

10 Year Plan 2015-2025

Consultation Document

AVERAGE RATE
INCREASE 2015/16

1%

AVERAGE RATE INCREASE
OVER 10 YEARS PER ANNUM

2.6%

(THIS WILL VARY BETWEEN
PROPERTIES)

Big Ticket Items










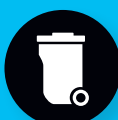

- > Cost of Business as Usual (Funding core activities)
- > Cost of Wakatipu Wastewater (Project Shotover)
- > Cost of Wanaka Sports Facility and Pool
- > Proposed Frankton Library Hub
- > Cost of Convention Centre
- > Managing Water Demand
- > Addressing Transport

Total Budget over 10 Years

Find out about what these activities deliver in detail in Volume 1 of the supporting documents online at www.qldc.govt.nz

Operating Cost

Capital Cost

Group of Activity	Operating Cost \$ millions	Capital Cost \$ millions	Percentage of total spend by activity	
 Local Democracy	37.5	0		3.2% 0%
 Community	254.6	56.4	22%	14.7%
 Economic Development	166.4	63.3		14.4% 16.5%
 Environmental Management	75.6	0		6.5% 0%
 Regulatory	65.6	0.5		5.7% 0.1%
 Roding and Footpaths	185.8	115.7	30.1%	16.0%
 Sewerage	153.9	78.1		13.3% 20.3%
 Water Supply	109.8	53.0		9.5% 13.8%
 Stormwater	32.4	11.8		2.8% 3.1%
 Waste Management	77.7	0.1		6.7% 0%
 Overhead	0	6.0		0% 1.6%
	1,159.4	384.9	See page 4 – 10 Year budget at a glance	

Message from the Mayor

Right, for starters this isn't called your 10-Year-Plan for nothing!

The clue's in the name so you'll see familiar topics you've heard a lot about over the last few years, still going through their processes. You'll also see some new items, stuff that's just starting its journey on the table.

And what they've all got in common is that they come from you.

Council's been reducing expenditure, making sure the rates represent the best value they can, stabilizing debt, all the commonsense things all councils should be doing. As far as I'm concerned, that's our job.

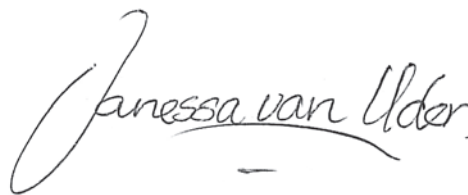
But above all we are doing what our communities need. We have ensured that we are in a great position financially so as a community you can have the option of considering some of the discretionary projects in this

plan. Some you may support and some you may not but please don't just tell your mates what you think – let us know!

Love it or hate it we're all in this together so whatever your views, please don't keep them to yourselves, tell us what you need us to add in, take out, refine or celebrate. But also please think about how long it took us to get into the position we are in now and remember we can't go spending like kids with unlimited access to the lolly jar.

Check this out then get online, pick up the phone, come to council – heck, send a carrier pigeon if you have to! – but DO get in touch.

Waiting to hear from you,



Vanessa van Uden
Mayor
Queenstown Lakes District Council

Rates Impact of Major Projects 2015–2018*

Major Changes to Levels of Service

	Convention Centre	Project Shotover	Wanaka Sports Facility	Wanaka Pool
Capital Cost	\$55m	\$27.8m	\$13.9m ¹	\$11.8m
Timing	From 2018	From 2017	From 2016	From 2017
Ratepayers Affected	All	Urban Queenstown, Arrowtown, Lake Hayes & Arthurs Point	All Residential	Wanaka Residential
Main Impact	Wakatipu Commercial & Accommodation	Wakatipu Commercial & Accommodation	All Residential	Wanaka Residential
Rates Increase per year	0.3% to 29.6%	5.0% to 20%	0.7% to 3%	2.2% to 11.5%
Residential Impact	Fixed Charge: Wakatipu \$51 Wanaka \$13	Increase to Wastewater Charge \$332	Fixed Charge \$48	Fixed Charge \$184

* We have to produce a new 10 Year Plan in 2018

¹ This includes \$2.2m of costs expected to be incurred in 2014/15

Introduction from the CEO

This is one of the most strongest (affordable) 10 Year Plans that the Council has delivered for its residents. Rates affordability; financially sustainable debt; improved efficiency; and increased levels of service remain our priorities.

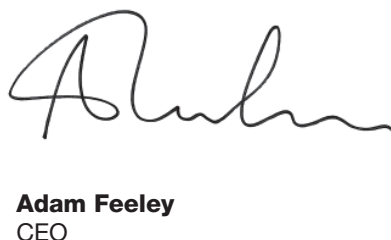
Despite continued high population growth, we have adopted a vigorous debt reduction strategy with the result that predicted levels of debt have fallen from \$393m in 2009 to \$134m in this plan. We continue to work on our service satisfaction levels with a 21% average increase in satisfaction across all Council services in 2014. We have introduced a new approach to performance accountability with revised performance measures and monthly reporting. And we have introduced organisational-wide risk management processes to monitor our progress.

We are working hard to meet the expectations of our community and our elected members. With continued growth (see page 5), Council is delivering core services in a more cost-effective and financially sustainable way.

The coming year is a time to focus on business as usual and address the most pressing issues facing us. These include managing population growth; demand for recreational facilities; transportation challenges; and the constant demands on our water, wastewater, roads and other infrastructure.

We project \$385m of capital expenditure on physical works over the next 10 years, the biggest cost to Council being roading (\$116m). Delivering the Wakatipu wastewater treatment plant (Project Shotover); completing the Convention Centre and the associated Lakeview development; developing the Wanaka Sports Facility; progressing our work around Water Demand Management (including further consideration of water metering); and delivering a new draft revision of the District Plan - not to mention the 26 core activities of Council that you will find in detail in the supporting 10 Year Plan documents - will make for a busy year.

The staff at QLDC look forward to taking on those challenges and meeting the expectations of our community.



Adam Feeley
CEO
Queenstown Lakes District Council

Money Matters

10 Year Budget at a glance:

Capital expenditure on physical works over the next 10 years is lower than previously forecast. It amounts to \$385m (2012 10 Year Plan: \$445m) which represents a reduction of \$61m or around 14% compared to the 2012 10 Year Plan, achieved through reappraisal of projects and costs.

It is expected that by the end of year five, external debt will have risen to \$169m and by the end of the 10-year period; it will have decreased to \$134m (2012 10 Year Plan: \$170m).

Operating expenditure is shown to increase over the 10 year period by an average of 5.1% (2012 10 Year Plan: 5.5%) per annum. The forecasts do include provision for inflation after the first year as well as increases as a result of projected growth within the district.

With the reduction in capital expenditure and debt, forecast rates increases are also reduced. The average annual increase over the 10 years is now 2.6% down from 4.6% (2012 10 Year Plan).

This increase is not even, however, as the impact of increased costs associated with new facilities is recognised. The forecast rates increases for 2017/18 are high (5.6%) as they reflect the increased costs of the new Wanaka Sports Facility, Wanaka Pool, Convention Centre and Project Shotover.

The recent property revaluation (undertaken every 3 years for the whole district) resulted in an overall increase in property value across the district of 6.45%. Most categories of property have increased but not all to the same degree. For residential, both Arrowtown and Frankton have higher than average increases of 18.9% and 25% respectively.

This will mean that rates movements in these areas will be impacted by the increase in values. The property value is used to set rates. The closer the percentage value change is to the district average, the less the impact on individual properties.

