown and Wanaka Town Centre Strategies.

Regulatory Services

As a territorial authority, the Council has certain regulatory functions that it is obliged to administer. The functions, which are contracted in whole or part to Lakes Environmental are:

- Resource Consent, Development, Control and Monitoring
- General Environmental Health
- Inspection and Licensing
- Animal Control
- Bylaw and General Enforcement
- Car Parking Enforcement
- Building Control

The Resource Management Act 1991, Building Act 1991, Local Government Acts of 1974 and 2002, Health Act 1956, Sale of Liquor Act 1989, Dog Control Act 1996 and the Litter Act to name a few require Council to

be involved in these functions and from time to time to create bylaws for the better administration of these Acts. The Council is committed to:

- Effective compliance to ensure consent conditions and community standards are achieved.
- Providing effective guidance to interested parties on consent and licensing processes.
- The Council is generally obliged to observe the wording of the relevant act and must generally act as an impartial decision maker weighting the evidence placed in front of it by the parties.

Waterways Control

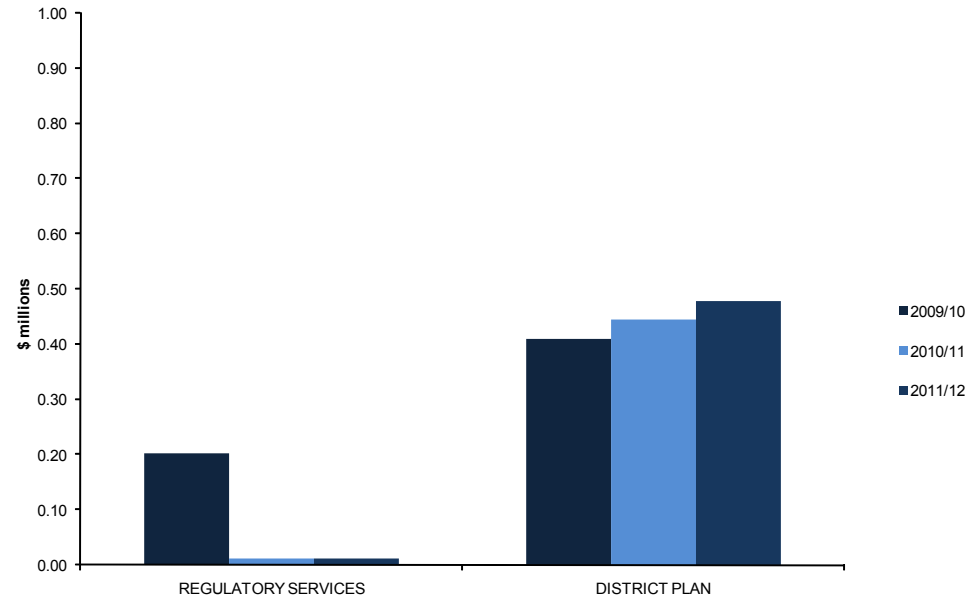
The purpose of this function is to control, by way of inspection, enforcement and promotion, the safe use of waterways and safety in waterways based activities in the District. It includes the provision of harbourmaster services, which is contracted to Southern Lakes Monitoring Services. Harbour Master services are provided 365 days a year.

Summary of Forecast Financial Performance

	2009/10	2010/11	2011/12
Expenditure	\$000	\$000	\$000
Regulatory Services	3,559	3,633	3,762
Waterways Regulation	405	423	437
District Plan	2,458	2,480	2,583
Operating Costs	6,422	6,536	6,782
Group Activity Income (1)	1,522	1,612	1,696
Net Cost/(Surplus) of Service	4,900	4,924	5,086
Capital Expenditure			
Regulatory Services	202	11	11
District Plan	410	445	478
Capital and Debt Repayment	612	456	489
Funding Required/(Generated)	5,512	5,380	5,575
Funded By:-			
General Rates	4,142	4,338	4,523
Loans (Internal & External)	1,354	1,052	1,087
Transfers (to)/from Reserves	13	(13)	(38)
Depreciation not Funded	3	3	3
Total Funding	5,512	5,380	5,575
Activity Income Includes (1)			
User Charges	68	70	73
Other	1,454	1,542	1,623
Total Activity Income	1,522	1,612	1,696

Note: More detail on this activity is available in Volume 2 of the 10-Year Plan and more financial data is available in Volume 3 of the 10-Year Plan.

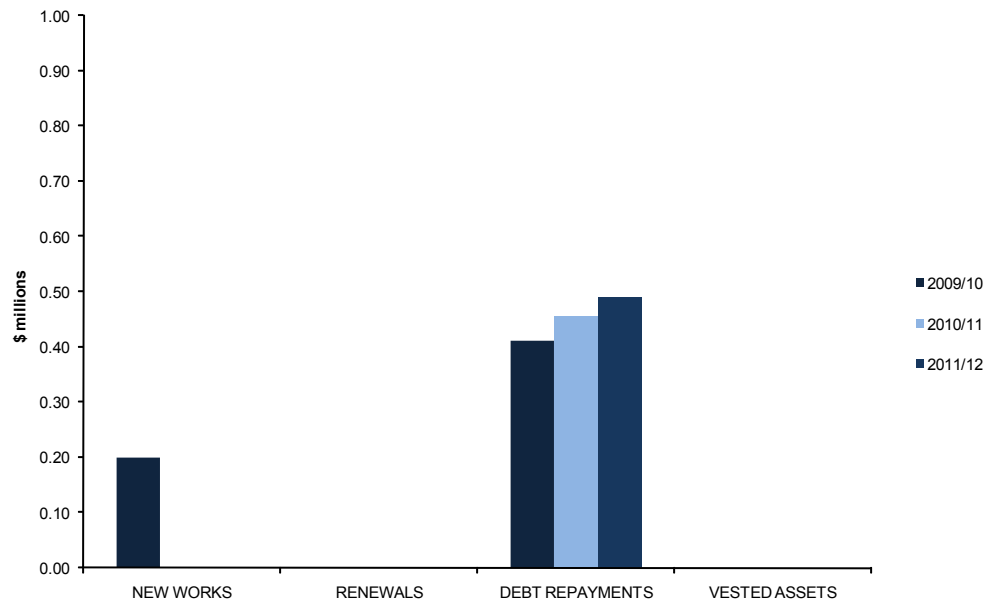
Regulatory Capital Expenditure 2009 to 2011



Highlights of Resource Management and Regulation Activity

- District Plan fully operative.
- Ongoing development of monitoring programme for quality of consent conditions.
- Review of outsourced planning and regulatory contracts.
- Large scale change to the District Plan around areas of significant community concern, particularly High Density Residential and Visitor Accommodation.
- New dog pound for Wanaka.

Regulatory Capital Expenditure by Type 2009 to 2011



Utilities

The utilities activity includes the operation of:

- Water Supplies
- Stormwater
- Wastewater
- Waste Management

Water Supply

In the Queenstown Lakes District there are eight public water supply schemes, located at Queenstown, Arrowtown, Glenorchy, Lake Hayes, Arthur's Point, Wanaka, Albert Town, Lake Hawea, and Luggate. There are approximately 14,000 connections to these schemes. 85% (2006) of our rateable units are provided for by these public schemes. The remainder obtain water by other means. These include rainwater tanks, private bores, and private reticulated supplies.

The water supplies are sourced from generally high quality lakes and bores. However treatment processes are limited and there is potential for supply contamination. Public Health Risk Management Plans are being developed for each water supply to detail council's actions for preventing the risk of supply contamination and for upgrading treatment systems to comply with the Drinking Water Standards for New Zealand 2005 (including 2008 amendment), which are now mandatory.

The Ministry of Health maintains a register of community water supplies and produces supply gradings to reflect the relative contamination risks. Although Council's supplies are presently ungraded, previous gradings have been low, reflecting the unprotected sources and the existing low level of treatment.

There is presently a lack of detailed knowledge of the quality of lake and bore water sources and a sampling programme has been implemented to allow the required level of treatment to be determined. Budgets for upgrading water treatment systems are included in years 2009/10 to 2016/17 of the capital works programme.

The demand on our water schemes is anticipated to increase over the next ten years from 8.7 million to 13.6 million cubic metres per year. The projected population growth is the main reason for this increase in demand, and it requires that significant amounts of additional storage and reticulation be provided.

The average water consumption in the district per person is estimated at 750 litres per day which is very high by national standards. This has been largely attributed to inefficient water use – including leakage, irrigation demand during the summer months and lack of incentives to conserve (such as paying for water). During 2008, a new Water Supply Bylaw together with individual Demand Management Plans for each water supply has been developed, with a view to reducing inefficient water use.

Constructing new public water schemes for small communities present difficult problems of affordability, as evidenced by the figures estimated for Kingston. Investment in these small communities will depend first upon the Council being able to resolve how these costs can be sustained by the small ratepayer base involved.

The option of Government funding for new water supplies such as the Drinking Water Assistance Programme is being investigated, with particular emphasis on the smaller water supplies. Given the present funding criteria, the likelihood of subsidy is low.

Water Demand Management

In addition to treatment, the Council must restrict excessive use of water. In summary, the Council has four avenues to pursue this:

- a) We have adopted a new Water Supply Bylaw which commenced on 20 December 2008. This allows Council to control activities which are an abuse of the purpose for which potable water is provided.
- b) Each water supply area has a Demand Management Plan (which can be found on the Council website). These plans include a requirement that all new connections will need to have a water meter installed by July 2009. This will allow information to be collected about water use. Council will also be able to require meters on apparent high use properties.
- c) Council has an active programme of identifying leaks in the water network and reduced water pressure areas.
- d) In the future the community will need to debate whether volumetric charging for water consumption is required in the interest of fairness.

Water Demand Management is a key consultation project in this 10-Year Plan. For more information go to page 18.

Capital expenditure

Major Projects (\$000)	2009	2010	2011
Arrowtown			
Arrowtown Bore Field Upgrade	941	-	-
Caernarvon / Wiltshire Street Upgrade	137	-	-
Arthurs Point			
Arthur's Point Water Supply Upgrades	50	57	244
Hawea			
Hawea Water Supply Upgrades Stage 2 - Intake & RM	-	208	-
Hawea Water Supply Upgrades Stage 1 - Cemetery Road reticulation	330	-	-
Hawea Water Supply Upgrades Stage 3 - Treatment	-	-	214
Queenstown			
Upper Commonage & Larchwood Reticulation	32	48	699
Fernhill Water Reticulation Upgrades	300	-	-
Kelvin Heights Reticulation - Peninsula Road Upgrades	67	301	-
Kelvin Heights Intake	786	-	-
Wanaka			
Anderson Road Extension	-	85	461
Beech Street Upgrade	-	47	293
Beacon Point Road Duplication	110	-	148
Golf Course Road Booster Pump Station	250	-	-
Infinity Block Connection	100	-	-
Hawthenden Reservoir	105	-	112
Hawthenden Rising Main - Stage 2	121	-	-
Second Western Reservoir	-	-	149
Hawthenden Rising Main - Stage 1	94	-	-

Stormwater

In the Queenstown Lakes District, there are public storm water systems serving most developed settlements. The extent and degree of reticulated stormwater collection and disposal in the various urban communities varies greatly – from very extensive in the larger communities of Queenstown, Wanaka to minor schemes in Kingston and Makaroa. Residential suburbs are typically served by simple pipe networks collecting water from a small catchment area and discharging to a nearby natural waterway or lake. Rural townships and residential areas are typically served by roadside open drainage networks with limited reticulated pipe work. In areas where there is not a reticulated public network property owners are required to dispose of storm water on-site by ground soakage.

At present there are poor information records on these schemes. Council has commissioned GHD and Connell Wagner to prepare Catchment Management Plans for the future; the drafts of these will be available early 2009.

It is important to make a distinction between storm water and roading assets for the purposes of funding and operational responsibility.

In urban areas reticulated mains systems and their connections to private properties is a storm water asset. Roadside drains, kerbing and sumps and their connections to the reticulated system are a roading asset.

In rural areas open drains, culverts and connections to a discharge point are roading assets.

