

# Scuttlebutt

THE QUEENSTOWN LAKES DISTRICT COUNCIL NEWSLETTER • APRIL 2014 • SPECIAL EDITION 102

## Convention Centre Yes or No?



An artist's impression of a convention centre on the Lakeview site.

### DRAFT ANNUAL PLAN 2014-2015 SUMMARY



*Please take the time to read this special edition of Scuttlebutt and tell us what you think of the proposals.*

- Convention Centre – go or no go?
- Wanaka Sports Facility – how big, how soon?
- Libraries – longer hours & access to more Council services?
- Water metering – useful or not?
- Debt – pay off more of it?
- Consultation – what issues, and how?
- Performance – how can you assess it?

*Now's the time to have your say.*



**ZERO  
AVERAGE  
RATES  
INCREASE**

## Visitor accommodation

**Property owners who are renting out their houses and holiday homes on a short term basis for visitor accommodation have until the end of May to take advantage of a QLDC amnesty before the Council starts following up on unregistered rental arrangements.**

The Council wants to ensure that those who let their homes and holiday houses to short-term visitors pay their fair share of rates, while the District Plan includes rules to manage the environmental effects of visitor accommodation.

QLDC Chief Financial Officer Stewart Burns says the Council is concerned at the number of property owners who appear to be avoiding their responsibilities. "We have evidence that some rate-payers are taking in short-term paying visitors without the correct registrations or consents," he says.

The Council is offering an amnesty until the end of May, to enable owners to register their properties and, if necessary, apply for the appropriate consents or cease using their property for that purpose. From 1 June 2014, the Council will be actively enforcing the regulations.

This will include matching properties offered for short-term rent on-line and in local publications with the Council's database of registered and consented properties. This applies to both homestays (including bed-and-breakfast establishments) and holiday homes.

Stewart says a steady stream of property owners have been registering on the Council's website since the amnesty was announced in February.

Once properties are registered as a homestay or rental holiday home, their rates are assessed under the 'mixed use' category, which reflects their partial use for commercial purposes. Mr Burns says that as a rule of thumb, a property's rates will increase by about 25 percent when moving from 'residential' to 'mixed use'. Properties which are registered during the amnesty period will have their rates adjusted from 1 July 2014.

The Council's website has a step-through guide to help property owners understand whether they need to register or obtain a resource consent. Full details are at: [http://www.qldc.govt.nz/guide\\_to\\_providing\\_visitor\\_accommodation](http://www.qldc.govt.nz/guide_to_providing_visitor_accommodation)

## Aircraft noise

**Introducing Queenstown Airport's new noise management plan**

It can get noisy living near a busy airport, so over the past six years Queenstown Airport Corporation (QAC) has been working through a change to the District Plan to find the best way to future proof its operations and take steps to help its closest neighbours manage the impacts of aircraft noise.

Last month, after the Queenstown Airport Liaison Committee ratified QAC's Noise Management Plan, the airport outlined how it will liaise with the community and assist homeowners closest to the airport to ensure their inside noise remains within acceptable levels.

QAC is offering to pay the full costs of insulation and mechanical ventilation in existing homes for those living closest to the airport in the Inner Noise Sector. For those living further out in the Mid Noise



Sector, it will cover 75% of the costs of mechanical ventilation.

Outer Noise Sector properties will not require mitigation as compliance with standard building code provisions will keep the effects of aircraft noise at an acceptable level inside.

Data modelling predicts that 10 homes will fall into the Inner Noise Sector and 144 into the Mid Noise Sector by December 2015. This will grow by a few homes each year to cover an estimated 380 homes (Inner and Mid Noise Sectors) by 2037. Mitigation will be offered by QAC progressively over the next 23 years in line with these projected changes.

QAC has been in touch with all affected homeowners and recently hosted a community information evening in Frankton.