Our People

Mayor

Mayor Vanessa van Uden
mayor@qldc.govt.nz

Councillors

Merv Aoake
merv.aoake@qldc.govt.nz
Craig (Ferg) Ferguson
craig.ferguson@qldc.govt.nz
Alexa Forbes
alexa.forbes@qldc.govt.nz
Mel Gazzard
mel.gazzard@qldc.govt.nz
Cath Gilmour
cath.gilmour@qldc.govt.nz
Simon Stammers-Smith
simon.stammers-smith@qldc.govt.nz
Lyal Cocks
lyal.cocks@qldc.govt.nz
Ella Lawton
ella.lawton@qldc.govt.nz
Calum MacLeod
calum.macleod@qldc.govt.nz

CEO

Adam Feeley
Chief Executive
adam.feeley@qldc.govt.nz

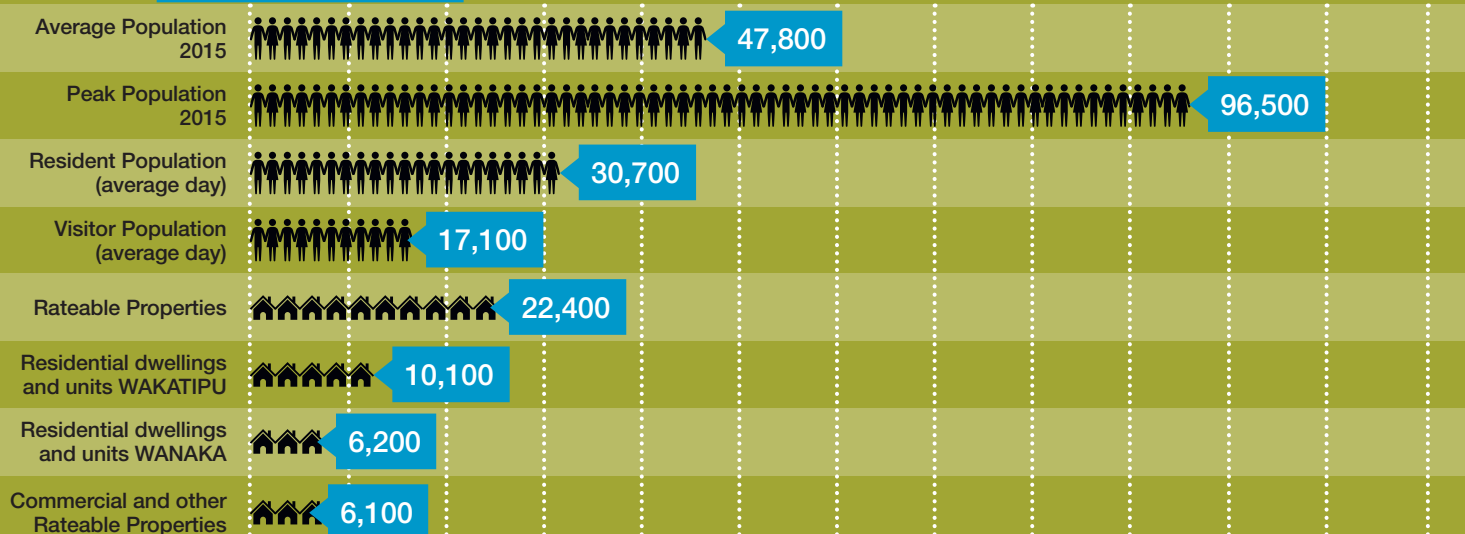
General Managers

Meaghan Miller
GM, Corporate Services
meaghan.miller@qldc.govt.nz
Marc Bretherton
GM, Planning & Development
marc.bretherton@qldc.govt.nz
Peter Hansby
GM, Infrastructure
peter.hansby@qldc.govt.nz
Stewart Burns
Chief Financial Officer
stewart.burns@qldc.govt.nz

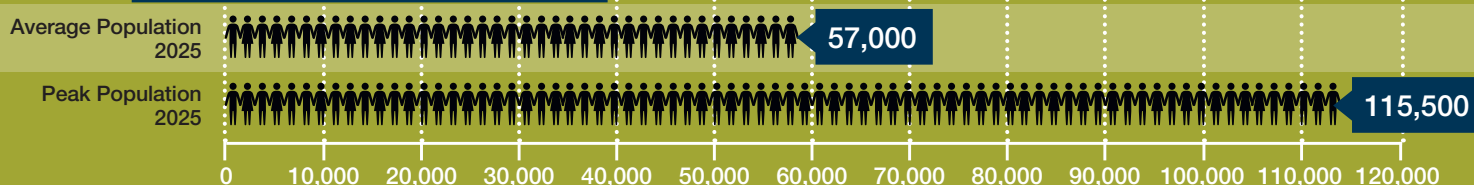
Our District

Source: Queenstown Lakes District Growth Projections for 2015

2015 Fact File



2025 Projected Growth





Queenstown Lakes District area

8,467
square kilometres

Our Key Issues in Summary

There are five significant issues where we seek comment from the community:

1. The rating model we should use to fund part of the cost of the Queenstown Convention Centre
2. The timing of the new Wanaka pool at Three Parks
3. Reducing traffic congestion in Queenstown
4. Developing a new library at Frankton in 2020
5. Standardising the cost of reticulated water and wastewater services across wards

1

Queenstown Convention Centre – Revised Rating Model

The Council is proposing the development of an international standard convention centre with 750 person (seated) capacity at Lakeview. The centre will be part of a mixed used development with non-rate funded commercial and hotel operations and a privately developed hot pool facility alongside.

*** The Council has previously consulted on the development of the Lakeview site and a proposed convention centre, including a projected rating impact in the 2014/15 Annual Plan. This 10 Year Plan consultation is not revisiting the question of whether we build it or not. In 2014, after significant public consultation Council made the decision to build a Convention Centre, subject to:**

- External funding
- Approving a final rating model
- Council approving a preferred operating model

The Council recognised that the community was concerned about the way in which the rate was to be apportioned. We are now consulting on a change to the rating model.

The Council commissioned an independent economic assessment of benefits (the full document is online www.qldc.govt.nz) and revised the rating proposal, which we think is not only fairer but based on sounder economic considerations.

Subject to funding and satisfying regulatory requirements, construction of the convention centre could start in the 2015/16 financial year and be completed in 2017/18, opening in 2018-19. The capital programme for the proposed convention centre has been factored into this draft 10 Year Plan - contingent on Council securing \$25m of external capital funding.

Convention Centre Assumptions

These are the assumptions on which the Council has made its decisions to date:

- The centre will cost \$52.2m* (this figure becomes \$55m gross when it is inflation adjusted) to design and construct.
- The centre will not break even for the first five years (expected to break even Year 6).
- **QLDC WILL CONTRIBUTE:**
 - Up to \$31.34m* (loan funded) towards design and construction costs (including additional infrastructure spending). This is a capped amount, an undertaking given by Council in 2014.
 - The contribution includes \$1.64m in working capital.
 - Land for the centre, valued at \$5m (the land will be retained in community ownership).
- The balance of costs will come from the Crown and other sources.
- The cost of the loan (debt servicing) will be allocated across the district as a rate on businesses and residents.
- Any shortfall will mean that the project will not proceed.

The rating model we are proposing assumes that the convention centre would be open in Year 4 of the plan, ie 2018/19.

** In a 10 Year Plan it is mandatory to adjust all projected figures to show inflation after Year 1.*

What has changed in the rating model?