Council believes that the demand for public storm water systems will rise significantly over the next ten years in line with development, population growth and global warming.

Capital Expenditure

Major Projects (\$000)	2009	2010	2011
Arrowtown			
Arrowtown Stormwater - Adamson Drive reticulation	20	291	-
Queenstown			
Frankton School - Stormwater upgrade	370	-	-
Queenstown Stormwater - Belfast Terrace to Horne Creek	-	-	321
Queenstown Stormwater - Brunswick Street	23	197	-
Frankton - Remarkables Crescent	350	-	-
Wanaka			
Helwick Street Upgrade	20	327	-
Dungarvon Street Upgrade	38	-	-
Tenby Street Upgrade	150	-	-

Wastewater

The safe management of human waste is a core function of the Council. By undertaking this activity we protect public health, ensure the pristine nature of our environment, particularly waterways, and live up to the clean green image that we portray to the world.

Community expectations of how the Council treats and disposes of waste in general are rising rapidly. In the Queenstown Lakes District, there are seven public wastewater systems totalling 17,800 connections. Schemes are located at Queenstown, Wanaka, Albert Town, Arrowtown, Lake Hawea, Lake Hayes, Luggate (Council maintains the reticulation only) and Arthur's Point. More than 2,300 rateable units deal with their wastewater by other means – such as septic tanks and package treatment plants.

This 10-Year Plan contains a total capital expenditure on waste water for the next three years of \$37.6 million. Capacity upgrades for Queenstown alone will total \$13 million.

The single biggest wastewater priority for the Council is to achieve internationally accepted standards of wastewater treatment, which will involve disposal to land. This involves acquiring the necessary land, seeking consents and constructing wastewater treatment and disposal facilities.

The project for Wanaka and Albert Town (Project Pure) was completed in 2008 and now planning is proceeding towards upgrading the Shotover Treatment Facility for the Wakatipu.

This 10-Year Plan contains \$37 million to deliver on Project Shotover, which is expected to have a three year construction period. The project will meet international best practice standards and provide an environmentally superior scheme to meet the demands of future population growth in the area for the next 40 to 60 years.

Please refer to the Chief Executive's commentary on page 4 for further discussion on the cost implications.

Major Projects (\$000)	2009	2010	2011
Arrowtown			
Project Shotover - Stage 1	104	107	111
McDonnell Road Pump Station Upgrade	16	147	-
Butel Park Pump Station Upgrade	-	11	98
Arthurs Point			
Project Shotover - Stage 1	37	39	40
Hawea			
Hawea Pump Station and Rising Main Upgrades	30	-	562
Hawea Wastewater Treatment Investigations	200	200	-
Lake Hayes			
Project Shotover - Stage 1	48	50	51
Queenstown			
CBD to Frankton	400	4,051	4,280
Frankton to Ponds Wastewater Reticulation	557	2,838	2,923
Project Shotover - Stage 1	812	842	867
Remarkables Park Pump Stations - Stage 1	705	-	-
Gorge Road to Marine Parade Wastewater Reticulation	923	-	-
Wanaka			
Allenby Farms Reticulation and Pump Station	476	-	-
Wanaka Ponds Remediation - Wanaka Airport	10	-	794
Bremner Bay PS	2,051	-	-
Aubrey Road East Reticulation	797	-	-

Waste Management

In 2003 the Council adopted its Waste Management Strategy with a target of 35% diversion of waste from the Victoria Flats Landfill by June 2006. Diversion rates for the 2007 year from QLDC were 26%. The current waste diversion targets as defined in the levels of service are 35% in 3 years and 50% in 10 years. It is recognised that these targets will be easier to achieve if composting and organic collection services is introduced.

Council undertakes solid waste management in four distinct but inter-related activities. The activity is sub-divided into the following categories:

Landfill Provision and Management

Provision and management of landfill for the disposal of solid waste. The Victoria Flats landfill accepts waste from household refuse collections across the Queenstown Lakes and Central Otago Districts as well as waste collected by private companies across the region. It is owned and operated by Scope Resources Limited.

Residual (rubbish) collection

Provision of a kerbside residential refuse collection service in developed urban areas and transfer stations in Queenstown and Wanaka. The current residential refuse collection service allows for the collection of pre-paid (blue) refuse bags and for residents to enter into a private arrangement with the refuse collection contractor for the hire and disposal costs for a 240 litre wheelie bin. The waste management strategy aims to encourage waste minimisation and this 10-Year Plan proposes providing residents with the option of continuing to purchase pre-paid refuse bags (introduction of two sizes: 30 or 60 litre) or hiring a 120 litre wheelie bin from the Council for an additional annual charge (approximately \$200 per annum). The smaller wheelie bin will provide an incentive to reduce the volume of household waste to landfill. The option of a pre-paid blue bag will be expanded to include a smaller size to increase flexibility. The transfer stations will continue to accept bulky waste from residents and businesses. For more detail go to page 10.

Servicing of Street Bins

Collection and disposal of refuse from street litter bins in all urban centres. Recycling litterbins are currently provided in Queenstown and a programme is in place to continue to install recycling litter bins as and when urban streets are redeveloped. Ministry for the Environment funding has been provided for recycling litter bins in Arrowtown and Wanaka.

Waste Minimisation and Recycling

In 2003, after extensive public consultation, Council adopted a Waste Management Strategy which included a commitment to a 'Zero Waste' future. Since that time we have driven continuously to implement the 43 waste minimisation initiatives identified in the strategy.

The success stories include kerbside recycling in Wanaka, which was introduced in September 2005, construction of seven rural refuse and recycling drop-off points for visitors and residents in rural areas and the construction of a resource recovery park in Frankton in October 2007 that has enabled kerbside recycling in the Wakatipu.

The main outstanding issues include introduction of an organic waste collection service and composting facility. Scoping for the facilities and services is complete, and the 2009/19 10-Year Plan will provide final consultation on the costs and affordability of this new service. The introduction of a landfill levy to fund all waste diversion initiatives is planned in 2009. Once all major services are in place a Solid Waste Bylaw for the district will be put in place providing legislative backing for the Waste Management Strategy.

New Organic Services

The Council is proposing a new organic waste collection and processing service with home composting solutions to be rolled-out in two stages.

Stage 1 - It is proposed that from July 2009 households in Glenorchy, Kingston and Makarora and other rural areas will receive a subsidised home composting starter pack consisting of a compost bin, worm farm or Bokashi system to deal with food waste plus an on-going composting education service. The current green waste drop-off points in Glenorchy, Kingston, Frankton, Wanaka, Hawea and Makarora would be retained. (\$300k)

Stage 2 – From October 2013 households in urban areas would receive a small bin and a supply of biodegradable bin-liner bags (for food waste including cooked meat waste), plus a 140 litre wheelie bin for collection of the small bin-liner bags and green waste (\$750k per annum). The organic waste wheelie bins would be collected on a weekly basis and composted at a new composting facility (\$3.9m capital plus \$500k per annum). This was originally proposed for October 2010 but the council has chosen to defer the project.

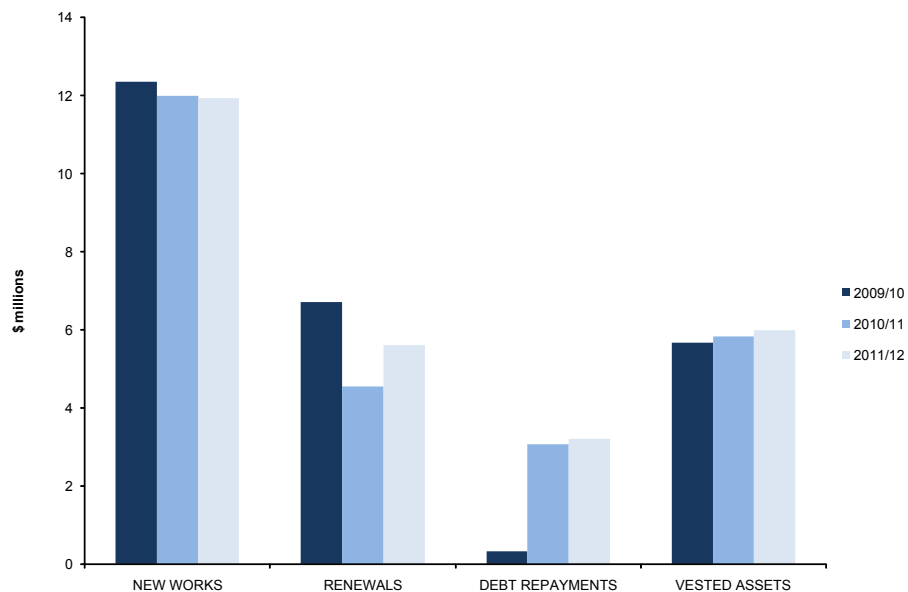
For more detailed information go to page 12.

Summary of Forecast Financial Performance

	2009/10	2010/11	2011/12
Expenditure	\$000	\$000	\$000
Wastewater	8,390	9,320	10,303
Water Supply	7,056	7,676	8,281
Waste Management	8,320	8,751	8,605
Stormwater	2,130	2,187	2,248
Operating Costs	25,896	27,934	29,437
Group Activity Income (1)	16,840	17,802	18,513
Net Cost/(Surplus) of Service	9,056	10,132	10,924
Capital Expenditure			
Wastewater	12,211	14,105	15,453
Water Supply	7,760	6,048	6,742
Waste Management	471	192	434
Stormwater	4,604	5,089	4,094
Capital and Debt Repayment	25,046	25,434	26,723
Funding Required/(Generated)	34,102	35,566	37,647
Funded By:-			
Targeted Rates	15,460	17,515	18,054
General Rates	245	137	378
Loans (Internal & External)	14,052	13,494	14,730
Transfers (to)/from Reserves	1,933	1,878	1,814
Depreciation not Funded	2,412	2,542	2,671
Total Funding	34,102	35,566	37,647
Activity Income Includes (1)			
User Charges	5,610	6,115	6,108
Grants & Subsidies	134	143	152
Other	392	385	391
Vested Assets	5,664	5,827	5,984
Capital Contributions	5,040	5,332	5,878
Total Activity Income	16,840	17,802	18,513

Note: More detail on this activity is available in Volume 2 and the 10- year financial data is available in Volume 3 of this 10-Year Plan.

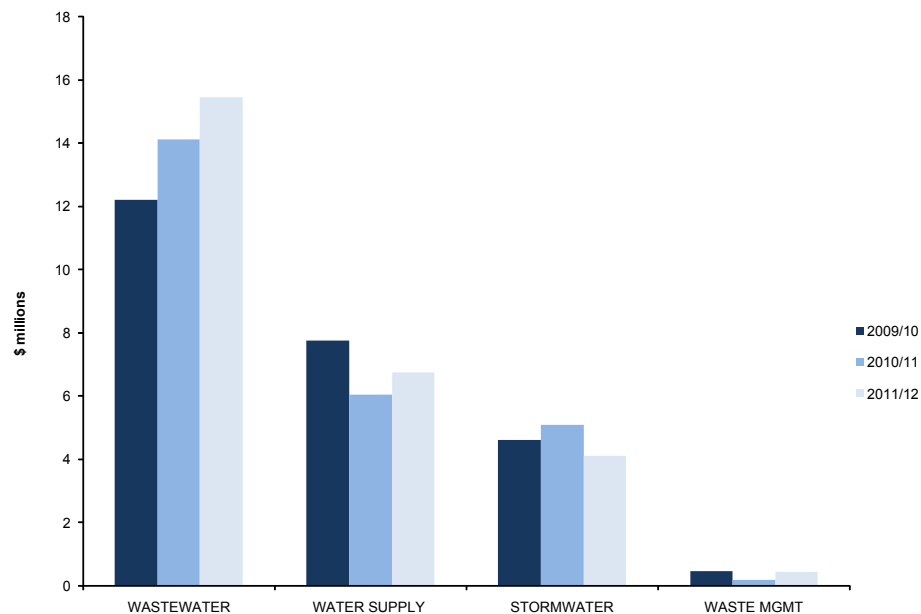
Utilities Capital Expenditure by Type 2009 to 2011



Highlights of the Utilities Group of Activities

- Project Shotover – disposal of wastewater to land in the Wakatipu.
- Implementation of a new residual waste collection service in 2009.
- Implementation of stage one organic service in 2010 and stage two in 2012.
- Transport initiatives.
- Travel Demand Management.
- Water Demand Management.