**Want to know more?**

Visit [www.queenstownairport.co.nz/noise](http://www.queenstownairport.co.nz/noise)



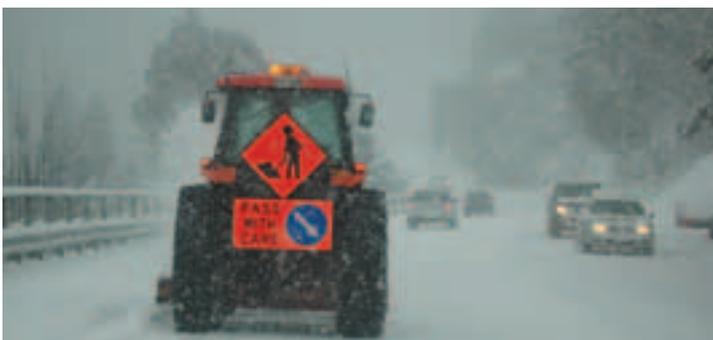
## New boating bylaw

**Have your say on a new bylaw for boating facilities and services in Queenstown.**

We don't use rates to pay for waterways services or facilities; they are fully funded by the people who use them. Commercial and public recreation users all pay for the costs of boat ramps, jetties and the harbourmaster through license fees and ramp fees.

The Council is proposing that public recreation users, including those that live outside the district, contribute more to the costs of waterways facilities and services. A draft bylaw proposes to increase the boat ramp fee from \$4 to \$5 per day, a moorings fee increase to \$190 annually and a range of increases in annual fees for jetties.

If you wish to comment, lodge a submission with Council by 4pm, 12 May 2014. More information and submission forms are at [www.qldc.govt.nz](http://www.qldc.govt.nz)



## Preparing for Winter

*Winter's just a few weeks away, the skifields are gearing up for the first snow, so now's a very good time to get your vehicle and household ready for the cold season in the Queenstown Lakes District.*

We live in an alpine environment – that means snow, ice and sub-zero temperatures at times.

All vehicles should have anti-freeze and carry chains, and all drivers need to know how to fit them properly. Always check the road conditions before you leave home – listen to your local radio station, and sign up for the QLDC road reports.

Be prepared for "snow days". If you're not confident driving on snow or ice, it's useful to make travel contingency plans with friends or workmates, or take the bus. Snow days may also mean staying at home – talk to your boss about whether working from home is an option.

Now is also a good time to reach over the fence and talk to your neighbours about how you can help each other – the elderly may be glad of an offer to take out their wheelie bins on icy mornings, or a ride to the shops.

Check your pantry to make sure you have the basics like soup, rice or pasta and frozen food that will tide you over if you can't get to the shops for a day or two. If your house relies on electricity for heating, remember you can use your BBQ or camp stove to boil water to fill hotties if the power supply is disrupted.

### QLDC Road Reports

QLDC will send early morning updates of roading conditions throughout the winter. These will identify any icy areas or roads that require chains. Normally the updates will be posted on Facebook and Twitter before 7am – just "like" our Facebook page or sign up to follow QLDC on Twitter to receive these updates automatically. We'll also post updates through the day if the situation changes. Twitter: @queenstownlakes

Facebook: Queenstown Lakes District Council

## Annual maintenance at the Events Centre & Aqualand

*Our annual scheduled close down period is an essential part of our ongoing maintenance and cleaning plan.*

This will affect the Pool during 4 - 11 May and the Gym during 5 - 7 May.

We urgently require more rental properties.

Rental demand is very high.

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DRAFT

# ANNUAL PLAN 2014-2015 SUMMARY



## ***Message from the Mayor***

If you're a regular Council-watcher, you'll know that this is the second consecutive year we are proposing to deliver an average zero rates increase. That comes on the back of a challenging year as we bedded in the new staff structure developed from our 2013 organisational review. The benefits of that review are that we now have a lean structure, focused on delivering core services and passing on the savings to our ratepayers.

We live in one of the fastest growing districts in the country with a huge visiting population who use our services but don't pay rates, so it's always a challenge to deliver better service at less cost. This draft plan sets out our activities for 2014-15. Many of them are routine – maintaining safe roads; delivering good quality drinking water; collecting rubbish and recycling; treating wastewater; providing parks, pools and libraries.

This year we need to make decisions on some major proposals including whether to go ahead with developing a convention centre on our Lakeview site. If you read nothing else, please look through the section on 'the big issues' and tell us what you think.

Vanessa van Uden  
Mayor

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## ***From the Chief Executive***

The coming financial year will be one of financial consolidation and delivery of operational improvements arising from the 2013 organisational review. As Mayor van Uden has outlined, for the second successive year we propose delivering a zero rates increase, coupled with additional debt reduction.