The main changes to the proposed rating model are:

- > **An enlarged Queenstown CBD commercial rating zone (the primary area of benefit).**
- > **An ongoing fixed charge for residential ratepayers has been reduced to \$13 per year for Wanaka Ward ratepayers. Wakatipu Basin ratepayers will pay \$51.**

CAPITAL FUNDING SPLIT

Debt	External funding
55.3%	44.7%

THE ORIGINAL RATING MODEL (ANNUAL PLAN 2014/15):

1. ORIGINAL - TOWN CENTRE ZONE CBD				
Areas/Groups	Commercial	Accomm	Households	Total
CBD	30%	5%		35%
Wakatipu/AT Ward	14%	16%	20%	50%
Wanaka Ward	6%	4%	5%	15%
Total	50%	25%	25%	100%

THE PROPOSED RATING MODEL (10 YEAR PLAN 2015/25):

2. REVISED - EXTENDED CBD				
Areas/Groups	Commercial	Accomm	Households	Total
CBD	35%	15%		50%
Wakatipu/AT Ward	15%	5%	20%	40%
Wanaka Ward	6%	1%	3%	10%
Total	56%	21%	23%	100%

Convention Centre proposed rates impact

RATING IMPACT						
Location	Property Type	Valuation	Total Rates 13/14 \$	Adjusted Total Rates 13/14 \$	Year 1 Revised Increase	
					\$	%
Wakatipu	Dwg	Low	2,008	2,059	51	2.5%
Wakatipu	Dwg	Median	2,408	2,459	51	2.1%
Wakatipu	Dwg	High	4,948	4,999	51	1.0%
Wakatipu	Comm	Low	2,203	2,324	121	5.5%
Wakatipu	Comm	Median	6,210	6,753	543	8.7%
Wakatipu	Comm	High	100,529	110,186	9,657	9.6%
Wakatipu	Accomm	Low	3,682	3,779	97	2.6%
Wakatipu	Accomm	Median	8,389	8,646	257	3.1%
Wakatipu	Accomm	High	258,881	267,786	8,905	3.4%
QT CBD	Comm	Low	2,203	2,565	362	16.4%
QT CBD	Comm	Median	6,210	7,836	1,626	26.2%
QT CBD	Comm	High	100,529	129,425	28,896	28.7%
QT CBD	Accomm	Low	3,682	3,985	303	8.2%
QT CBD	Accomm	Median	8,389	9,194	805	9.6%
QT CBD	Accomm	High	258,881	286,784	27,903	10.8%
Wanaka	Dwg	Low	2,233	2,246	13	0.6%
Wanaka	Dwg	Median	2,357	2,370	13	0.6%
Wanaka	Dwg	High	3,657	3,670	13	0.4%
Wanaka	Comm	Low	3,222	3,267	45	1.4%
Wanaka	Comm	Median	4,466	4,538	72	1.6%
Wanaka	Comm	High	40,876	41,620	744	1.8%
Wanaka	Accomm	Low	3,741	3,784	43	1.1%
Wanaka	Accomm	Median	6,340	6,412	72	1.1%
Wanaka	Accomm	High	57,796	58,689	893	1.5%

How will the community benefit?

The Convention Centre will enable the District to compete for a share of the lucrative international convention market. In doing so it will generate new jobs both directly and indirectly. The Convention Centre will attract business tourists who intend to stay longer than other visitors and spend significantly more each day.

The regional economic impacts of the proposed centre have been estimated as:

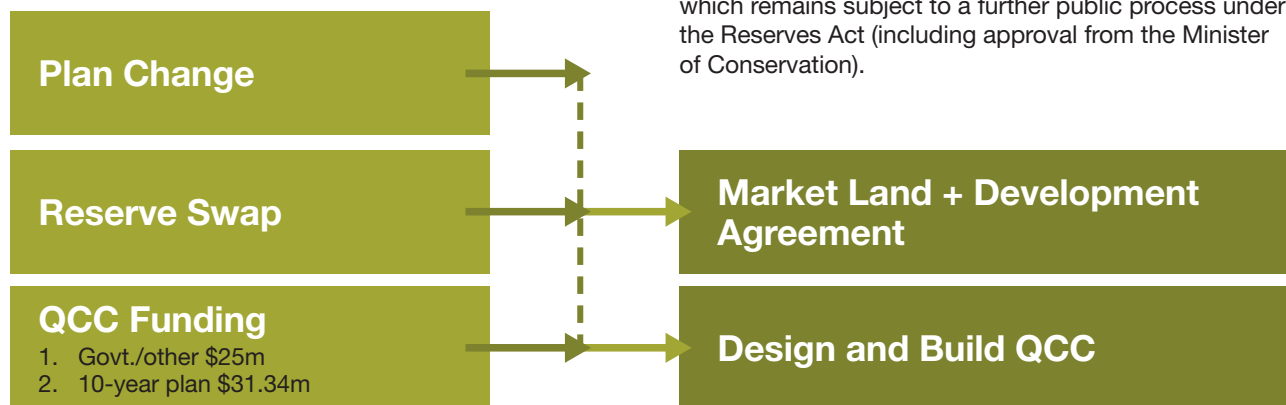
- > An increase in regional GDP by \$36m and an increase in regional employment by 0.4 percent during the two year construction phase
- > An annual increase in regional GDP by \$65.8m and employment by 0.7 percent once the centre is operational.
- > Provide a venue for large events in central Queenstown.

QLDC has commissioned a significant range of feasibility analyses, benefit assessment and site and funding options analyses to determine the best approach to develop and invest in a centre. Industry and community consultation has been undertaken. Although several risks have been identified that may impact on the ability of the centre to attract sufficient events to be viable, mitigation strategies have been identified.

> AT THIS STAGE, QLDC HAS ALREADY RESOLVED TO:

- Approve master planning for the development of the site at Lakeview
- Develop the wider Lakeview site, subject to approved development principles, under a project development agreement with private interests (to be determined)
- Authorise commercial negotiations for the development of hot pools and the wider Lakeview site.
- Consult on a revised rating model for inclusion in the 10 Year Plan
- Apply for funding contributions from the local Trusts, the Crown and other sources.
- Agree on a suitable party or parties to lead or participate in the operation of the convention centre, which will be determined through an RFP process following confirmation of local and Crown funding (after June 2015).
- Re-zone the Lakeview site and undertake a plan change. The Council is currently awaiting the decision (March 2015).

Note: Council is also scheduled to consider an exchange of Lakeview reserve land (24 March 2015) which remains subject to a further public process under the Reserves Act (including approval from the Minister of Conservation).



WHAT DO YOU THINK?

If you think answering this question implies that you approve of the Convention Centre project, you can choose not to answer it. You can still make a general comment by way of a submission.

Question: Do you support the revised rating model for the proposed convention centre?

HOW DID WE GET HERE?

In August 2013 we consulted on whether Council should lead the development of a Convention Centre and if the Lakeview site was the best site. Through the 2014 Annual Plan we then consulted on whether or not Council should proceed. The decision was taken to do so subject to:

- External funding
- Approving a final rating model
- Approving a preferred operating model

2

Wanaka Pool

Construction of Wanaka's new sports facility will begin shortly, with siteworks already underway at Three Parks and the complex due to be open in July 2016. Last year following community consultation and the discovery that the existing Wanaka Community Pool has engineering and structural issues which preclude it being upgraded without significant costs of \$370,000 (this option is a cost per household of \$3.06 to 2023 - \$184 plus 26% inflation from 2023), the Council resolved to build an 8 lane lap pool and learners pool alongside indoor courts to achieve efficiencies of co-location. There will be a shared foyer and administration, carparking and integrated services.

Alternative locations, timing and pool configurations were canvassed with the community during the consultation in November 2014. The outcomes of submissions and an independent survey were that the majority supported an eight lane pool and learners pool at Three Parks.

CAPITAL FUNDING SPLIT

Debt	Potential land sales/grants
85%	15%

The Council is not revisiting the issues of location or pool size. Those decisions have been made. Based on the results of previous consultation we have allocated \$12.3m. The pool will include an eight lane lap pool and learners pool at Three Parks.

The proposed timetable is for the pools to be designed in 2015-16 with construction in 2016-17. That means that new swimming facilities would be open by the middle of 2017. Council is seeking further guidance on whether the project should commence in year 2016-17 or be deferred until year 2023. Please refer to the 2014 Consultation Material on our website for more information about the impact of deferring construction.

The pools will be paid for by the Wanaka Ward, in the same way that Wakatipu Ward ratepayers pay for Alpine Aqualand at Frankton. The Council's policy is to recover the cost of swimming facilities from the ward where they are located, to reflect the direct benefit to that community.

The Council has identified land which could be sold to help fund the development, and is encouraging the Wanaka community to launch a fundraising programme to ease the impact on rates.

In December 2014 Council consulted on cost options for a new pool. The option of a cost per household of \$184 per annum received 53.9% support.

WHAT DO YOU THINK?

Question: The majority of the Wanaka community has accepted paying a projected cost of \$184 per residential property in the Wanaka Ward. Do you prefer that this project begins now with the rate charged from 2017 or the pool and rate be deferred until 2023?

HOW DID WE GET HERE?