Utilities Capital Expenditure 2009 to 2011



Transport

A shift towards achieving greater sustainability has seen national and local transport strategies focusing on changing the way people think about travel choices. This is also in line with our own community outcomes.

In 2008, Central Government completed its review of the New Zealand Transport Strategy (NZTS). This resulted in the production of an underlying document titled The Government Policy Statement on Funding (GPS) which explains how the Government prioritises funding assistance for local transport projects and guides local spending on this activity.

Low priority projects will receive no central government funding and will need to be funded completely locally whereas qualifying projects will receive between 43% - 75% Central Government funding. The following examples of Government funding rates are relevant to this 10-Year Plan:

Amenity based projects: 0%
Local road maintenance projects: 43%
New capital projects: 53%
Travel demand management projects: 75%

These funding rates are subject to change and it is essential that the Council's transport activity is responsive to this.

Transport strategies

The development of transport strategies for the Wanaka and Wakatipu Wards has been consistent with the New Zealand Transport Strategy. In August 2007 the Council adopted the Wakatipu Transportation Strategy and in March 2008 the Wanaka Transportation and Parking Strategy was adopted.

The Council is also developing strategies for road safety, cycling & walking, and the Transport Asset Management Plan. These will be completed in the 2008/09 year, and have provided input to this Council Community Plan.

These strategies promote an integrated approach to projects that together will achieve significant changes to the district's transport system and travel behaviour over the next twenty years. Key drivers for the strategies have been the need to cater for growing transport demands (as a consequence of forecast resident and visitor growth) and the need to enhance district amenity.

The strategies were developed with the NZTA's predecessors and the Otago Regional Council. Because the strategies are an integrated series of measures, they do rely on each agency meeting its commitments.

An important element of the Wakatipu Transportation Strategy is the provision of a destination enhancing passenger transport system which will lead the development of bus priority measures and parking management. Responsibility for the delivery of passenger transport services presently lies with the private sector and the Otago Regional Council.

The adoption of the Council's strategies by the NZTA provides a degree of confidence as to government funding support for their implementation:

- Wakatipu Transportation Strategy: endorsed by Land Transport New Zealand and Transit New Zealand.
- On foot, By Cycle: to be formally considered by the NZTA Board in December 2008.
- Wanaka Transportation and Parking Strategy: under consideration - deferred by the restructuring of LTNZ/TNZ. To be considered by the NZTA in early 2009.

Road Network

The Council has committed a total of \$54.5 million of roading capital expenditure over the next three years.

The Queenstown Lakes District Council's involvement in transport has traditionally been focused on roading.

The District controls more than 800 kilometres of formed roads (of which over 400 kilometres are sealed), 90 kilometres of footpaths and cycle paths, 91 bridges, 2720ha of land and 1412 streetlights. There are also numerous other features including signs, barriers and street furniture.

This activity includes not only the roadway but many associated aspects such as footpaths, parking (on and off-street carparking, bus stops, loading zones and taxi stands), bus shelters, cycleways, signage, and street lighting.

The activity also includes a new service, travel demand management, made up of travel awareness programmes and travel plans.

This activity requires the Council to work in close partnership with the New Zealand Police, and the New Zealand Transport Agency (which funds a portion of local roads through national levies, provides and manages the state highway network, and applies national standards and requirements governing the safe design and use of roads).

Over the next three years the Council intends to:

- a) Prioritise its roading programme towards renewals and rehabilitation to address concerns that the maintenance of our roads is falling behind.
- b) Require developers in 'greenfield' situations to meet the full cost of roading needed to service their development.
- c) Defer seal extensions and other related road improvements, except in critical areas.
- d) Clearly scrutinise those aspects of our new roading projects that involve improved, enhanced landscaping. Those aspects add considerably to the cost of roading projects. For example the planned upgrade of Church Street will be limited largely to the carriageway re-instatement.
- e) Over this period there will be no new footpath, lighting or tree planting on roads in the Queenstown Central Business District area unless wholly funded by developers.
- f) The Council has provided for a greater commitment to both oiling and maintenance metalling of unsealed roads. We are aware that these roads in particular have deteriorated to an undesirable degree.

The Council will tender its roading maintenance contract in May 2009, which creates both an opportunity and a risk for costs over the following period.

For more information on Transport go to page 15.

Parking Facilities

The Council provides public carparking so that residents, workers and visitors have access to facilities and attractions in Queenstown, Arrowtown and Wanaka. The management of parking facilities is seen as one of the most significant issues for Council.

Throughout the Queenstown Lakes District, there are presently 3,759 car parking places provided by the Council in on-street and off-street parking areas. These are made up of unrestricted, time restricted, Pay and Display and leased parking places.

The Church Street, Boundary Street and Ballarat Street Carparks are Council's main off-street car parking facilities in central Queenstown. In addition, there are also facilities in Gorge Road (near Industrial Place), Athol Street and Brecon Street. Arrowtown has facilities on Ramshaw Lane.

For the past four years, the Council's annual residents' surveys have placed "carparking in Queenstown and in general" as either the first or second priority for Council attention. At present there is roughly equal satisfaction / dissatisfaction with the carparking.

Destination Queenstown's Regional Visitor Monitor (RVM) has repeatedly reported visitors' perceptions of the car parking and campervan parking in Queenstown as being behind national benchmarks. The latest RVM also comments that a significant number of visitors regard a lack of carparking as a "lowlight" of their visit to Queenstown.

In 2005 the Council adopted a district-wide transportation and parking strategy (Future Link). This strategy promoted graduated parking controls in the central area, encouraging higher turnover in parking in the central business district, and less turnover outside of this area.

The Wakatipu Transportation Strategy adopted in August 2007 built on the Future Link Strategy, promoting measures to improve the "legibility" of visitor parking in the short term, with constraint of commuter parking being introduced alongside the improvement of bus services.

In central Wanaka the Council has facilities on Dungarvon Street, Dunmore Street, Brownston Street and Wanaka waterfront. At peak seasonal times these facilities come under considerable pressure.

Capital expenditure

Major Projects	2009	2010	2011
Wakatipu - NZTA			
2009 Malaghans Road Site 1 - Sealed road pavement rehabilitation	1,576	-	-
Lake Esplanade Upgrade - Sealed pavement rehabilitation	74	1,635	-
Gorge Road - Sealed road pavement rehabilitation	141	1,179	-
Hensman Road - Sealed road pavement rehabilitation	-	166	924
Malaghans Road Site 6 - Sealed road pavement rehabilitation	1,037	-	-
Malaghans Road Site 1 - Sealed road pavement rehabilitation	-	1,576	-
Coronet Peak Road - Sealed road pavement rehabilitation	886	-	-
Berkshire Street- Sealed road pavement rehabilitation	52	470	-
Adamson Drive - Sealed road pavement rehabilitation	108	752	-
Centennial Avenue - Sealed road pavement rehabilitation	-	-	821
Malaghans Road - Sealed road pavement rehabilitation	-	674	-
Lucas Place - Sealed road pavement rehabilitation	218	656	-
Glenorchy SPR			
Glenorchy SPR - Sealed road pavement rehabilitation	-	778	1,900
Crown Range - SPR			
Crown Range Road - Sealed road pavement rehabilitation	1,729	1,244	1,163
Wanaka - NZTA			
Wanaka Mount Aspiring Road - Sealed road pavement rehabilitation	-	-	707
Wanaka Other			
Ardmore / Brownston - Road reconstruction	300	1,059	-
Hawea Flat Seal Extensions	1,150	644	-

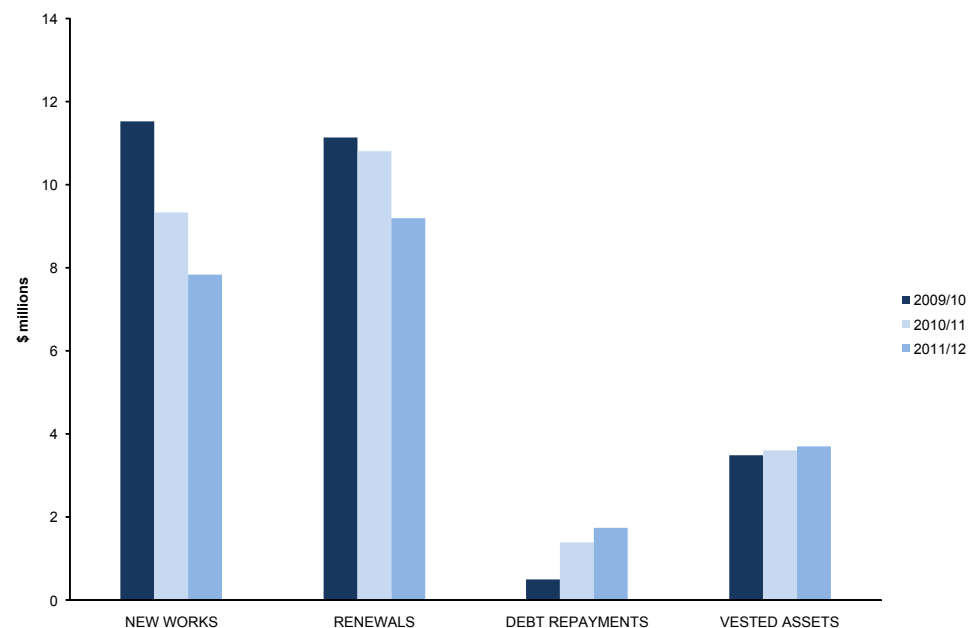
Summary of forecast financial performance

	2009/10	2010/11	2011/12
Expenditure	\$000	\$000	\$000
Roading and Parking	15,732	17,282	18,787
Parking Provision	459	462	469
Operating Costs	16,191	17,744	19,256
Group Activity Income (1)	21,000	19,500	20,308
Net Cost/(Surplus) of Service	(4,809)	(1,756)	(1,052)
Capital Expenditure			
Roading	26,530	24,997	22,358
Parking Provision	150	150	150
Capital and Debt Repayment	26,680	25,147	22,508
Funding Required/(Generated)	21,871	23,391	21,456
Funded By:-			
Targeted Rates	9,574	10,736	11,570
Loans (Internal & External)	8,415	8,668	5,857
Transfers (to)/from Reserves	1,533	1,297	1,030
Depreciation not Funded	2,349	2,690	2,999
Total Funding	21,871	23,391	21,456
Activity Income Includes (1)			
User Charges	582	618	654
Grants & Subsidies	13,748	11,892	12,438
Other	423	450	477
Vested Assets	3,502	3,603	3,699
Capital Contributions	2,745	2,937	3,040
Total Activity Income	21,000	19,500	20,308

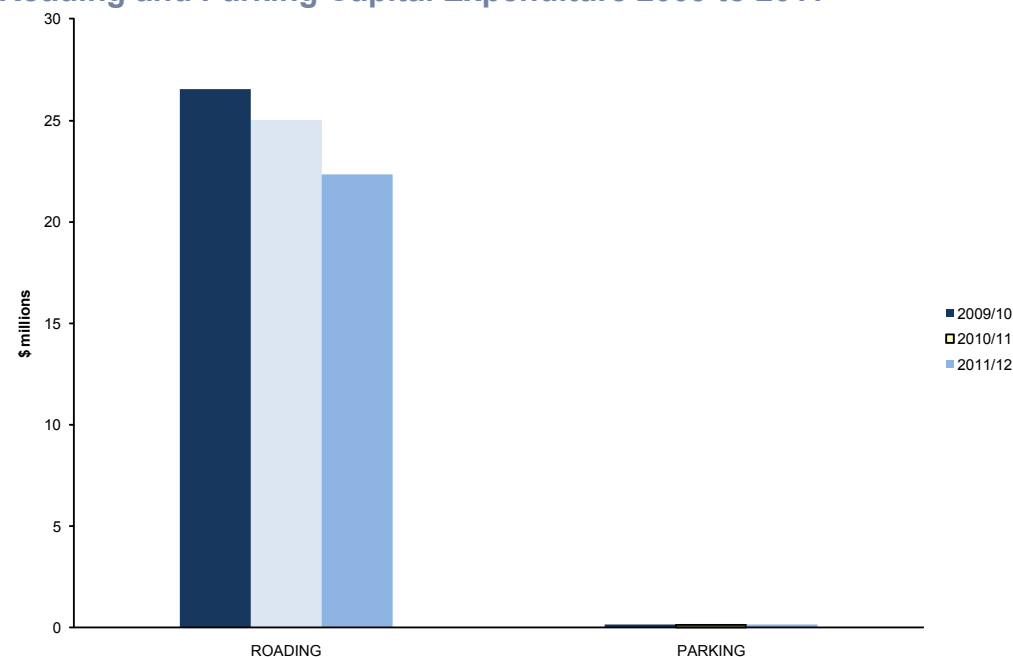
Note: More detailed information is available in Volume 2 and ten year financial data is available in Volume 3 of this 10-Year Plan.