In addition to improved financial performance, 2014-15 sees the introduction of a new performance measurement framework which is designed to enable ratepayers to assess the Council's operational and financial performance more easily and in a more meaningful way. This framework will be strengthened by a proposed Otago-wide performance measurement system in 2015-16, enabling direct comparisons of Councils across the region.

### ***In this draft plan we are also consulting on:***

- The development of the Lakeview site, including the proposed Convention Centre for Queenstown;
- The proposed Sports Facility for Wanaka;
- Short to medium term improvements to the District's libraries;
- Ways in which we can improve the manner in which we communicate and consult with residents; and
- Options for managing the cost of water supply, including water metering.

Good Council decisions on these matters depend on an informed and engaged community. We encourage you to read about these issues, understand what Council is proposing, and give us your feedback.

Adam Feeley  
Chief Executive

## ***Please tell us what you think***

This document summarises our Draft Annual Plan, which sets out all the activities and programmes we propose to undertake between 1 July 2014 and 30 June 2015, and how they will be paid for.

We have also been investigating ways to progress several major projects and we would like to hear your views before the Council decides whether or not to proceed with them. Please read the information on the seven "big issue" topics.

You're not restricted to talking about the big issues. If you feel that any of our proposed activities or projects should be done in another way, on a different scale or – perhaps – not at all, then please tell us what should change and why you feel that way.

The easiest way to have your say is to make an on-line submission by following the link on our website [www.qldc.govt.nz](http://www.qldc.govt.nz). If you prefer, you can use the submission form on the back page, or simply write an email setting out your views. Be sure to include your name and daytime contact details – we can't consider anonymous submissions – and be aware that all submissions are made public.

# MONEY MATTERS

This year's budget reflects the ongoing savings which have resulted from last year's reorganisation, which brought together the Queenstown Lakes District Council, Lakes Environmental and Lakes Leisure into one organisation.

## Budget at a glance:

The main features of the proposed budget are:

### A decrease in operating costs of \$4.1 million

- including a drop in interest costs and maintenance costs for roading, 3 waters and holiday park costs.

### An increase in operating revenue of \$6.3 million

- including an increase in grants, subsidies and capital contributions.

### An increase in capital expenditure of \$29.5 million

- including the Wanaka Sports Facility and Project Shotover upgrade.

### An increase in debt repayment of \$1 million

- from \$13.1 million to \$14.1 million.

## Rates at a glance

### An average zero rates increase across all properties.

• Depending on the type and location of property and the services the Council provides, individual properties may have a decrease or increase in rates compared with last year.

The range is:

Lower value properties: between a decrease of 2.22% and increase of 4.39%

Median value properties: between a decrease of 3.28% and increase of 2.75%

Higher value properties: between a decrease of 3.86% and increase of 2.29%

- **Uniform Annual General Charge increases by \$5.00 to \$62.00 per property**
- **Waste Management Charge for residential properties drops by \$3 to \$123**
- **Waste Management Charge for non-residential properties drops by \$2 to \$88**
- **Aquatic Centre Charge (Wakatipu) drops by \$2 per property to \$95**
- **Sports, Halls and Libraries Charge for residential properties increases by \$13 to \$303**
- **Recreation and Events Charge, differentially set, increases by around 12%**
  - up \$21 for residential properties
- **Governance and Regulatory Charge, differentially set, drops by around 1.2%**
  - down \$1 per property for residential properties
- **Most targeted rates for Water Supply and Wastewater will either reduce or stay at their existing level.**



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## Talk to your councillors

Come and discuss the Draft Annual Plan with your elected members.

### Queenstown:

Monday 5 May in the Council Chamber, 10 Gorge Rd, between 5-7pm

### Wanaka:

Wednesday 7 May at the Ardmore St office, 11am – 2pm

You're also welcome to contact the Mayor or any of the Councillors.