The Council consulted the community in 2014 on the options about building a Wanaka Pool. The majority of support was for a pool to be built at Three Parks. Council made a decision in February 2015 based on consultation to build the pool. We are now consulting on when the pool should be built.

3

Transport Planning

Our district's population growth and national and international reputation as a visitor destination are putting pressure on our roading network. Highways, local roads and suburban streets are becoming more congested, with several obvious pinchpoints in and around Frankton as well as in central Queenstown.

This draft 10 Year Plan includes over \$184m for roading, footpaths and transport, spread over ten years. That proposed expenditure is based on the budgets in our Asset Management Plans and includes maintenance of existing roads and bridges across the district and our contribution to some new construction.

Improvements to some areas are already underway, in partnership with the NZ Transport Agency and developers. Budget for the Council's share of funding for the Eastern Arterial Route around the back of the airport is included in this draft plan.

However, improving traffic flows will not fix congestion in central Queenstown. If anything, making it easier and faster to drive into town could make matters worse, so we're looking at that issue as a separate project. At the same time as we are consulting on this Draft 10 Year Plan, the Council is seeking community views on a proposed transport strategy for the Queenstown town centre. Consultation on that draft strategy closes in May 2015.

Modelling shows that by reducing by 20 percent the number of private vehicle movements in and out of central Queenstown each day, we can create a more pleasant and better business environment in the town centre; ease peak congestion; and defer the need for significant expenditure on roading outside this 10 Year Plan. The Council is proposing this as the preferred approach given the physical constraints of our town centre.

The draft Transport Strategy for the Queenstown Town Centre is based on encouraging commuters and visitors to choose alternative means of transport to private vehicles and rental cars to make the journey into central Queenstown. This would be achieved through a combination of activities:

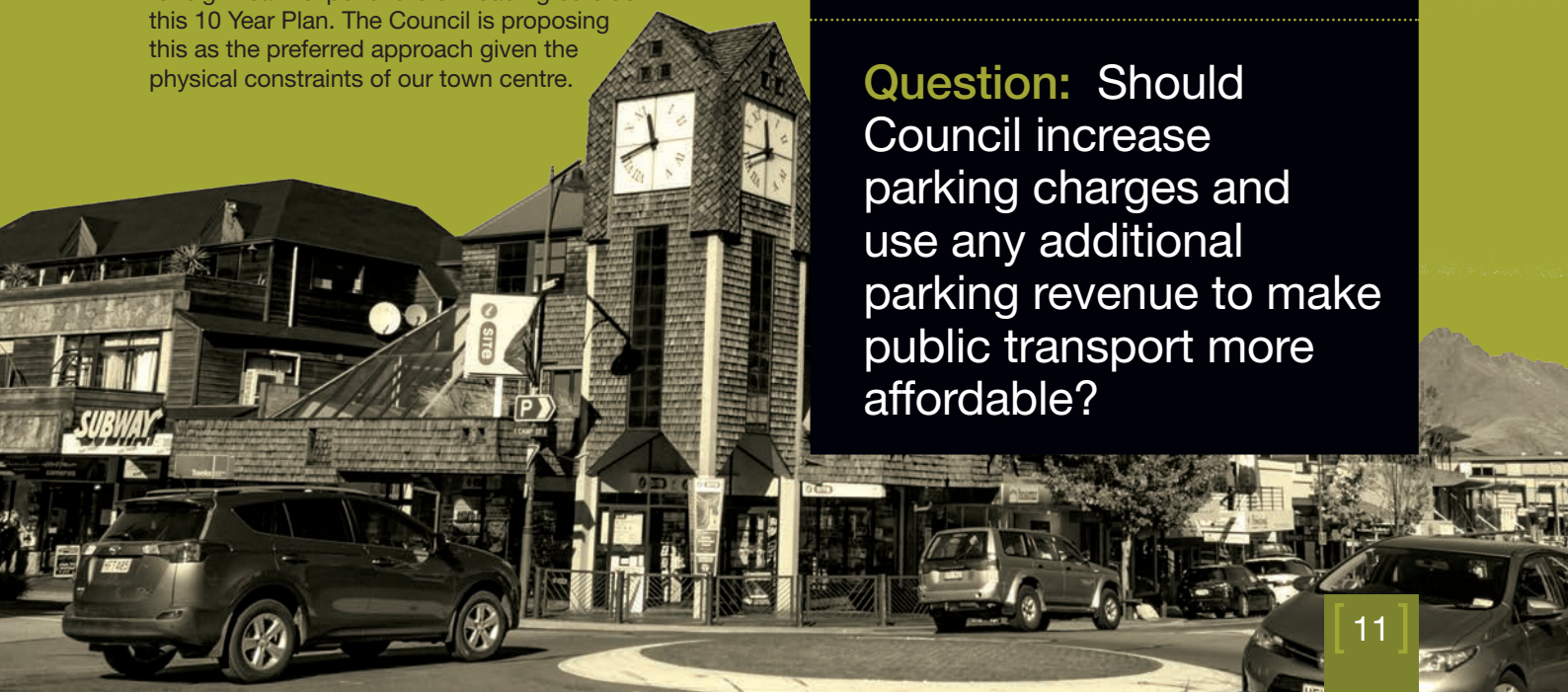
- > Working with the Otago Regional Council to invest in public transport so it is more affordable and convenient
- > making relatively minor changes to roads, crossings, footpaths and tracks to make cycling and walking easier and safer
- > improving intersections and crossings
- > making all day parking more expensive and less convenient in downtown Queenstown

The intention is that this would have a neutral impact on rates, with increased parking charges used to fund passenger transport incentives.

WHAT DO YOU THINK?

Question: Is the Council taking the right approach to address congestion issues in central Queenstown by planning to reduce future traffic movements by 20 percent?

Question: Should Council increase parking charges and use any additional parking revenue to make public transport more affordable?



Frankton Library

In 2013 the Council carried out a strategic review of library services. One of the recommendations of that review was that the Council investigate developing a new library at Frankton, to meet the needs of the growing residential population in the eastern part of the Wakatipu Ward. The Council had already identified this as a potential facility, with \$127K allocated in the 2012 10 Year Plan.

Council's intention is to consult on the options for a Frankton Library in terms of location, design and cost before committing to this proposal more fully in the future. The Council has included a figure of \$5.3m in the year 2020, in this 10 Year Plan. This would see:

- > a library 'hub' developed (potentially 3 times the size of the Queenstown Library)
- > retention of a 'shop front' library at Queenstown
- > the possibility that the Frankton library could also act as an emergency management centre.

We would look to attract external funding for this project. The assumption as it stands would be to debt fund this project therefore the potential rating impact per household, per annum would be \$36.50.

One of the options is to co-locate the library at the Queenstown Events Centre. The designation allows for this, and there are obvious efficiencies.

WHAT DO YOU THINK?

Question: Should the Council build a library hub at Frankton in 2020, at an estimated cost of \$5.3m?

All options would form the basis of future consultation.



Water and wastewater – a standardised rate

The Council is considering developing a standardised rate for water and wastewater. We want community guidance on whether we should progress this further.

What's the idea?

A Standardised Rate for Water and Sewerage

Historically, QLDC has calculated individual rates for each separate water and sewerage (wastewater) scheme. The

rates are calculated by dividing the costs associated with each scheme by the number of ratepayers within it. There are eight water and nine sewerage schemes.

The charges vary considerably and smaller schemes tend to cost more per ratepayer than the larger urban schemes. The reasons for this relate to economies of scale where larger schemes have more ratepayers to share the operating costs.

Based on community feedback, the Council has agreed to review its approach with a view to standardising a portion of these rates on a ward basis. We would group all of the direct operating costs for the schemes within a ward and divide them across all the ratepayers serviced by the schemes in that ward. This would provide a standardised operating rate for both water and sewerage for each ward.