In addition to the above projects an important element of the roading capital expenditure budget will further the transportation study which will provide the necessary analysis for development of a long term roading and parking strategies.

Roading and Parking Capital Expenditure by Type 2009 to 2011



Roading and Parking Capital Expenditure 2009 to 2011





Financial Information at a Glance

Financial Issues

The various programmes and projects described in this plan are aimed at meeting the needs of our communities. In formulating the Council Community Plan, the Council must attempt to balance the inevitable financial cost against the well-being of the community. In the current economic environment, this is a difficult task.

The budgeting information contained in this document is provided in detail for the first three-years and at an indicative level for year's four to 10. The following graph shows predicted expenditure levels over the next 10 years. The capital expenditure programs for infrastructure have been derived from revised asset management plans that include the latest growth projections. Capital expenditure on physical works over the next 10 years is much higher than previously forecast. It amounts to \$832m (2006: \$587m) with over 39% due to be spent on water supply & wastewater projects, required largely to address the requirements of the new drinking water standards and resource consents. Operating expenditure is shown to increase over the 10 year period by an average of 6.6% per annum. The forecasts do include a provision for inflation after the first year as well increases as a result of projected growth within the district.

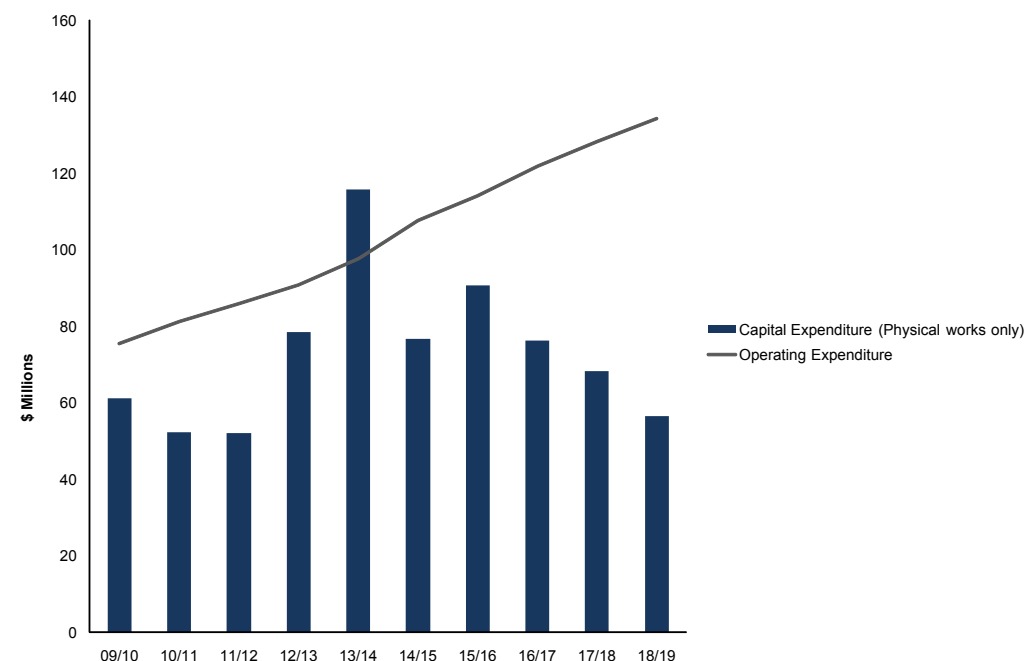
What's the problem?

Council has identified that it is not in a position to adequately fund all of the projects identified as being necessary for the community over the 10 years covered by the plan. Some of these projects are necessary to satisfy central government requirements (i.e. water treatment) and others are required to meet higher environmental standards (i.e. Project Shotover – wastewater treatment). Some projects have arisen out of the work that has been done in the last three years to better understand the state of district infrastructure. The large road rehabilitation programme in the Wakatipu ward is an example of this. The biggest issue is still growth however, and many projects are required to service expected growth. We do expect growth rates to decline in the short term, which will effect the timing of some projects but this does not remove the obligation for Council to adequately plan for and provide the infrastructure. The difficulty is that often this infrastructure has to be provided in advance of when it is required and that the full cost of it must be met by Council before it receives the development contributions. This requires large amounts of borrowing.

The cumulative effect of the cost of these projects is that Council's borrowing escalates rapidly to a point that it is not affordable. Council has worked hard to ensure that the first three years of the plan are affordable and that the projects included in this period are really necessary. The unaffordable debt levels are an issue which become apparent in years five to 10 of the plan and will require the Council and the community to further examine possible alternatives to dealing with the problem over the next years.

All 10-Year Plans are audited by the Office of the Auditor General. The audit opinion for this plan has been "qualified" because it is not "financially prudent". The opinion re-affirms Council's position that in years five to 10 of the plan, the debt levels are not affordable. Council chose to reject a simplistic approach to cut capital expenditure for the sake of obtaining a perfect score card and it also rejected the option of applying dramatically increased rates or user charges. Instead it has chosen to make rates affordable and give its community full disclosure of the issues and the costs it faces. We will have three more years as a community before we produce another 10-Year Plan to work on this problem and a working party is already underway to find solutions. It won't be a quick fix but we need to get it right so that generations to come are not saddled with a worse problem. In all other respects the audit has found the Council to be compliant.

10 Year Projected Council Expenditure

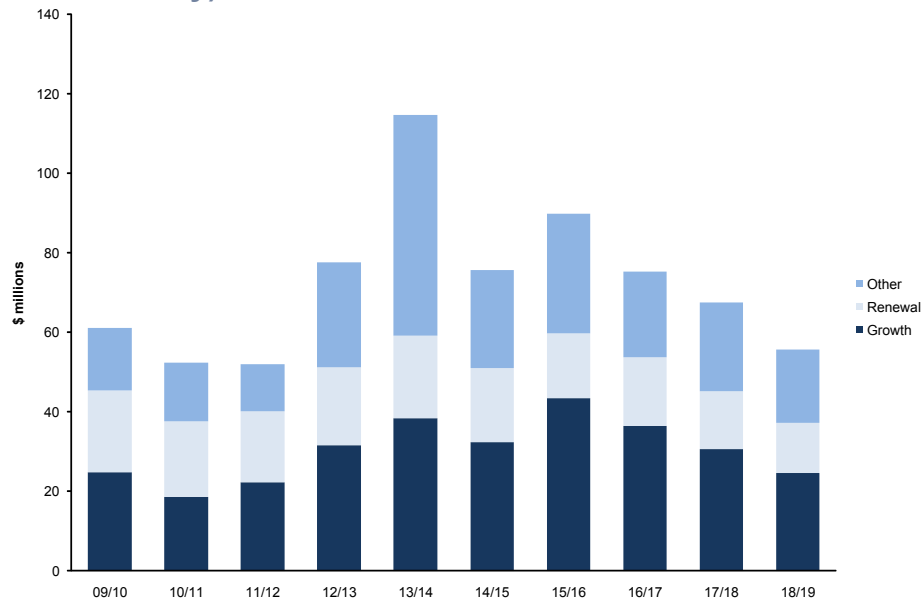


Capital Works

We continue to be faced with a major investment programme to maintain the standards that our residents, ratepayers and visitors aspire to in the face of continuing growth. The Capital Works programme included in this plan is significantly larger than those projected in previous years.

Over the 10 years, we have identified around \$832m (2006:\$587m) (adjusted for future inflation) of capital expenditure required, which is 42% more than that estimated in the 2006 10-Year Plan. The main reasons for this are the costs associated with upgrading wastewater & water supply systems in the light of more demanding consent conditions and water treatment standards. There is \$151m of wastewater upgrades including \$37m for Project Shotover; a new sewerage disposal system for the wider Queenstown area and water supply projects account for \$171m over the 10 years and \$24.5m for water treatment plants in Queenstown, Wanaka and Arrowtown which are currently required under new water treatment legislation. There are \$297m of roading and parking projects allowed for in this plan, with a large proportion of those attracting subsidy from New Zealand Transport Agency. There is also \$128m of recreational asset expenditure included over the 10 years. This includes \$10m for an indoor sports facility for Wanaka.

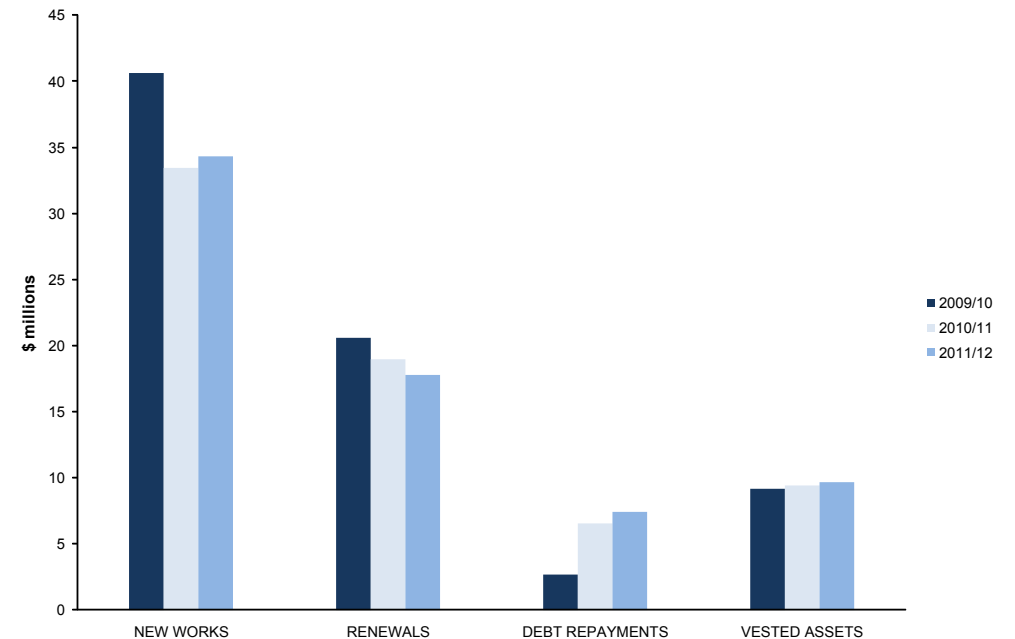
Capital Expenditure by Cost Driver - Whole Council (Physical Works only)



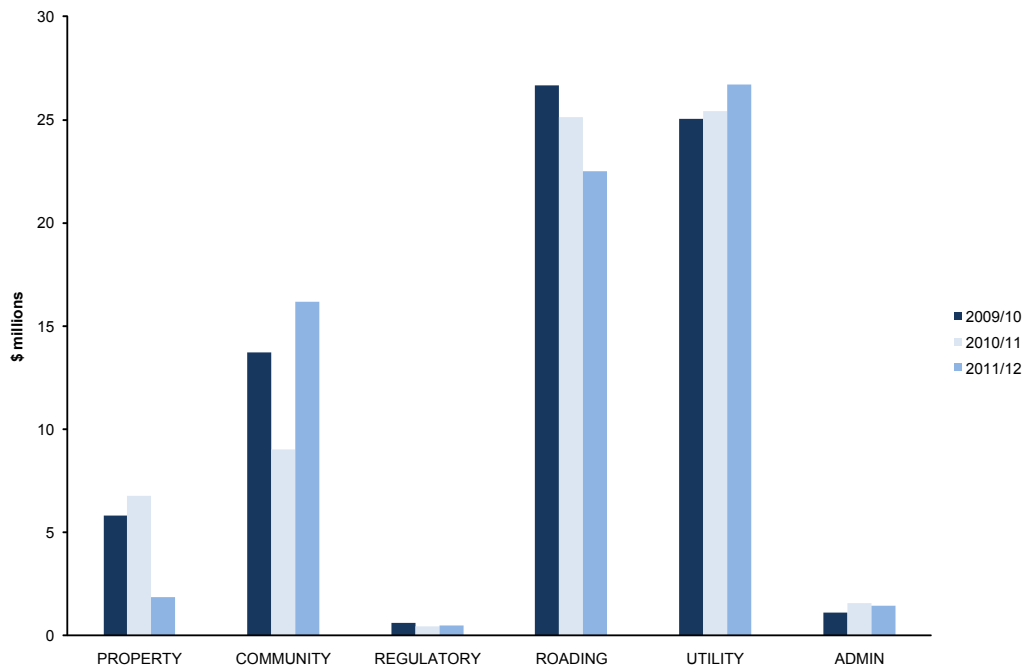
Just under 49% of the total capital expenditure is required to provide infrastructure to meet the demands of strong growth. This is illustrated in the graph at left. In time, most of this expenditure will be recovered from developers through the charging of development contributions.