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# THE BIG ISSUES FOR 2014-15

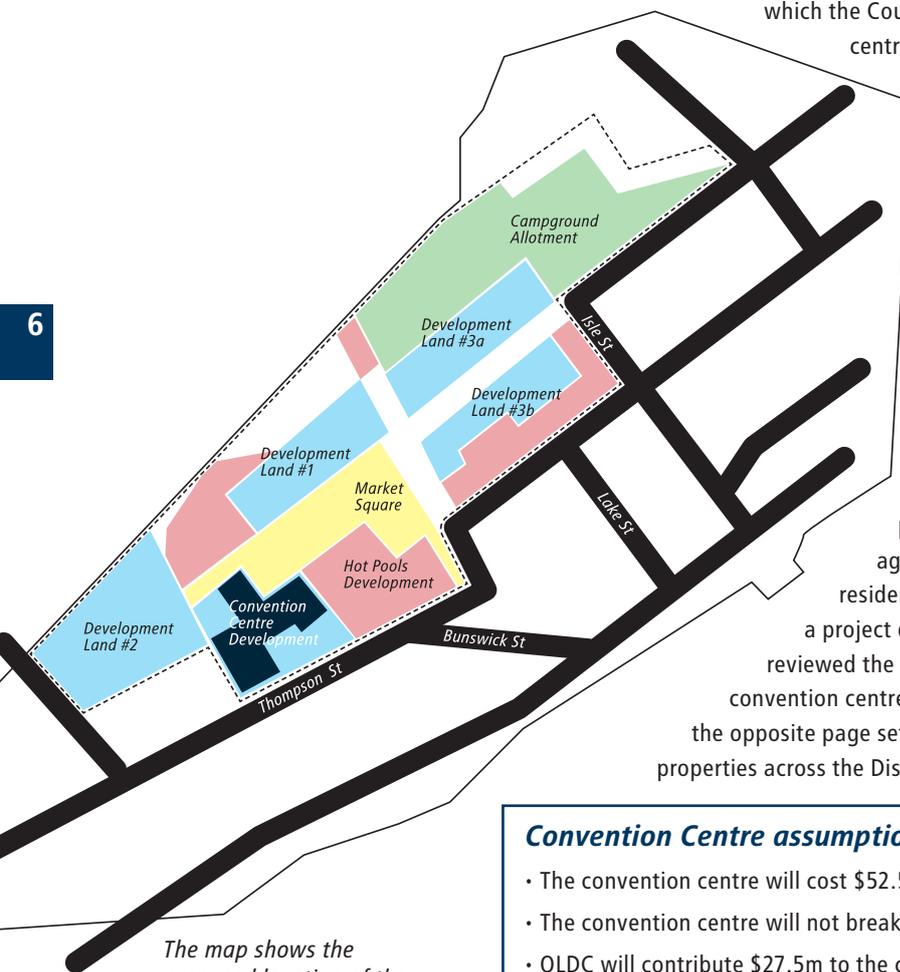
*The Council is proposing to deliver an average zero rates increase for most ratepayers this year. The budget has allowed for several major initiatives and the community's views will help the Council decide if and how these should be progressed.*

## 1. Queenstown Convention Centre

A convention centre would attract a new type of visitor to Queenstown, providing additional economic benefits for the whole district. We know from international experience that convention centres are very rarely an attractive proposition for private enterprise to develop alone because they produce very little return, if any, on the capital invested in them. There are risks and costs associated with this proposal. However, there are also benefits to the District in terms of economic growth and the development of the CBD. A convention centre would complement our tourism strategy of attracting more high-value tourists, particularly in the shoulder seasons. That is the basis on which the Council is considering leading the development of a convention centre on our Lakeview site, on behalf of the community.

Last year we began an extensive consultation process on the proposal to develop a convention centre for Queenstown. An independent survey conducted by Versus Research found that 54.8% of residents supported the proposal that the Council should lead the proposed development; 30.75% opposed it; and 14.4% were neutral or had no opinion. On the question of location, 54% supported Lakeview as the preferred site; 19% opposed it; and 27% were neutral or had no opinion.