Interest costs and depreciation would continue to be allocated to each scheme as they are now. These are both capital related charges and are not direct operational costs. The table below summarises the revised approach if it were applied in 2015/16:

STANDARDISED WASTEWATER & WATER RATES 2015/16

Wastewater - Wakatipu/AT Ward	Standard Rate	Depn & Int Allocation	Revised Rate (excl GST)	Revised Rate (incl GST)	Existing Rate (incl GST)	Difference	
						\$	%
Wastewater - Queenstown	170.42	144.32	314.75	361.96	396.00	-34.04	-8.60%
Wastewater - Arrowtown	170.42	246.01	416.44	478.90	470.00	8.90	1.89%
Wastewater - Arthurs Point	170.42	239.84	410.27	471.81	400.00	71.81	17.95%
Wastewater - Lake Hayes	170.42	49.26	219.69	252.64	380.00	-127.36	-33.52%
Wastewater - Wanaka Ward							
Wastewater - Wanaka	333.82	163.70	497.52	572.14	516.00	56.14	10.88%
Wastewater - Hawea	333.82	165.97	499.79	574.76	590.00	-15.24	-2.58%
Wastewater - Luggate	333.82	133.72	467.54	537.68	650.00	-112.32	-17.28%
Water - Wakatipu/AT Ward							
Water Supply - Queenstown	294.68	104.22	398.90	458.74	490.00	-31.26	-6.38%
Water Supply - Arrowtown	294.68	127.39	422.06	485.37	372.00	113.37	30.48%
Water Supply - Glenorchy	294.68	268.46	563.14	647.61	750.00	-102.39	-13.65%
Water Supply - Lake Hayes	294.68	145.15	439.83	505.81	660.00	-154.19	-23.36%
Water Supply - Arthurs Point	294.68	161.17	455.85	524.22	620.00	-95.78	-15.45%
Water - Wanaka Ward							
Water Supply - Wanaka	211.22	160.37	371.60	427.34	362.00	65.34	18.05%
Water Supply - Hawea	211.22	105.63	316.85	364.38	300.00	64.38	21.46%
Water Supply - Luggate	211.22	102.40	313.63	360.67	580.00	-219.33	-37.82%

The standard rate has been calculated for each ward and added to a charge for interest and depreciation which applies to each scheme. The revised rate for each scheme is then compared to the rate calculated using the existing method.

As expected, there would be an overall transfer of costs from the smaller schemes to the larger ones.

This is illustrated by the results for Wanaka Water; where the rate for Luggate would reduce by \$219 (37.8%) per property, but the rate for Wanaka and Hawea would increase by \$65 and \$64 respectively.

The impact of the proposal on the total rates paid by the average residential ratepayer is shown in the table below:

IMPACT OF THE PROPOSAL ON THE TOTAL RATES PAID BY THE AVERAGE RESIDENTIAL RATEPAYER						
Median Residential	Increase / - Decrease	Total Rates 14/15	Total Rates 15/16	Original Increase	Add Impact of Standard Rate	Revised Increase
Queenstown	-\$65.30	\$2,401.99	\$2,466.77	2.70%	\$2,401.46	-0.02%
Arrowtown	\$122.28	\$2,161.19	\$2,316.68	7.19%	\$2,438.95	12.85%
Glenorchy	-\$102.39	\$2,149.51	\$2,164.11	0.68%	\$2,061.72	-4.08%
Lake Hayes	-\$281.55	\$2,369.51	\$2,456.84	3.69%	\$2,175.29	-8.20%
Arthurs Point	-\$23.97	\$2,465.04	\$2,514.09	1.99%	\$2,490.12	1.02%
Wanaka	\$121.48	\$2,350.98	\$2,436.59	3.64%	\$2,558.07	8.81%
Hawea	\$49.14	\$2,140.04	\$2,191.14	2.39%	\$2,240.29	4.68%
Luggate	-\$331.65	\$1,934.36	\$1,963.51	1.51%	\$1,631.86	-15.64%

The table shows the combined impact of the proposal for both water and sewerage rates. Ratepayers in Luggate, Lake Hayes and Glenorchy would all benefit significantly. This is largely at the expense of ratepayers in Arrowtown and Wanaka. In considering this proposal, the Council is required to consider the fairness of the revised method and also the impact on all ratepayers affected.

To assist with this consideration, the table above shows the projected rates increases for 2015/16 compared to 2014/15. These range from 0.68% for Glenorchy to 7.19% for Arrowtown. The increases in Arrowtown are proportionally higher for this year due to the increase in values for Arrowtown property under the latest rating revaluation, which takes effect from 1 July 2015.

Residential property in Arrowtown has increased in value by an average of 18.9% compared to a district average movement of 7.3%.

The impact of the proposal to introduce standardised rates on top of the increases for 2015/16 is shown at the right of the table. There are reductions in rates for Luggate, Lake Hayes and Glenorchy but large increases for Arrowtown (12.85%) & Wanaka (8.8%).

The Council is consulting on the position that it should not introduce a standardised rate for water and wastewater at this time. We believe we need to do more work to review how operating costs are allocated to schemes with a view to ensuring that this is both consistent and fair.

WHAT DO YOU THINK?

Question: Do you agree that Council should further investigate the principle of a standardised rate?

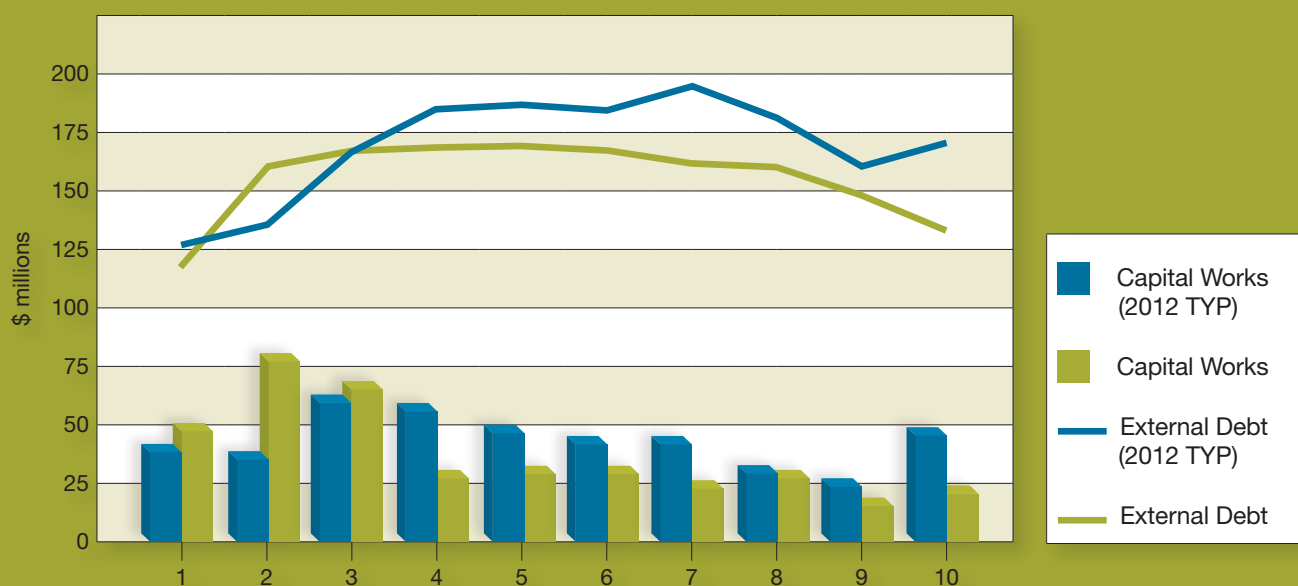
THE ALTERNATIVE is that the status quo remains, and the Council takes no further action to investigate other models.

Ten Year Overview

Financial Strategy

The Financial Strategy can be viewed in detail in Volume 2 of the supporting documents.

**10 Year Financial Analysis
External Debt vs Capital Works**



Capital expenditure on physical works over the next 10 years is lower than previously forecast. It amounts to \$385m (2012: \$445m) which represents a reduction of \$61m or around 14% compared to the 2012 10 Year Plan.