The graph at bottom left illustrates where the capital expenditure is programmed over the next three years in terms of Council activity. The bulk of the expenditure continues to be in the basic infrastructure of sewerage, water supply and roading. The graph below illustrates what type of capital expenditure is proposed. New capital works dominate the programme as we strive to provide infrastructure to meet the demands of strong growth. Renewals are defined as those works replacing assets that are obsolete or worn out. Vested assets are those assets which are provided through the subdivision consent process.

Capital Expenditure by Expenditure Type 2009 to 2011



Capital Expenditure by Activity Group 2009 to 2011



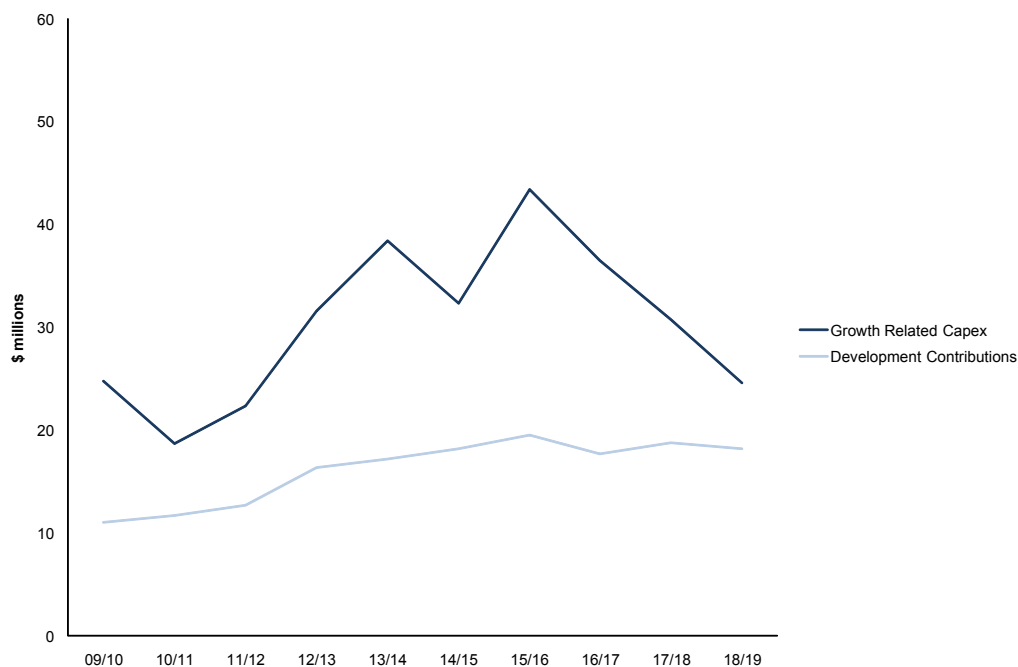
Debt

In order to deliver the large capital programme included in this plan, Council will need to rely on borrowing. The amount of borrowing required is well in excess of the amount anticipated in previous plans. Council has spent some time working through the capital programme to ensure that it is deliverable. This has meant that a number of projects have been deferred or omitted because of funding and financing constraints. Council is confident that the programme for the first five years is deliverable but acknowledges that some of the capital expenditure in years five to ten may not be undertaken unless additional sources of funding are secured. Options for this include Central Government assistance or some form of public/private partnerships to deliver key infrastructure.

It is expected that by the end of year three, external debt will have risen to \$137m and by the end of the 10-year period; it will have reached \$393m. This is over three times the amount anticipated for in the last 10-Year Plan and Council recognises that this is not a realistic proposition for our community. It raises the fundamental issue which a number of "growth" councils are facing around the country at this time: how to reconcile the opposing statutory objectives to promote community well-being on the one hand whilst remaining financially prudent on the other. Council intends to make a joint presentation to the new Government regarding this issue.

The growth portion of the Capital Programme (some \$407m) will be funded by development contributions as growth occurs, but must be funded largely by debt in the first instance. This allows for Council to spread the cost of large infrastructural projects over the expected life of the asset. Using debt in this way means that future residents and ratepayers contribute a fair share to the use they make of a facility. This level of borrowing exceeds some of the debt parameters in Council's Liability Management Policy beginning in year five.

10 Year Financial Analysis Growth Related Capex vs Development Contributions



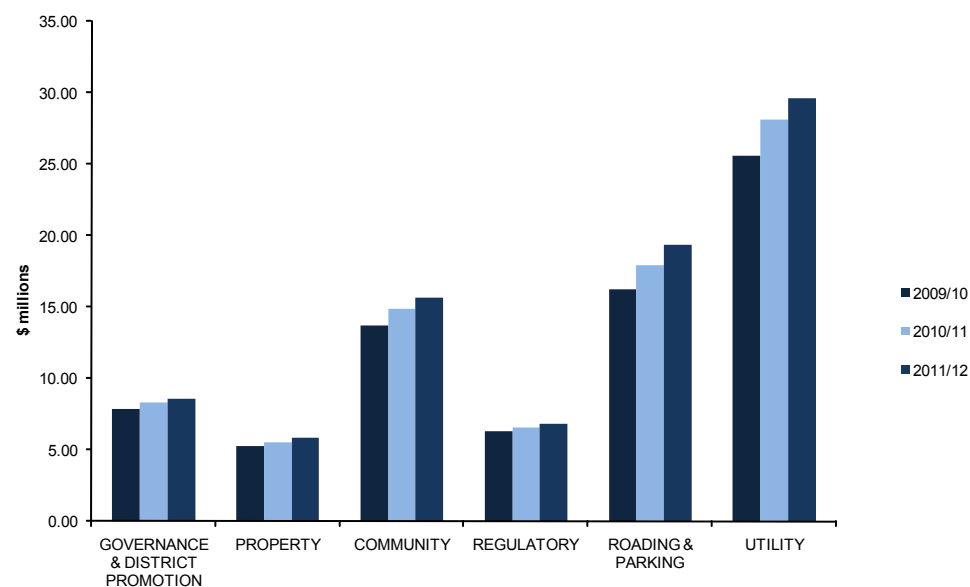
Debt Parameters	Limit	Estimates			
		30 June 10	30 June 11	30 June 12	30 June 19
Interest Expense/Operating Revenue	<20%	6.6%	7.7%	8.1%	16.4%
Interest Expense/ Total Revenue	<15%	6.0%	7.0%	7.5%	14.5%
Net Debt/Total Revenue	<200%	112.2%	117.2%	118.1%	250.5%
Net Debt/Equity	<20%	14.4%	14.6%	15.2%	30.9%

Clearly this is of concern and Council has taken the approach of deferring all non-essential capital works past the first three years. This will allow time to evaluate other options for capital expenditure and to investigate alternative funding arrangements. This may mean that projects that are currently included within the 10 year timeframe are not delivered because they are subsequently deemed to be unaffordable. Refer to the debt graph on page 11 and the further commentary on financial affordability.

Explanation of Operating Surplus

The table on the following page explains the nature of the operating surplus that appears in the financial statements in Volume 3. It is important to understand that the entire operating surplus is required in order to fund the capital works programme for the Council. The operating surplus cannot be compared to the concept of profit as the Council is a non profit organisation.

Operating Expenditure by Activity Group 2009 to 2011



Analysis of Operating Surplus 2009/10 to 2011/12

	2009/10	2010/11	2011/12
Targeted Rates	36,522	40,824	42,835
General Rates	9,957	11,223	12,299
User Charges	13,334	14,131	14,447
Grants and Subsidies	14,047	12,197	13,633
Property Sales	0	5,000	6,611
Vested Assets	9,166	9,430	9,683
Development Contributions	11,076	11,742	12,698
Other	4,696	4,135	3,972
Revaluation - Non Current Assets	0	0	0
Total Operating Income	98,798	108,682	116,178
Less:			
Operating Expenditure	75,651	81,259	85,870
Operating Surplus	23,147	27,423	30,308
Less:			
Capital Expenditure	70,343	61,830	61,753
Debt Repayments	2,690	6,569	7,439
Capital Expenditure	73,033	68,399	69,192
Funding Deficit	(49,886)	(40,976)	(38,884)
(Funded by other sources eg Loans, Asset Sales or Special Funds)			
Explanation Of Items Contributing			
To Operating Surplus	23,147	27,423	30,308
Made up of the following items, most of which relate to the funding of capital expenditure :			
Property Sales	0	5,000	6,611
Vested Assets	9,166	9,430	9,683
Development Contributions	11,076	11,742	12,698
Capital Grants and Subsidies	2,905	1,251	1,316
	23,147	27,423	30,308

Growth

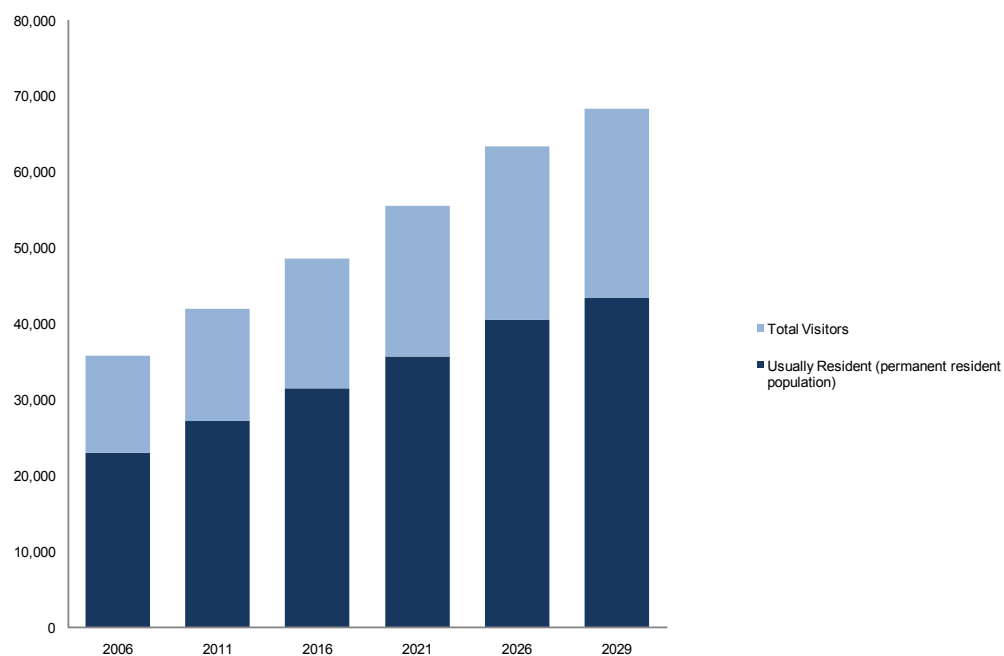
Growth is a major issue for the district and Council has spent considerable time and effort in developing comprehensive growth projections. These have been estimated using the best information available and are included in Volume 4 of this document. The projections were completed in early 2008.