Over the last year, the Council has developed a master plan for the Lakeview site. As well as a convention centre, the master plan contemplates the development of a hot pools precinct by Ngai Tahu Tourism (subject to a commercial agreement being reached) and a mixed commercial / residential precinct to be progressed by a private developer under a project development agreement with the Council. We have also reviewed the financial costs for, and economic impact of, the proposed convention centre, and undertaken a rating impact assessment. The table on the opposite page sets out the possible impact on a wide range of properties across the District. It is based on several assumptions, (see below)



*The map shows the proposed location of the Convention Centre and associated development*

### Convention Centre assumptions

- The convention centre will cost \$52.5m to construct.
- The convention centre will not break even in its first five years of operation.
- QLDC will contribute \$27.5m to the construction costs; \$1.8m to associated infrastructure development costs; and \$3.2m of working capital over the initial five years of operation. The site, which the Council owns, is valued at approximately \$3 million based on an estimated value of \$280/m<sup>2</sup> but the actual value can only be determined once the development is finalised.
- The balance of the cost will come from the Crown and other sources.
- The cost of servicing the Council's financial contribution will be from a 50 year loan with an interest rate of 6.5%.
- The costs of the loan, including interest and repayment of the principal, will be allocated across the District in the following percentages:
  - 35% commercial Queenstown CBD;
  - 30% Wakatipu basin commercial;
  - 20% Wakatipu basin residential;
  - 10% Wanaka commercial;
  - 5% Wanaka residential.

We have taken a conservative view of the convention centre project in assessing these rating impacts. We have deliberately not factored in the significant revenue that the Council expects to receive from the remainder of the development of the Lakeview site. Of the various forecasts that have been prepared regarding the financial performance of the convention centre, we have used a 'worse case' forecast rather than the original base-case assessment prepared by Horwath HTL, which forecasts the convention centre breaking even by the third year, and improving thereafter.

We are now at the stage where the Council needs to decide whether or not to proceed with this project. The community's views will be a critical factor in this decision.

### Convention Centre proposed rates impact

Rating Impact Location	Property Type	Valuation	2013/14	Year 1		Year 2		Year 5	
			Total Rates \$	Total Rates \$	% Change	Total Rates \$	% Change	Total Rates \$	% Change
Queenstown	Dwelling	Low	2,008	2,032	1.2%	2,030	-0.1%	2,028	-0.1%
Queenstown	Dwelling	Median	2,408	2,446	1.6%	2,443	-0.1%	2,440	-0.2%
Queenstown	Dwelling	High	4,948	5,075	2.6%	5,064	-0.2%	5,056	-0.3%
Queenstown	Commercial	Low	2,203	2,311	4.9%	2,302	-0.4%	2,295	-0.5%
Queenstown	Commercial	Median	6,210	6,695	7.8%	6,654	-0.6%	6,622	-0.5%
Queenstown	Commercial	High	100,529	109,138	8.6%	108,408	-0.7%	107,843	-0.3%
Queenstown	Accommodation	Low	3,682	3,865	5.0%	3,849	-0.4%	3,837	-0.4%
Queenstown	Accommodation	Median	8,389	8,874	5.8%	8,833	-0.5%	8,801	-0.4%
Queenstown	Accommodation	High	258,881	275,685	6.5%	274,260	-0.5%	273,157	-0.8%
Queenstown CBD	Commercial	Low	2,203	2,531	14.9%	2,503	-1.1%	2,482	-1.3%
Queenstown CBD	Commercial	Median	6,210	7,684	23.7%	7,559	-1.6%	7,462	-1.4%
Queenstown CBD	Commercial	High	100,529	126,710	26.0%	124,490	-1.8%	122,771	-0.9%
Queenstown CBD	Accommodation	Low	3,682	4,237	15.1%	4,190	-1.1%	4,154	-1.0%
Queenstown CBD	Accommodation	Median	8,389	9,863	17.6%	9,738	-1.3%	9,641	-1.1%
Queenstown CBD	Accommodation	High	258,881	309,981	19.7%	305,648	-1.4%	302,294	0.0%
Wanaka	Dwelling	Low	2,233	2,245	0.5%	2,244	0.0%	2,244	-0.1%
Wanaka	Dwelling	Median	2,357	2,382	1.1%	2,380	-0.1%	2,378	-0.1%
Wanaka	Dwelling	High	3,657	3,713	1.5%	3,708	-0.1%	3,704	-0.3%
Wanaka	Commercial	Low	3,222	3,401	5.6%	3,385	-0.5%	3,374	-0.4%
Wanaka	Commercial	Median	4,466	4,752	6.4%	4,728	-0.5%	4,709	-0.4%
Wanaka	Commercial	High	40,876	43,819	7.2%	43,570	-0.6%	43,377	-0.3%
Wanaka	Accommodation	Low	3,741	3,907	4.4%	3,893	-0.4%	3,882	-0.3%
Wanaka	Accommodation	Median	6,340	6,626	4.5%	6,602	-0.4%	6,583	-0.4%
Wanaka	Accommodation	High	57,796	61,328	6.1%	61,029	-0.5%	60,797	-0.1%