It is expected that by the end of year five, external debt will have risen to \$169m reflecting progress on the delivery of major projects including Project Shotover, the Convention Centre, the Wanaka Sports Facility and the Wanaka Pool, and by the end of the 10-year period; it will have declined to \$134m (2012 10 Year Plan: \$170m). Council has been able to include these major projects primarily because of the reduction to the roading capital programme of \$68m (37%) compared to the previous 10 Year Plan.

Borrowing Limit	30 June 16	30 June 17	30 June 18	30 June 25
Interest Expense/Rates <25%	12.1%	14.3%	15.7%	11.6%
Interest Expense/Total Revenue <15%	6.4%	7.3%	6.9%	5.6%
Net Debt/Total Revenue <175%	106.1%	134.0%	113.2%	85.8%
Net Debt/Equity <20%	11.9%	15.2%	15.2%	9.8%

Council is well within its established debt parameters, which means that the affordability of the 2015 10 Year Plan can be clearly demonstrated. The debt ratios show that the affordability position has improved significantly since the 2009 plan, where two of these ratios were exceeded in the latter period covered by the plan. The 2015 10 Year Plan shows not only compliance but also considerable headroom is provided.

Rates

Operating expenditure is shown to increase over the 10 year period by an average of 5.1% (2012 10 Year Plan: 5.5%) per annum. The forecasts do include a provision for inflation after the first year as well as increases as a result of projected growth within the district.

Operating revenue for the same period increases by an average of 3.9% (2012 10 Year Plan: 4.5%) per annum. With the reduction in capital expenditure and debt, forecast rates increases are also reduced. The average

annual increase over the 10 years is now 2.6% down from 4.6% (2012 10 Year Plan).

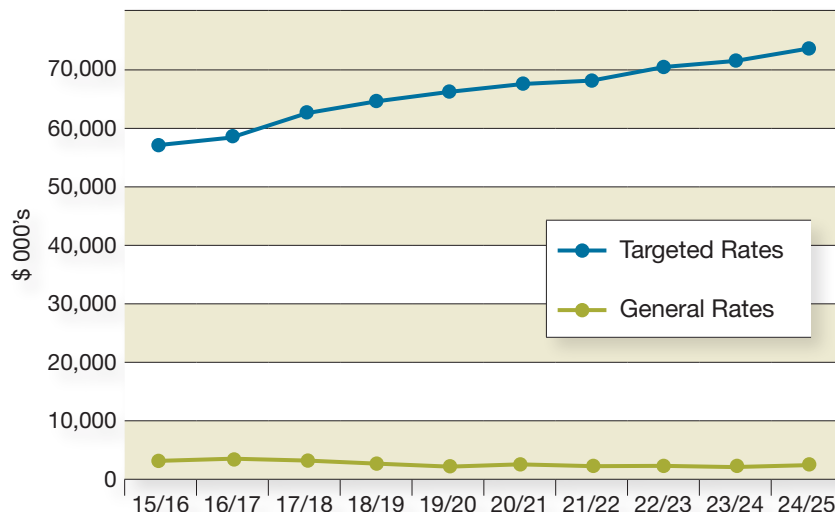
As discussed earlier, rates are influenced by a number of factors including core recurring operating costs; growth in the district; inflation and the capital programme. The capital expenditure in previous years will affect rates through the impact of depreciation and interest costs.

Rates can also be affected if the community (including the business community) or central government requirements lead to an improvement in levels of service for a particular activity. Where there is a significant rates impact for a proposal of this nature (i.e. Project Shotover and Queenstown Convention Centre), Council will disclose the rating impact as part of the consultation process.

In order to come up with a sensible quantified limit on rates, it is necessary to take account of the various influences on rating levels. The limit should also be easily understood. The graph below shows that rates are increasing by an average of 2.6% over the 10-years. This increase is not even however, as the impact of increased costs associated with new facilities is recognised. The forecasted rates increases for 2017/18 are high (5.6%) as they reflect the increased costs of the Convention Centre, the new Wanaka Sports Facility, swimming pool and Project Shotover.

It is proposed therefore to set a rates increase limit of 6% subject to changes in forecasted growth. It is also proposed that rates income will not exceed 55% of total revenue. The average growth rate for the District is expected to be 2% per annum which will reduce the impact of any increase for existing properties.

Indicative Rates Revenue



Cumulative Rates Impact of Major Projects (Increased Level Of Service)

Rates Increase per year

CC	Convention Centre	Capex of \$55m	0.3% to 29.6%	2018 From Yr 4
PS	Project Shotover	Capex of \$27.8m	5.0% to 20%	2017 From Yr3
WSF	Wanaka Sports Facility	Capex of \$13.9m ¹	0.7% to 3%	2016 From Yr 2
Wan Pool	Wanaka Pool	Capex of \$11.8m	2.2% to 11.5%	2017 From Yr 3
Library*	Library	Capex of \$5.3m	1.5%	2021 From Yr 6

* As outlined on page 12 further consultation on a Frankton Library will take place after more work is done on design, cost and location.

¹ This includes \$2.2m of costs expected to be incurred in 2014/15.

Base Year is 2014/15																	
Cumulative Rating Impact			Existing	CC Impact		Adjusted	PS Impact		Adjusted	WSF Impact		Adjusted	Wan Pool Impact		Adjusted	Total Cumulative	
			Total Rates	Revised Increase		Total Rates	Revised Increase		Total Rates	Revised Increase		Total Rates	Revised Increase		Total Rates	Impact	
Location	Property Type	Valuation	14/15 \$	\$	%	14/15 \$	\$	%	14/15 \$	\$	%	14/15 \$	\$	%	14/15 \$	\$	%
Waka	Dwg	Median	2,402	51	2.1%	2,453	332	13.8%	2,785	48	2.0%	2,833	0	0.0%	2,833	431	17.9%
Waka	Comm	Median	6,067	543	9.0%	6,610	332	5.5%	6,942	0	0.0%	6,942	0	0.0%	6,942	875	14.4%
Waka	Accomm	Median	8,425	257	3.1%	8,682	1,336	15.9%	10,018	0	0.0%	10,018	0	0.0%	10,018	1,593	18.9%
QT CBD	Comm	Low	2,203	362	16.4%	2,565	332	15.1%	2,897	0	0.0%	2,897	0	0.0%	2,897	694	31.5%
QT CBD	Comm	Median	6,210	1,626	26.2%	7,836	332	5.3%	8,168	0	0.0%	8,168	0	0.0%	8,168	1,958	31.5%
QT CBD	Comm	High	97,489	28,896	29.6%	126,385	4,843	5.0%	131,228	0	0.0%	131,228	0	0.0%	131,228	33,739	34.6%
QT CBD	Accomm	Low	3,783	303	8.0%	4,086	332	8.8%	4,418	0	0.0%	4,418	0	0.0%	4,418	635	16.8%
QT CBD	Accomm	Median	8,425	805	9.6%	9,230	1,336	15.9%	10,566	0	0.0%	10,566	0	0.0%	10,566	2,141	25.4%
QT CBD	Accomm	High	257,620	27,903	10.8%	285,523	51,436	20.0%	336,959	0	0.0%	336,959	0	0.0%	336,959	79,339	30.8%
Wan	Dwg	Median	2,351	13	0.6%	2,364	0	0.0%	2,364	48	2.0%	2,412	184	7.8%	2,596	245	10.4%
Wan	Comm	Median	4,495	72	1.6%	4,567	0	0.0%	4,567	0	0.0%	4,567	0	0.0%	4,567	72	1.6%
Wan	Accomm	Median	6,433	72	1.1%	6,505	0	0.0%	6,505	0	0.0%	6,505	0	0.0%	6,505	72	1.1%
Waka	C Dwg	Median	2,392	51	2.1%	2,443	0	0.0%	2,443	48	2.0%	2,491	0	0.0%	2,491	99	4.1%
Waka	PI	Median	3,196	51	1.6%	3,247	0	0.0%	3,247	48	1.5%	3,295	0	0.0%	3,295	99	3.1%
Wan	C Dwg	Median	2,064	13	0.6%	2,077	0	0.0%	2,077	48	2.3%	2,125	184	8.9%	2,309	245	11.9%
Wan	PI	Median	3,945	13	0.3%	3,958	0	0.0%	3,958	48	1.2%	4,006	184	4.7%	4,190	245	6.2%

10 Year Plan – The Business End

Performance Framework Overview

The strategic performance framework is a list of Key Performance Indicators (KPIs), which enable the community to clearly measure the Council's success at delivering its plans. The framework was completely reviewed in 2014 to make this process more transparent. This new framework was consulted on in the 2014/15 Annual Plan and as a consequence the number of performance measures was reduced to just 45. The Council has measured performance against the

new framework for a year to understand whether the KPIs are specific, measureable, achievable, relevant and timely. Subsequently, some minor changes have been made to improve transparency and reporting, and ensure the KPIs work as intended. You can track the Council's progress through the monthly reports published on our website.