Projections have been derived for:

- The resident population (which is useful when looking at some service provisions such as educational needs).
- The number of visitors, which is then further broken down into day visitors and those staying in private residences and in commercial accommodation.
- The number of occupied and unoccupied dwellings that will be required over time.
- The number of visitor units that will be required over time.

This information is then used to give the figures for an average day and a peak day.

The average day population growth

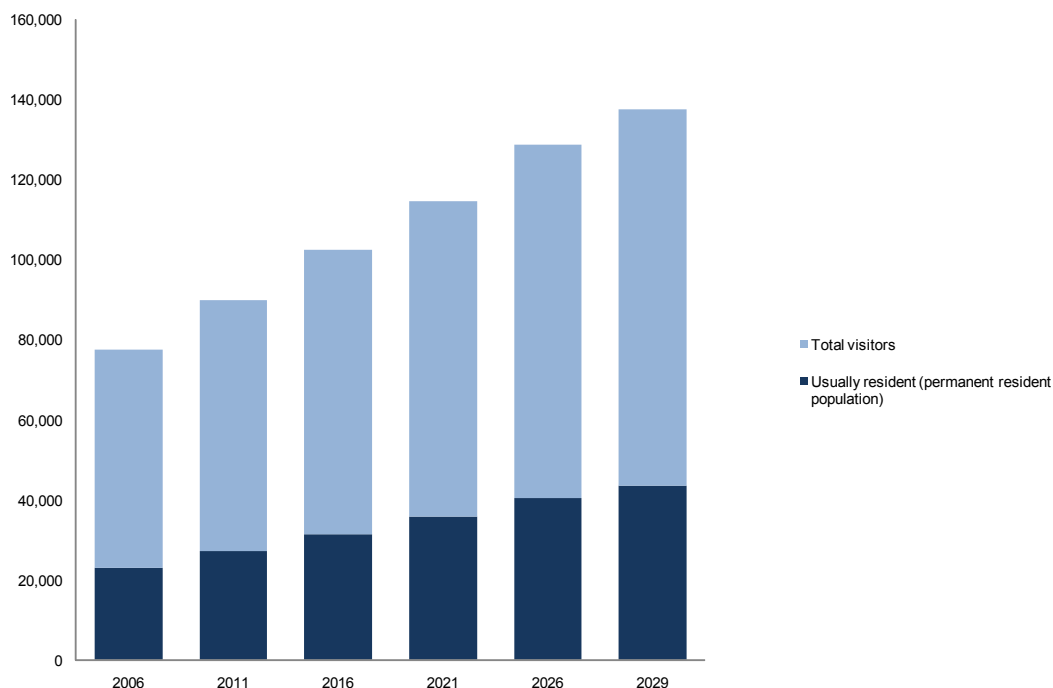


Average day population	2006	2016	2029
Wanaka ward	10,637	15,157	22,116
Wakatipu ward	25,140	33,418	46,189
District	35,777	48,575	68,305

The average day population data for the District as a whole is expected to increase from an estimated 35,777 people in 2006 to an estimated 68,305 people in 2029 which is a growth rate of 2.9% per annum. This figure is comprised of residents, visitors staying in both commercial accommodation and private residences, and day visitors. Of the average day population:

- Approximately 65% is made up of usually resident population.
- Around 70% will stay/live in the Wakatipu ward and the remainder will be in the Wanaka ward.

The peak day population growth



Peak day population	2006	2016	2029
Wanaka ward	30,040	41,289	55,438
Wakatipu ward	47,503	61,021	81,966
District	77,543	102,310	137,404

The peak day population data for the District as a whole is expected to increase from an estimated 77,543 people in 2006 to an estimated 137,404 people in 2029 which is a growth rate of 2.5% per annum. This figure is comprised of residents, visitors staying in both commercial accommodation and private residences, and day visitors. Of the peak day population:

- Approximately 30% is made up of usually resident population.
- Around 60% will stay/live in the Wakatipu ward and the remainder will be in the Wanaka ward.

It is noted that the peak period is over the New Year period and lasts for a relatively short time. The peak population information is particularly important for Council's infrastructure planning as the infrastructure such as roads, water, and sewage need to be designed to cope at those times.

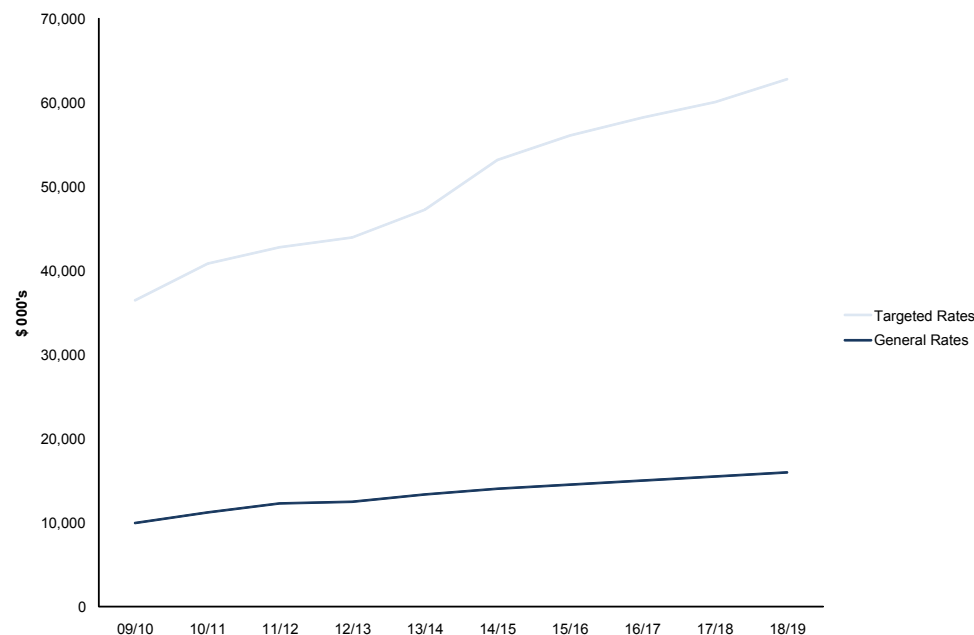
Rates in the Long Term

The following chart depicts the indicative movements in rates revenue over the 10 year period. Targeted rates are those rates which apply to particular properties which benefit directly from a Council service. These include district wide rates for waste management; ward based rates for roading, stormwater, tourism promotion and aquatic centres as well as scheme based rates for water supply and sewerage.

Revenue from targeted rates shows an average annual increase of around 6.2 % per annum. After allowing for new additional ratepayers that result from growth, existing ratepayers can expect an average rate increase of around 3.2%. However, increased depreciation charges and operating costs in relation to the new sewerage treatment plant in Wanaka (Project Pure) and Project Shotover in Queenstown are likely to have a significant local impact, over the ten year period.

Revenue from general rates shows an average annual increase of around 5.4 % per annum (before growth), which translates to an annual rates increase of 2.4% per annum after allowing for growth.

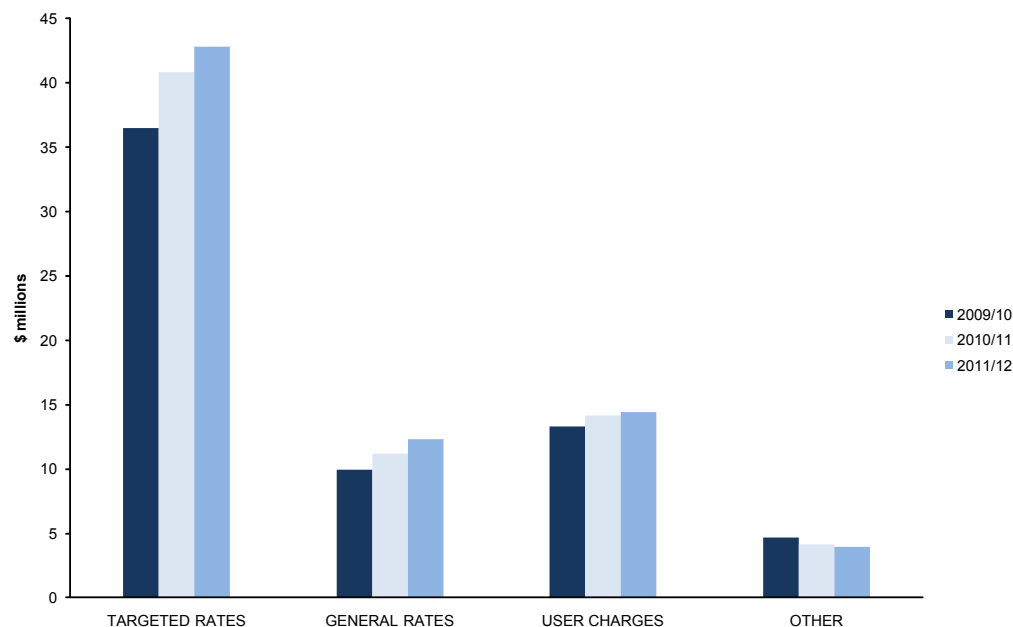
Indicative Rates Revenue



Rates in 2009/10

To implement the initiatives we have described, rates will increase for the 2009/10 year. On average the increase is 6.3% (after allowing for growth in the district) although the actual increase will be dependent on the nature of the property, the services it receives and where it is located. The increases for Wanaka properties connected to Project Pure show a disproportionate increase to the rest. This reflects the increased operating costs required for this new plant. This level of increase was anticipated however, and was forecasted in previous consultation with the community. As a result of the submission process the Council agreed to fund an increase for Lake Wanaka Tourism. The additional \$119,000 is funded from commercial and accommodation businesses in the Wanaka Ward.

Rates and User Charges 2009 to 2011



Indicative Residential Rates 2009/10

Location	Queenstown	Wanaka	Arrowtown	Glenorchy	Kingston	Albert Town	Hawea	Lake Hayes
Capital Value	691,200	583,200	507,600	496,800	496,800	324,000	399,600	496,800
UAGC	66	66	66	66	66	66	66	66
Recreation	250	250	250	250	250	250	250	250
Governance	126	126	126	126	126	126	126	126
Aquatic Centre	72	-	72	72	72	-	-	72
General Rate	345	291	254	248	248	162	200	248
Roading Rate	275	277	202	197	197	154	190	197
Stormwater Rate	73	93	54	53	53	52	64	53
Water	354	346	309	580	-	272	280	440
Sewerage	270	520	340	-	-	520	480	360
Waste Mgmt	139	139	139	139	139	139	139	139
Total Rates	\$1,970	\$2,109	\$1,811	\$1,731	\$1,151	\$1,741	\$1,795	\$1,951
% Increase	3.46%	6.99%	3.52%	-0.00%	-0.00%	3.23%	3.24%	4.27%
\$ Increase	\$66	\$138	\$62	-\$0	-\$0	\$54	\$56	\$80

Indicative Commercial Rates 2009/10

Location	Queenstown	Wanaka	Arrowtown	Queenstown	Wanaka	Arrowtown
Type	Commercial	Commercial	Commercial	Mixed Use	Mixed Use	Mixed Use
Capital Value	1,287,600	777,000	1,221,000	831,600	648,000	680,400
UAGC	66	66	66	66	66	66
Recreation	250	250	250	250	250	250
Governance	126	126	126	126	126	126
Aquatic Centre	72	-	72	72	-	72
General Rate	939	567	891	499	389	408
Roading Rate	1,330	961	1,261	545	508	446
Stormwater Rate	136	124	129	88	104	72
Promotion Rate	1,440	570	1,431	232	119	199
Water	654	503	709	432	401	406
Sewerage	270	520	340	270	520	340
Waste Mgmt	102	102	102	139	139	139
Total Rates	\$5,385	\$3,789	\$5,377	\$2,601	\$2,517	\$2,428
% Increase	-0.24%	1.17%	0.60%	1.91%	4.58%	2.43%
\$ Increase	-\$13	\$44	\$32	\$49	\$110	\$58