NB:  
 1. Based on capital value rate with differentials.  
 2. Dwelling Includes: residential, country dwellings, vacant and primary industry.  
 3. CBD impact is based on properties within town centre zone.  
 4. Year 1, 2 and 5 increases are relative to total rates 2013/14.

*We are now at the stage where the Council needs to decide whether or not to proceed with this project. The community's views will be a critical factor in this decision.*



## WHAT DO YOU THINK?

- The Council proposes to make a final go / no go decision on the development of a convention centre at Lakeview as a result of the community's views expressed through this Draft Annual Plan consultation process. In your view, what should the Council do?
- The Council proposes that the entire Lakeview site be developed to accommodate the convention centre, hot pools (Ngai Tahu) and other developments on the remaining land. Do you support this development of the site?
- If the Council decides to proceed and lead the development of a convention centre at the Lakeview site, do you support the proposed rate changes to fund the Council's share of the costs?

This is a complex issue. If you would like more information you will find full background reports on our website [www.qldc.govt.nz](http://www.qldc.govt.nz)

## 2. *New Sports Facilities*

### 2a *Wanaka*

The Council decided in 2011 to build a sports facility at the Three Parks development site in Wanaka. A new Wanaka Sports Facility Steering Group was established in late 2013 to recommend to the Council the facilities mix and staging of the components within the mix. The group considered a range of options which ranged from an aquatic centre and indoor sports facility at Three Parks to lesser developments at Three Parks and an upgrade to the existing community pool. You can read their report on our website [www.qldc.govt.nz](http://www.qldc.govt.nz). They have recommended:



- The development of the Wanaka Sports Facility at Three Parks with two indoor courts; one outside artificial turf field; and carparking; and
- Refurbishment of the existing Wanaka Community Pool, including establishing a dedicated learners' pool.

The initial cost estimate for this development is \$15.6m (\$12.5m for the sports facility and \$2.1m for the pool upgrade) as compared with \$25.6m for an aquatic centre and indoor courts, all at Three Parks. The Council proposes to fund this by way of a fixed charge across the whole district for the sports facility and a targeted rate on the Wanaka ward for the Wanaka Community Pool upgrade. This means that all ratepayers would contribute towards the cost of sports facilities at Wanaka, in the same way that they contribute to local sports grounds, courts etc across the district, including the Queenstown Events Centre, and that Wanaka ratepayers would pay for the community pool upgrade in the same way that Wakatipu ratepayers pay for Alpine Aqualand at Frankton.

There is a risk that a law change will prevent us from using development contributions to help pay for about a third of the Wanaka Sports Facility. This would increase the cost to ratepayers by about \$3.5 million.



*An artist's impression of the Wanaka Sports Facility*

## WHAT DO YOU THINK?

- Do you support the Council commencing construction of the Wanaka sports facilities mix as recommended by the Steering Group?
- Should the development of the proposed Wanaka Sports Facility be carried out in stages relative to population growth and demand or should all components be built now at higher cost?
- Do you support the Council's policy to use district-wide rates that all ratepayers pay, to build and operate local recreational facilities, and targeted local rates to pay for swimming pools?
- If a law change means funds from development contributions can't be used to help pay for the Wanaka Sports Facility, would you prefer to continue with the facility and pay more for it through rates; reduce the scale of the facility; or cancel the project?

**2b Wakatipu**

The Ministry of Education is building a new school at Shotover, to be opened in 12 months. Current plans include a half-size indoor court to double as the school hall. If this were upsized to a full-sized indoor court, catering for netball, basketball, volleyball and tennis, it would be a valuable addition to the network of sports facilities in the Wakatipu and relieve pressure on the courts at the nearby Queenstown Events Centre, potentially deferring the need for new courts there, currently budgeted for 2016-17.