The strategic performance framework can be found through Part 2 of Volume 1 of the supporting documents and also online at www.qldc.govt.nz. It is broken down by outcome and activity. The final strategic performance framework contains:

45

Council Key
Performance
Indicators (KPIs)

19

Department of
Internal Affairs
(DIA) mandatory
measures for
infrastructure
and finance

7

Otago Regional
Performance
Improvement
Framework
benchmarking
measures (see below)

Timeline

28 MARCH

**SUBMISSIONS
OPEN**

29 APRIL

**SUBMISSIONS
CLOSE**

MARCH

//

APRIL

//

MAY

//

JUNE

//

**24 MARCH
DRAFT PLAN
PUBLISHED**

**25 MAY ZQN
26 MAY WKA
SUBMISSIONS HEARD**

**30 JUNE
PLAN
ADOPTED**

Risk Management

The Council has made significant improvements to risk management. A risk is any event that stops the Council from delivering services to the community. For QLDC, managing risk is about:

- > **Doing our job;**
- > **Making the community and Council staff safe;**
- > **Fulfilling legal and statutory obligations;**
- > **Protecting the environment;**
- > **Ensuring long-term integrity of assets at minimum cost;**
- > **Providing contingency planning for foreseeable emergencies.**

In November 2013, the Council developed strategic and operational risk registers and mitigation plans to help it reduce the consequences and likelihood of the risk occurring.

We established an Audit and Risk Committee for the first time in 2014 comprising the Mayor, a Councillor, the Chief Executive and two external representatives. It reviews progress on risk mitigation, quarterly.

The 10 Year Plan serves as a reference point for risk. More detail is available in Part 1 of the 10 Year Plan. Specific details relating to identified strategic risks and mitigations can be found in Part 2 of Volume 1 of the supporting documents and can be viewed online www.qldc.govt.nz under each outcome. Copies are also available in our libraries and offices.

Infrastructure Strategy

The Local Government Act 2002 Amendment Act 2014 gave effect to the requirement for Councils to prepare a 30 Year Infrastructure Strategy to be included in the 2015-2025 10 Year Plan. The strategy is only required for the following groups of activities:

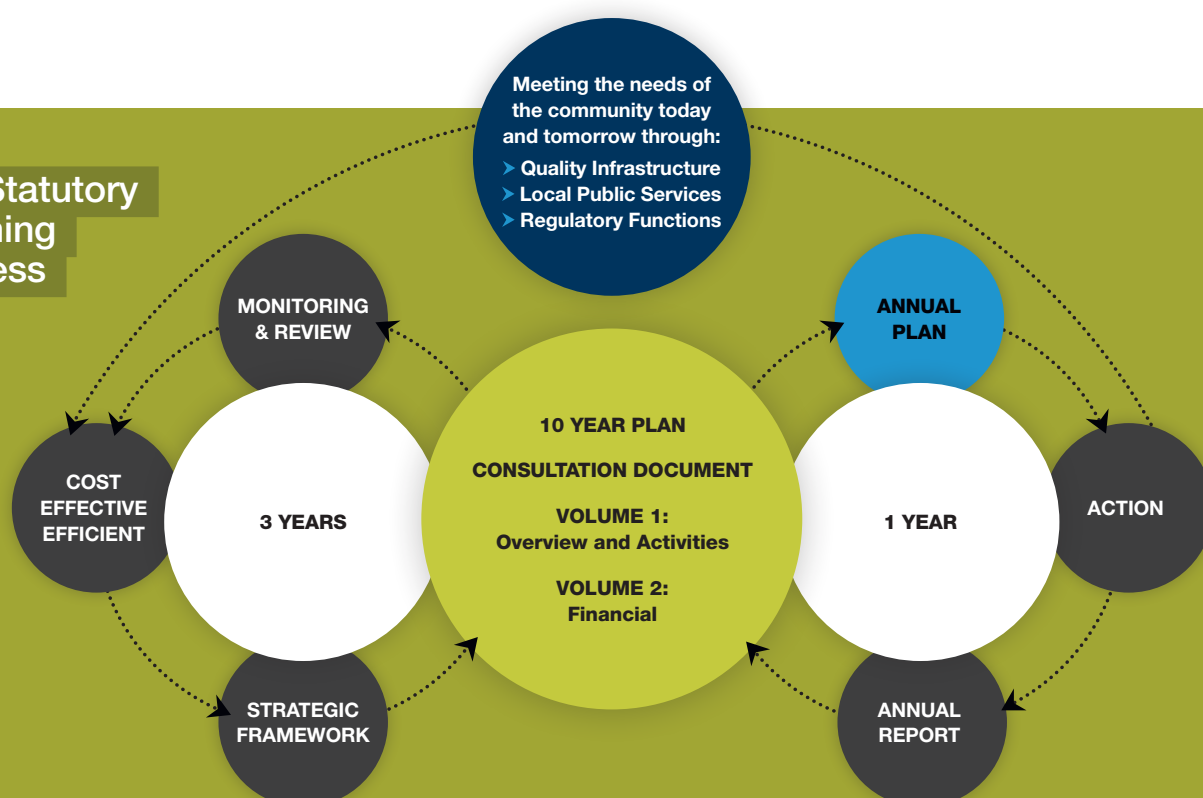
- > **water supply;**
- > **sewerage and the treatment and disposal of sewage;**
- > **stormwater drainage;**
- > **flood protection and control works;**
- > **the provision of roads and footpaths.**

The purpose of the strategy is identify significant infrastructure issues and options for managing them over the next 30 years. It provides oversight which helps the Council provide for growth, balance service level expectations with affordability and identify the amount of investment required to replace, renew or upgrade existing assets.

- > **The key issues are:**
- > **Transport**
- > **Water Demand Management**
- > **Roading and Footpaths**
- > **Project Shotover**

Note: The Otago Regional Council is responsible for flood protection and control works. You will find the strategy in the supporting documents Volume 2 www.qldc.govt.nz

The Statutory Planning Process



Our Core Business

Water – sewerage – roads – refuse collection: these are the core business of councils everywhere. Together they make up \$45m and 50% of our annual operating expenditure, largely funded from rates.

Project Shotover

In the 2012-2022 10 Year Plan Council consulted on the development of a Wakatipu wastewater treatment plant (Project Shotover) as a key issue (including rate impact). It was then included in the final plan at \$36.8m. It is included in this document as a big ticket item because completion of the rate impact from 2015/16. This needed to be understood in the context of other Key Issues and their rates impact.

The budget excluding disposal fields is \$27.8m (we have allocated \$15.4m in 2015/16 and another \$1.7m the following year to continue the upgrade) we have budgeted a further \$10.7m over five years from 2017/18 to upgrade the disposal fields. The forecast expenditure to 2014/15 is \$5,716,558 (as budgeted).

New Schemes

New sewerage schemes for Cardrona and Glenorchy, and upgrades for Kelvin Heights, Hawea and Project Pure, are also budgeted during the next ten years, as is a new water supply for Kingston in Year 7.

We have also allocated over \$4.8m to upgrade stormwater systems in the Frankton Flats between now and 2018-19.

Water Demand Management

In the 2012 10 Year Plan Council consulted on Water Demand Management as a key issue. Using less water defers the need to construct or expand our water supply system – pumps, pipes and reservoirs and also reduces operating and maintenance costs. Amongst other initiatives in November 2014 the Council approved a trial of water metering. If the Council decides to advance the proposal to introduce water metering, it will be the subject of future community consultation. This is one of many projects including education and water leak detection that will help us achieve our goal of cost effective infrastructure.