Indicative Accommodation Rates 2009/10

Location	Queenstown	Wanaka	Arrowtown	Queenstown	Wanaka	Arrowtown
Type	Accommodation	Accommodation	Accommodation	Mixed Use	Mixed Use	Mixed Use
Capital Value	1,287,600	777,000	1,221,000	831,600	648,000	680,400
UAGC	66	66	66	66	66	66
Recreation	250	250	250	250	250	250
Governance	126	126	126	126	126	126
Aquatic Centre	72	-	72	72	-	72
General Rate	1,158	699	1,098	499	389	408
Roading Rate	1,841	1,330	1,746	545	508	446
Stormwater Rate	136	124	129	88	104	72
Promotion Rate	1,440	570	1,431	232	119	199
Water	764	578	839	432	401	406
Sewerage	1,080	1,560	1,360	270	520	340
Waste Mgmt	102	102	102	139	139	139
Total Rates	\$7,036	\$5,405	\$7,220	\$2,719	\$2,622	\$2,524
% Increase	6.50%	12.88%	8.52%	3.85%	5.87%	4.12%
\$ Increase	\$429	\$617	\$567	\$101	\$145	\$100

Indicative Rural Rates 2009/10

Location	Wakatipu	Wanaka	Wakatipu	Wanaka
Type	Primary Industry	Primary Industry	Country Dwelling	Country Dwelling
Capital Value	2,943,000	3,597,000	1,534,400	1,187,200
UAGC	66	66	66	66
Recreation	250	250	250	250
Governance	126	126	126	126
Aquatic Centre	72	-	72	-
General Rate	1,088	1,330	629	459
Roading Rate	935	1,368	670	621
Stormwater Rate	-	-	-	-
Promotion Rate	-	-	-	-
Water	-	-	-	-
Sewerage	-	-	-	-
Waste Mgmt	139	139	139	139
Total Rates	\$2,677	\$3,280	\$1,952	\$1,661
% Increase	6.75%	3.92%	9.10%	3.84%
\$ Increase	\$169	\$124	\$163	\$61

Summary of indicative Total Rate Movements 2009/10

Property Type	New CV	Location	Movement %	\$
Residential	\$691,200	Queenstown	3.46%	\$65.89
Residential	\$583,200	Wanaka	6.99%	\$137.83
Residential	\$507,600	Arrowtown	3.52%	\$61.59
Residential	\$496,800	Glenorchy	-0.00%	-\$0.01
Residential	\$324,000	Albert town	3.23%	\$54.46
Residential	\$399,600	Hawea	3.24%	\$56.35
Residential	496,800	Kingston	-0.00%	-\$0.01
Residential	\$540,000	Arthurs point	1.33%	\$29.89
Commercial	\$1,287,600	Queenstown	-0.24%	-\$13.13
Commercial	\$777,000	Wanaka	1.17%	\$43.85
Commercial	\$1,221,000	Arrowtown	0.60%	\$31.94
Accommodation	\$1,287,600	Queenstown	6.50%	\$429.42
Accommodation	\$777,000	Wanaka	12.88%	\$616.75
Accommodation	\$1,221,000	Arrowtown	8.52%	\$567.07
M/U Accommodation	\$831,600	Queenstown	3.85%	\$100.70
M/U Accommodation	\$648,000	Wanaka	5.87%	\$145.31
M/U Accommodation	\$680,400	Arrowtown	4.12%	\$99.99
Primary Industry	\$2,943,000	Wakatipu	6.75%	\$169.22
Primary Industry	\$3,597,000	Wanaka	3.92%	\$123.70
Country Dwelling	\$1,534,400	Wakatipu	9.10%	\$162.76
Country Dwelling	\$1,187,200	Wanaka	3.84%	\$61.45
Vacant	\$432,000	Queenstown	6.08%	\$91.46
Vacant	\$324,000	Wanaka	6.24%	\$88.66
Vacant	\$270,000	Arrowtown	4.10%	\$52.28
M/U Commercial	\$831,600	Queenstown	1.91%	\$48.86
M/U Commercial	\$648,000	Wanaka	4.58%	\$110.12
M/U Commercial	\$680,400	Arrowtown	2.43%	\$57.57

* The UAGC includes \$9.32 per property of general contribution (5%) to Tourism Promotion.

Targeted Rates

There are also increases for charges for specific water and sewerage schemes. These are necessary due to a range of factors relating to the self-funding nature of each local scheme and the number of contributors involved. These increases are included in the examples of rates increases on the previous page.

Sewerage Scheme	Annual Charge 2008/09	Annual Charge 2009/10
Wanaka	\$360	\$520
Albert Town	\$420	\$520
Hawea	\$380	\$480
Arrowtown	\$310	\$340
Lake Hayes	\$310	\$360
Luggate	\$390	\$450

Water Scheme	Annual Charge 2008/09	Annual Charge 2009/10
Queenstown	\$150	\$180
Wanaka	\$150	\$180
Arrowtown	\$140	\$150
Albert Town	\$280	\$300
Lake Hayes	\$410	\$440
Arthurs Pt	\$550	\$580
Luggate	\$350	\$390

User Charges

There are a number of Council services which are provided on a user pays basis. These include parking, resource and building consent processing and waste management. The costs associated with the full implementation of the Waste Management Strategy are now known. In order to maximise recycling potential, Council has decided to introduce a landfill levy which will be applied to all residual waste ending up at the landfill. The revenue from this source will be used to fund recycling initiatives. This will mean that user charges for residual waste (bag charges, wheelie bins and transfer station fees) will have to increase if we want to maximise recycling opportunities.

Funding and Rating Review

This 2008/09 review report has now been finalised, adopted and incorporated into the 10-Year Plan. Please refer to Volume 3 for more detailed information.

Policy on Development or Financial Contributions

Development or financial contributions are levies which local authorities are permitted to impose at the time of development and subdivision. They allow the Council to recover the additional costs that those activities place on community infrastructure. The levels of contribution required must be objectively justified by a detailed capital programme and economic evidence of the portion of additional cost which relates to growth.

It is a requirement of the Local Government Act 2002 that every local authority must adopt a policy on development of financial contributions as part of the 10-Year Plan process. The Council has developed a policy which is included in full in Volume Three of the plan. The policy defines the amount of development or financial contribution the Council will require when subdivisions or developments increase the demand for Council services. The Council is committed to recovering the cost of growth from those that have created the need for the expenditure. This is to ensure the burden of growth does not fall on existing ratepayers or residents.

By implication, existing ratepayers should pay a fair share towards costs due to changes in levels of service or renewals, for example. The following chart depicts the 10-year capital programme broken down by the cost drivers which have caused the need for the expenditure. The growth component is significant for those activities (assets) covered by this policy. It will be recovered from developers.

Since 2004, Council has operated a policy which provides for development contributions in relation to the following activities:

- Water supply
- Wastewater
- Stormwater
- Reserves/Community Facilities
- Roothing

As a result of the increased levels of capital expenditure included in this plan, the level of contribution for most asset types has increased. The detail of this is included in Volume 3.

Council Controlled Organisations (CCOs)

There are three Council Controlled Organisations. They are the Queenstown Airport Corporation, Lakes Environmental Limited and Lakes Leisure Limited.

The Queenstown Airport Corporation owns and manages the assets and operations of the Queenstown Airport at Frankton. A board of directors is selected by the Council, and they appoint an Airport Manager.

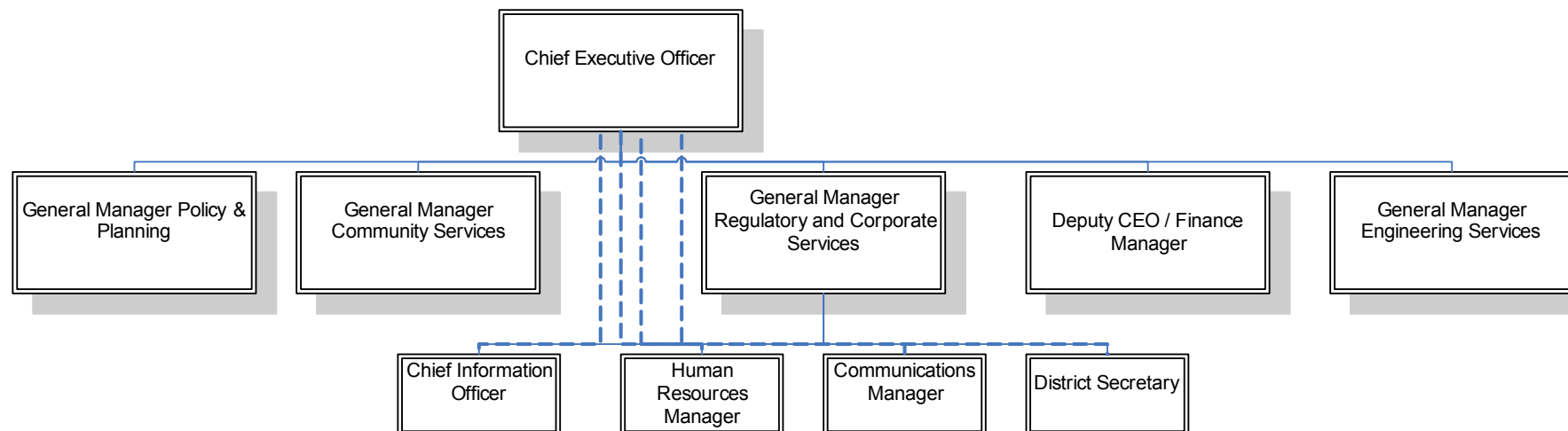
Lakes Environmental Limited undertakes the delivery of the Council's regulatory and resource management services.

Lakes Leisure Limited manages Council's leisure and recreation facilities and the delivery of services from those facilities.

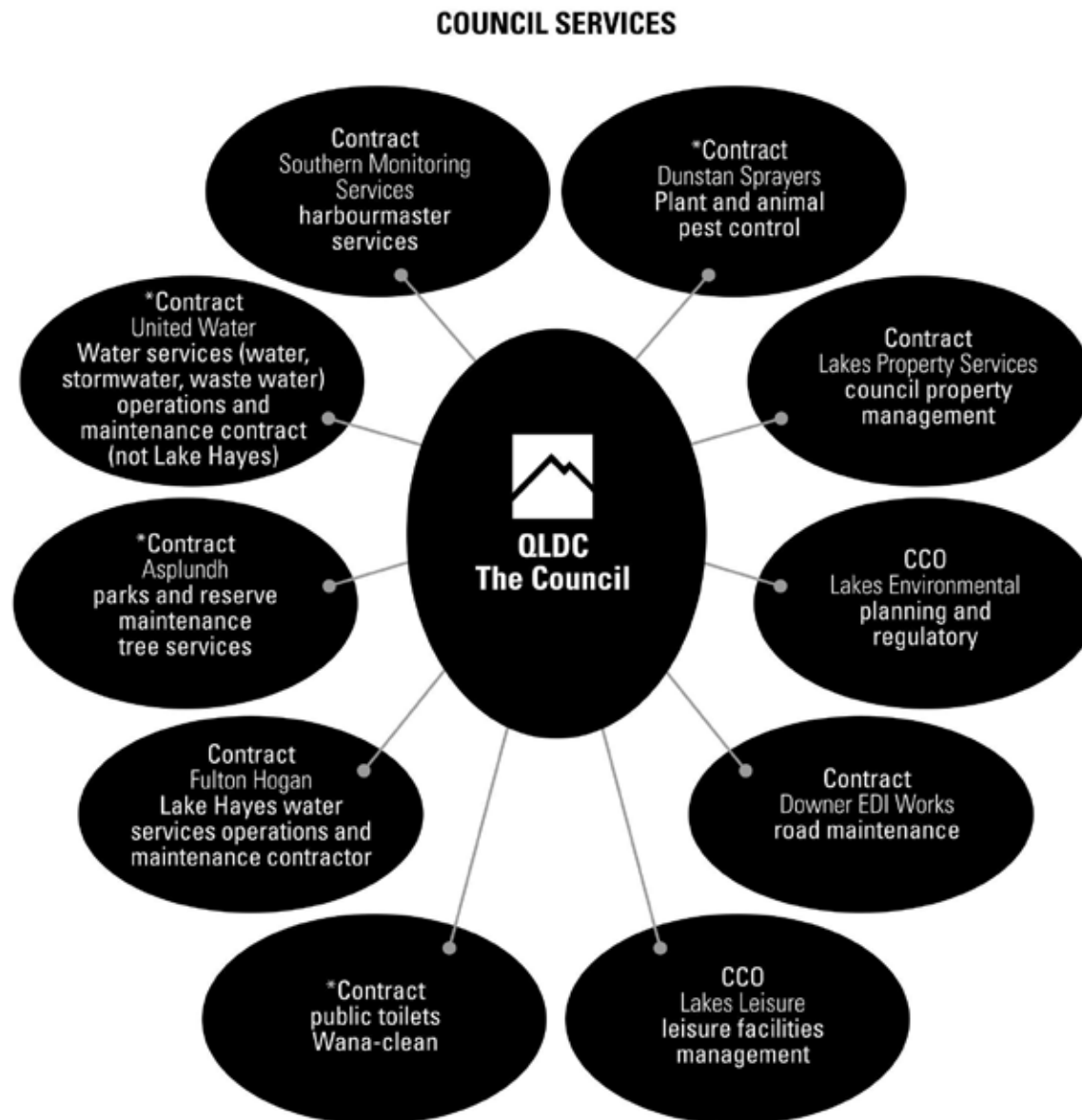
More detail on the CCO's is contained in Volume 2 page 157.