The estimated additional cost of building a full sized court at the school is \$1.6 million, and the Council would seek community partners to meet some of the cost. Partnerships between local authorities and schools are a common model of providing sports facilities around New Zealand. These arrangements generally provide priority access for the school during school hours and priority access for the community at other times.

Because construction of the school is beginning within weeks, we have a short timeframe in which to decide whether to proceed with this partnership.



## WHAT DO YOU THINK?

- Should the Council partner with the Ministry of Education to build a full sized indoor court for netball, basketball, volleyball and tennis at the new Shotover Primary School, at an estimated cost of up to \$1.6 million?

### 3. Debt

Debt is an important tool for councils, particularly for a district like Queenstown Lakes that continues to enjoy high rates of growth. Growth places additional demands on Council services, particularly on roads, water and wastewater and other key infrastructure, but it also means that there is a greater proportion of ratepayers to meet these demands. Because many of the infrastructure assets created as a result of growth will exist for generations, it is appropriate that they are funded across these generations from long term loans.

However, debt should always be carefully managed so that repayment does not become a disproportionate part of rates. The Treasury's financial prudence guidelines recommend that the interest costs of servicing loans for a high growth local authority should be no more than 15% of its operating revenue. QLDC is planning to spend 6.7% of its revenue on debt servicing costs. However, in the coming years several major capital expenditure projects will adversely affect this figure. Accordingly, we propose reducing current debt levels to ensure we have the capacity to take on future debt to deliver major projects.

## WHAT DO YOU THINK?

- Do you support the Council's policy of using operating surpluses where we can to reduce debt?



### Other issues

#### Ultrafast Broadband Wanaka

In an agreement with Chorus, the Council proposes to loan fund \$250,000 towards the introduction of ultrafast broadband for Wanaka. The installation enables Wanaka to be eligible for Gigatown Status.

#### Development Contributions

The Council has assumed that any changes to the Development Contributions (proposed law change) will not impact the 2014/15 year.

## 4. *Library Services*

The Council has carried out a strategic review of library services this year, following on from last year's organisational review. The Library Services Report was completed with input from the community and library consultants and the Council is now considering its recommendations. Underlying principles are:

- Free library membership
- Libraries that reflect their local community, including their atmosphere and collections
- A balance of printed and digital material

Many of the proposals can be implemented within existing budgets or could be phased in over a period of years, but we seek community views on whether to spend \$25,000 to extend the opening hours at the Glenorchy, Kingston, Hawea, Wanaka, Queenstown and Arrowtown libraries.

The Council is considering making some front-counter and on-line Council services available at our libraries. These would include paying rates and parking fines and registering dogs.

As part of the rationalisation of office space following the organisational review last year, we also propose to vacate the current rented office at Reece Cres, Wanaka, which will save \$57,500 a year. Wanaka-based planning and building control staff will relocate to our Ardmore St office, which is being renovated to accommodate them at a budgeted cost of \$150,000. This can include space for Customer Services staff.



During the year we will review the administration space at the Wanaka Library (which has already been budgeted at \$97,967) to look at providing more space for community use. As part of this review, we could include room for Customer Services staff to be based within the library without reducing the amount of space available for patrons and community use.

### *On Wanaka Council and library service, should we:*

- Keep Customer Services staff at Ardmore St;
- Reduce the library administration space to provide additional community space and accommodate Customer Services staff in the library building;
- Locate Customer Services staff at the library and build an extension to provide new community space.

## WHAT DO YOU THINK?

- Do you support the proposal to extend the opening hours of the libraries at Glenorchy, Kingston, Hawea, Wanaka, Queenstown and Arrowtown?
- Do you support the proposal to provide some Council services at libraries, such as facilities for paying rates and parking fines, and registering dogs?
- In the case of Wanaka, do you prefer the Council to keep Customer Services staff at Ardmore St; reduce the library back office space to provide additional community space and accommodate Customer Services staff in the library building; or locate Customer Services staff at the library and build an extension to provide new community space?