Roading

Roading is our single biggest cost (more than \$300m over the next 10 years). The Council has reduced the capital cost of roading by \$68m or 37% over this period compared to the previous 10 Year Plan. This is not expected to result in any change in the level of service (quality of roads). Rather, it is a new approach by Council and its funding partner New Zealand Transport Agency to focus on resealing works (resurfacing) and significantly reduce the amount of major rehabilitation of roads, which is based on the significant investment that has already been made.

Capital Expenditure Description	1 2015/16 \$000's	2 2016/17 \$000's	3 2017/18 \$000's	4 2018/19 \$000's	5 2019/20 \$000's	6 2020/21 \$000's	7 2021/22 \$000's	8 2022/23 \$000's	9 2023/24 \$000's	10 2024/25 \$000's	10 Year TOTAL
Significant Projects - Gross Cost (inflation adjusted)											
Parks & Recreation											
Wanaka Sports Facility	11,700	-	-	-	-	-	-	-	-	-	11,700
Wanaka Swimming Pool	606	11,687	-	-	-	-	-	-	-	-	12,293
Playground Renewals - Wakatipu	135	485	299	203	118	52	172	132	238	438	2,272
Playground Renewals - Wanaka	166	38	44	314	159	55	170	167	76	0	1,189
Frankton Library	-	-	-	-	128	5,323	-	-	-	-	5,451
Wastewater											
Project Shotover Stg 1	15,361	1,748	-	-	-	-	-	-	-	-	17,109
Project Shotover - Disposal Fields	-	-	3,353	-	3,564	-	3,810	-	-	-	10,727
CBD To Frankton - Reticulation Capacity Upgrade	-	-	438	1,804	2,327	-	-	-	-	-	4,569
Recreation Ground Pump Station	-	-	449	3,531	-	-	-	-	-	-	3,980
Kelvin Heights Reticulation Upgrades	-	364	2,698	-	-	-	-	-	-	-	3,062
Cardrona - New Scheme	-	418	3,496	-	-	-	-	-	-	-	3,914
Glenorchy - New Scheme	262	5,929	-	-	-	-	-	-	-	-	6,191
Hawea Treatment Upgrade	-	-	-	-	-	-	73	5,657	-	-	5,730
Project Pure Treatment Upgrade	-	-	-	-	-	3,765	-	-	-	-	3,765
Water Supply											
Arthurs Point - Storage Upgrade	-	-	138	1,284	-	-	-	-	-	-	1,422
Kingston - New Scheme	-	-	-	-	-	41	4,190	-	-	-	4,231
Western Pump Stn & Ring Main	-	-	-	-	-	-	35	254	1,586	-	1,875
Albert Town Ring Main	-	-	-	-	-	-	-	3,100	-	-	3,100
Stormwater											
Frankton Flats Sw	1,060	2,835	127	-	-	-	-	-	-	-	4,022
Transport											
Crown Range Spr - Sealed Road Surfacing	-	349	527	686	640	531	475	467	481	496	4,652
Glenorchy Road Spr - Sealed Road Surfacing	633	365	321	519	418	217	20	20	20	20	2,553
Wakatipu - Sealed Road Pavement Rehab	846	-	49	470	481	493	506	521	536	553	4,455
Wakatipu - Sealed Road Sealed Road Surfacing	1,389	1,490	1,826	1,670	1,279	1,408	833	1,528	1,574	1,624	14,621
Wakatipu - Unsealed Road Metalling	604	661	669	684	701	718	738	759	781	806	7,121
Eastern Access Road	1,000	4,000	5,205	-	-	-	-	-	-	-	10,205
Edith Cavell Bridge	-	-	-	-	-	-	-	-	-	4,340	4,340
Wanaka - Sealed Road Pavement Rehab	-	94	838	470	481	493	506	521	536	553	4,492
Wanaka - Sealed Road Sealed Road Surfacing	1,224	1,304	1,494	1,003	1,679	1,764	1,169	580	597	616	11,430
Wanaka - Unsealed Road Metalling	638	610	618	632	647	663	681	700	721	744	6,654
Other											
Queenstown Convention Centre	2,242	24,800	27,955	-	-	-	-	-	-	-	54,997
Lakeview Development	365	3,903	5,635	-	1,053	-	-	-	-	-	10,956
Total Major Projects	38,231	61,080	56,179	13,270	13,675	15,523	13,378	14,406	7,146	10,190	243,078

Community Outcomes and Objectives

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 overriding 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.



Sustainable growth management



Quality landscapes and natural environment with 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

Valuing Māori

Our relationship with Ngāi Tahu and Māori

While the Local Government Act sets out provisions relating to all Māori with regard to our obligation to give effect to the principles of the Treaty of Waitangi, Queenstown Lakes District Council recognises Ngāi Tahu as tangata whenua of our district. Ngāi Tahu has a special status in terms of our resource management activities and is not just another interest group.

Queenstown Lakes District Council is an active participant and signatory to a Charter of Understanding – *He Huaraki mō Ngā Uri Whakatupu*

– in place between seven Otago and Southland councils and the four Murihiku papatipu rūnanga. It provides the basis for the ongoing relationship between QLDC and tangata whenua to assist in developing the capacity of Māori to contribute to decision-making processes under the Local Government Act and the Resource Management Act, and is a foundation for consultation on a wide range of issues, including long term and annual planning.

In most of our district, QLDC maintains that relationship through Te Ao Mārama Inc, which represents the four Murihiku papatipu rūnanga, and we contribute annual funding to Te Ao Mārama Inc for that purpose. For that part of our district which is outside the rohe of the four Murihiku rūnanga, we work through Kai Tahu Ki Otago.

Audit Report

Audit Report



STOP!

Please think about making your submission online.
www.qldc.govt.nz

Submission Form

10 Year Plan 2015–2025 Consultation Document

WHAT DO YOU THINK?



Name:

Email:

Phone:

Address:

Resident/Ratepayer: ☐ Wakatipu ☐ Wanaka/Upper Clutha

I wish to speak at the hearing: ☐ Yes ☐ No

All submissions will be made public

(We use the contact details you provide to get in touch with you regarding the Council's response to your submission. Email is our preferred method of contact.)

1

Queenstown
Convention
Centre –
Revised
Rating Model

Do you support the revised rating model for the proposed convention centre?*

☐ Yes
☐ No
☐ I choose
not to
answer

Comment:

You can attach more comment

* If you choose not to answer this question you can still make a general comment by way of a submission.

2

Wanaka
Pool

The majority of the Wanaka community has accepted paying a projected cost of \$184 per residential property per year in the Wanaka Ward. Do you prefer that this project begins now with the rate charged from 2017 or the pool and rate be deferred until 2023?

☐ 2017
☐ 2023

Comment:

You can attach more comment

3

Transport
Planning

Is the Council taking the right approach to address congestion issues in central Queenstown by planning to reduce future traffic movements by 20 percent?

3a
☐ Yes
☐ No

Comment:

You can attach more comment

Should Council increase parking charges and use any additional parking revenue to make public transport more affordable?

3b
☐ Yes
☐ No

Comment:

You can attach more comment



4

Frankton
Library

Should the Council build a library hub at Frankton in 2020, at an estimated cost of \$5.3m?

☐ Yes

☐ No

Comment:

You can attach more comment

5

Water and
wastewater –
a standardised
rate

Do you agree that Council should further investigate the principle of a standardised rate for water and wastewater?

☐ Yes

☐ No

Comment:

You can attach more comment

6

Would you like
to comment
on any other
aspect of this
draft 10 Year
Plan?

☐ Yes

☐ No

Comment:

You can attach more comment

SUBMISSIONS CLOSE

29 April 2015



GO ON-LINE at
www.qldc.govt.nz to
submit your comments



OR FREEPOST TO:
Queenstown Lakes District Council,
Freepost 191078,
Private Bag 50072,
Queenstown 9348.
No stamp required.