QLDC Management Structure

February 2009



Contractural Structure



CCO –Council Controlled Organisation

* New Contractors as of July 1 2008

Contact Us

Council Offices

Civic Centre
10 Gorge Road
Private Bag 50072
Queenstown

Telephone and Facsimile

Telephone: (03) 441 0499
Facsimile: (03) 450 2223
Email: services@qldc.govt.nz
Website: www.qldc.govt.nz

Service Centres

Arrowtown Library
58 Buckingham Street
Arrowtown
Phone: (03) 442 1607

Wanaka Office
47 Ardmore Street
Wanaka
Phone: (03) 443 0024
Fax: (03) 443 8826

Other

Lakes Leisure (Alpine Aqualand, Queenstown Events Centre, Sportsfields)

Joe O'Connell Drive, Frankton
P O Box 2009
Queenstown
Phone: (03) 450 9005

Queenstown Airport Corporation Limited

Terminal Building, Queenstown Airport
P O Box 64
Queenstown
Phone: (03) 442 3505

Auditors

Deloitte on behalf of the Auditor General
Dunedin

Bankers

Bank of New Zealand
Queenstown

Solicitors

MacTodd
Queenstown

Sister Cities

Aspen, Colorado, USA (Queenstown)
Hikimi, Shimane, Japan (Wanaka)

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Audit Report

Report To The Readers Of Queenstown Lakes District Council's Long-Term Council Community Plan For The Ten Years Commencing 1 July 2009

The Auditor-General is the auditor of Queenstown Lakes District Council (the District Council). The Auditor-General has appointed me, P F Heslin, using the staff and resources of Deloitte, to report on the Long-Term Council Community Plan (LTCCP), on his behalf.

The Auditor-General is required by section 94(1) of the Local Government Act 2002 (the Act) to report on:

- the extent to which the LTCCP complies with the requirements of the Act;
- the quality of information and assumptions underlying the forecast information provided in the LTCCP; and
- the extent to which the forecast information and performance measures will provide an appropriate framework for the meaningful assessment of the actual levels of service provision.

It is not our responsibility to express an opinion on the merits of any policy content within the LTCCP

Opinion

Overall Opinion

In our opinion, the LTCCP of the District Council, incorporating volumes 1 to 4 dated 30 June 2009, is not financially prudent, as required by section 101 of the Act. Consequently, it does not provide a reasonable basis for long term integrated decision making by the District Council, and for participation in decision making by the public and subsequent accountability to the community about the activities of the District Council.

In forming our opinion, we have considered the adequacy of the financial forecasts and the disclosures made by the District Council in the LTCCP, in respect of the financial prudence requirements of section 101 of the Act. Section 101(1) of the Act requires the District Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Further, section 101(2) requires adequate and effective provision in the District Council's LTCCP to meet its forecast expenditure needs.

As identified and set out by the District Council on page 11 of volume 1 of the LTCCP, the community faces a fundamental issue regarding the District Council's ability to fund its forecast capital expenditure needs over the long term. The District Council needs to balance the requirement to deliver services over the long term, which account for the anticipated level of growth, and to fund this growth in a financially prudent manner.

The District Council fully recognises its responsibilities under the Act in relation to both prudent financial management and the need to promote community wellbeing by providing services for current and future communities. The District Council has closely reviewed all activities to deliver an affordable programme for the years 2009/10 to 2012/13. While the District Council is confident that the programme for the first four years is deliverable, it recognises that:

- some of the capital expenditure in years five to ten of the plan may not be undertaken unless additional sources of funding are secured;

- some basic infrastructure for smaller communities may be deferred or not even undertaken at all; and
- some initiatives may be amended

There are also significant uncertainties associated with the amount and timing of development contributions forecast to be received as anticipated growth occurs. Any significant shortfall in development contribution funding would further negatively impact the District Council's ability to service and support debt.

The District Council discloses that it has insufficient borrowing capacity to prudently fund the forecast expenditure identified within the LTCCP as being necessary. By the end of the 10 year period the District Council's debt is forecast to reach \$393 million, which is over three times the amount anticipated in the last LTCCP. The District Council recognises that this level of debt is not a realistic proposition for the Community.

The following broad options are available to the District Council:

- Further reduce the capital expenditure programme and thereby reduce the debt funding requirement
- Increase the revenue base to fund and/or retire debt.
- Reduce operating expenditure and therefore operating levels of service.

As a result of the risks and uncertainties associated with the financial strategy in the LTCCP, and the District Council's acknowledgement that the forecast external debt level is not a realistic proposition, some of the capital expenditure may not be undertaken unless additional sources of funding are secured. The District Council has committed to further work and consultation with the community to review both the funding strategy and the necessity of a number of the underlying growth related capital projects, while meeting its commitment to provide a level of infrastructure that meets high quality standards and is available where and when needed.

The District Council has also stated its intention to approach Central Government regarding this issue along with other councils facing similar growth related issues.

Consequently, in our opinion, and as identified by the District Council, the strategy outlined in this LTCCP is not financially prudent, because the District Council has been unable to make adequate and effective provision to meet its forecast expenditure needs.

In forming our overall opinion, we considered the specific matters outlined in section 84(4) of the Act which we report on as follows:

Opinion on specific matters required by the Act

In our view:

the District Council has not complied with the requirements of the Act, and has not demonstrated good practice for a council of its size and scale within the context of its environment;

- As explained above, due to the District Council's forecast debt levels in years five to ten of the plan, the District Council has been unable to demonstrate, as required by section 101 of the Act, that it is managing its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Further, the District Council has been unable to make adequate and effective provision to meet its forecast expenditure needs.

the underlying information and assumptions used to prepare the LTCCP provide a reasonable and supportable basis for the preparation of the forecast information;

the extent to which the forecast information and performance measures within the LTCCP provide an appropriate framework for the meaningful assessment of the actual levels of service provision reflects good practice for a council of its size and scale within the context of its environment.

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 30 June 2009, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the District Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

We planned and performed our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the LTCCP does not contain material misstatements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

Our audit procedures included assessing whether:

- the LTCCP provides the community with sufficient and balanced information about the strategic and other key issues, choices and implications it faces to provide an opportunity for participation by the public in decision-making processes;
- the District Council's financial strategy, supported by financial policies as included in the LTCCP is financially prudent, and has been clearly communicated to the community in the LTCCP;
- the presentation of the LTCCP complies with the legislative requirements of the Act;
- the decision-making and consultation processes underlying the development of the LTCCP are compliant with the decision-making and consultation requirements of the Act;
- the information in the LTCCP is based on materially complete and reliable asset or activity management information;
- the agreed levels of service are fairly reflected throughout the LTCCP;
- the key plans and policies adopted by the District Council have been consistently applied in the development of the forecast information;
- the assumptions set out within the LTCCP are based on best information currently available to the District Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information has been properly prepared on the basis of the underlying information and

the assumptions adopted and the financial information complies with generally accepted accounting practice in New Zealand;

- the rationale for the activities is clearly presented;
- the levels of service and performance measures are reasonable estimates and reflect the key aspects of the District Council's service delivery and performance; and
- the relationship of the levels of service, performance measures and forecast financial information has been adequately explained within the LTCCP.

We do not guarantee complete accuracy of the information in the LTCCP. Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the LTCCP and determining compliance with the requirements of the Act. We evaluated the overall adequacy of the presentation of information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor



The District Council is responsible for preparing an LTCCP under the Act, by applying the District Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The District Council's responsibilities arise from Section 93 of the Act.

We are responsible for expressing an independent opinion on the LTCCP and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 94(1) of the Act.

Independence

When reporting on the LTCCP we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than this report and in conducting the audit of the Statement of Proposal for adoption of the LTCCP, the annual audit and the provision of compliance taxation services, we have no relationship with or interests in the District Council.

P F Heslin
Deloitte
On behalf of the Auditor-General
Dunedin, New Zealand

Matters relating to the District Council adopted amendment to the LTCCP subsequent to this report.

This report dated 30 June 2009 relates to the Long Term Council Community Plan (the LTCCP) for the 10 years commencing 1 July 2009, approved by the District Council on 30 June 2009. Subsequent to this, the District Council adopted an amendment to its LTCCP for the 10 years commencing 1 July 2009

for a change in the development contribution policy. This change was adopted on 29 June 2010, to take effect from 1 July 2010. The District Council has not prepared an amended LTCCP that incorporates the amendment adopted on 29 June 2010. Consequently, to form a view of the LTCCP of the District Council,

the content of the LTCCP to which this report relates should be considered in conjunction with the District Council's adopted amendment. There is no legislative requirement for us to report on the adopted amendment and we have not done so.

Matters relating to Queenstown Lakes District Council's adopted amendment to the LTCCP subsequent to this report.

This report dated 30 June 2009 relates to the Long Term Council Community Plan (the LTCCP) for the 10 years commencing 1 July 2009, approved by Queenstown Lakes District Council on 30 June 2009. Subsequent to this, the Queenstown Lakes District Council adopted an amendment to its LTCCP for the 10 years commencing 1 July 2009 to amend the policy on development contributions and financial contributions on 28 June 2011. The Queenstown Lakes District Council has not prepared an amended LTCCP that incorporates the amendment adopted on 28 June 2011. Consequently, to form a view of the LTCCP of the Queenstown Lakes District Council, the content of the LTCCP to which this report relates should be considered in conjunction with Queenstown Lakes District Council's adopted amendment. There is no legislative requirement for us to report on the adopted amendment and we have not done so.

Matters relating to the electronic presentation of the report to the readers of the Long-Term Council Community Plan

This report relates to the LTCCP of Queenstown Lakes District Council for the ten years commencing 1 July 2009 which was approved by Queenstown Lakes District Council on 30 June 2009 included on Queenstown Lakes District Council's web-site. The Queenstown Lakes District Council is responsible for the maintenance and integrity of the Queenstown Lakes District Council's web site. We have not been engaged to report on the integrity of the Queenstown Lakes District Council's web site. We accept no responsibility for any changes that may have occurred to the LTCCP since it was initially presented on the web site.

The report refers only to the LTCCP named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the LTCCP, including the adopted amendment to the LTCCP published by the Queenstown Lakes District Council and which has not been incorporated with the content of the LTCCP to which this report relates. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the LTCCP incorporating volumes 1 to 4 approved on 30 June 2009 and the related audit report dated 30 June 2009 to confirm the information included in the LTCCP presented on this web site.

The preparation and dissemination of the LTCCP is governed by New Zealand legislation.