## 5. Water Demand and Costs

It is a common misconception that water is freely available because we are surrounded by rivers and lakes in the Queenstown Lakes District. This is far from the truth. The costs relate to building and maintaining the network of pipes required to transport water and wastewater. If the public demand for the volume of water to be supplied exceeds the capacity of pipes available to deliver that water, then either the pressure (volume) of water will drop significantly, or additional pipe capacity needs to be built to meet the demand.

While the District is generally able to meet demand, there is a particular problem in summer when high visitor numbers and irrigation demands combine to place stresses on pipe capacity. If we are to avoid costly capital expenditure in the near future on expanding the capacity of the network, the current demand needs to be reduced, particularly over summer. There are a variety of ways in which this can be achieved. Increasing public awareness about the problem has been a feature of the past two summers with some modest reductions in demand. Storage tanks and better use of "grey water" also help reduce demand, as do finding and fixing leaks.

However, the absence of individual water meters makes it very difficult to identify particular demand issues (either through excessive use or leakage) across the network. The Council is currently considering whether introduction of meters will help manage our water costs. As part of this process, we have adopted a set of principles for managing water supply which include:

1. **Financial sustainability:** water supply must be managed in a manner that avoids financially unsustainable capital expenditure across the water supply network.
2. **Environmental responsibility:** unnecessary water demand needs to be managed in a manner that minimises avoidable adverse effects on the environment.
3. **Fair and equitable allocation of costs:** All water supply costs (both operating and capital costs) should be fairly and transparently allocated to ratepayers (i.e. without unreasonable cross-subsidisation).
4. **Efficient Management:** Water supply must be undertaken in a manner that enables the most efficient and cost-effective management of our resources and network, and therefore requires use of tools which will provide us with better information to enable this to be done.
5. **Cost recovery:** Any changes to the current form of charging for water supply must maintain the principle of cost recovery only through the reallocation.
6. **Demonstrable cost benefits:** The introduction of any form of metering should only occur when the financial and other benefits of doing so demonstrably outweigh and costs of implementation.
7. **Revenue stability:** Water metering must be implemented in a manner which avoids any material revenue volatility across financial years.
8. **Complementary water management measures:** alternative or additional measures to metering need to be considered as part of a water demand management strategy, including public awareness.



### WHAT DO YOU THINK?

- Do you agree with the principles for managing the cost of water and wastewater services?
- Could water metering be an effective tool to manage our water and wastewater network?

## 6. *Community Engagement*

Public consultation is an important way of enabling the community to contribute to local authority decision-making. If we're to consult well with our community, we need to outline clearly the issue or proposal under consideration; the range of solutions or options being considered; the Council's preferred option or solution; and the way and extent to which the community can influence a decision.

From 1 December this year, we will have a new Significance and Engagement Policy that sets out how we will determine the significance of our proposals or decisions, and how we will engage with the community on the big issues. We're taking this opportunity to ask you how you like to receive information from us, how you prefer to share your views with your elected members, and the kinds of issues you want to be consulted about. The answers to these questions will help us develop our Significance and Engagement Policy.

### **WHAT DO YOU THINK?**

- Which issues should the Council ask your opinion about?
- How would you like to receive information from the Council?
- How would you like to share your opinions with the Council?

## 7. *Performance*

Having a process to measure the performance of Council services is a basic part of public accountability. A review of local government performance measures by the Auditor-General identified several deficiencies including:

- The performance standards had little or no public input and were not therefore considered relevant;
- They were rarely reviewed or refreshed in any meaningful way;
- Failure to meet the standards had little or no consequence; and
- The actual measures used had little meaningful connection with a council's goals.

We have reviewed our current performance measurement framework and propose significant changes. As a result, we have reduced the performance standards from approximately 150 to just 34 measures, which we consider are more relevant to the matters on which the public judges our performance. You'll find them throughout this Draft Annual Plan under "Our Accountability", setting out exactly what our targets are for each significant activity. We developed them by referencing a range of measures used across New Zealand so that a more direct comparison of our performance with that of other local authorities can be made. We are also working with all the Otago local authorities with a view to adopting a standard set of performance measures for the region from 2015/16. This is a proposed change to the 10-Year Plan.

### **WHAT DO YOU THINK?**

- Do the proposed performance measures represent good standards by which to judge the quality of Council's services?
- Can you suggest other criteria and/or ways to measure the Council's performance?