

2016

Pre-election Report

01

Message from the CE



The Local Government Election will be held on 8 October 2016. Under the Local Government Act (LGA) 2002, it is the responsibility of the Chief Executive to prepare a Pre-Election report to inform both the community and prospective candidates. It is essential that this report is prepared on an entirely politically neutral basis.

The report brings together information contained in the 10 Year Plan 2015-2025, Annual Reports and the latest Annual Plan. In the plan cycle the Council adopted a 10 Year Plan in 2015. It must review the 10 Year Plan every three years and in the interim years it must adopt an Annual Plan, which must identify any changes to the 10 Year Plan. On 30 June 2016, the Council adopted the 2016/17 Annual Plan, which can be found on the Council website www.qldc.govt.nz and covers the detail of our work programme for the coming financial year. The Pre-election Report will help you to understand the issues we consider the district to be facing as part of the wider 10 Year Plan projected schedule of work.

Under the LGA, the Council must provide core services such as network infrastructure and community facilities but it also has a wider role in facilitation and leadership in the community. Integral to good Local Government and strong governance is an essential and vested interest in the social wellbeing of our community. This element of public service can be deeply rewarding and enabling. This leadership is especially important for QLDC given the significant growth the district is experiencing.

All Councils are required to meet the 'purpose provisions' of Local Government. What this means is that we must always make decisions based on delivering efficient and effective services. The value proposition must always be at the forefront of how we do our business.

Planning for growth is our most prevalent issue. In response to growth this Council is at an exciting juncture. Significant investment (\$6.3m) has been made in the new District Plan. Acting faster on managing traffic issues is now a major priority with investment in a body of work scheduled in the

coming year. We have also accelerated work around the completion of Project Shotover (the waste management solution for the Wakatipu Basin) the Wanaka Recreation Centre, Lake Wanaka foreshore management plan and Glenorchy Wastewater solution. Affordable Housing has also seen a significant investment by Council to 'fast track' special housing areas.

Another major issue for our district is the development of the Lakeview site. We continue to work with various parties on how to best unlock the potential of the site. The recent success of Plan Change 50 has been a major undertaking to enable further progress.

Also worth noting is the proposal to develop new Council offices for Queenstown and 2016/17 will see us further develop these plans for consultation with our community in the 2017/18 Annual Plan. I am also pleased to acknowledge the Council's early and dedicated shift to adhering to Health and Safety best practice under the new legislation.

Finally, this report outlines the most recent and forecast financial performance of the Council. Although I have been at the reigns for a relatively short period I am impressed by the fiscally prudent and transparent financial health of this organisation. I commend the monthly report to those of you interested in financial reporting. This performance-based report is workshopped monthly with elected members and published on our website www.qldc.govt.nz.

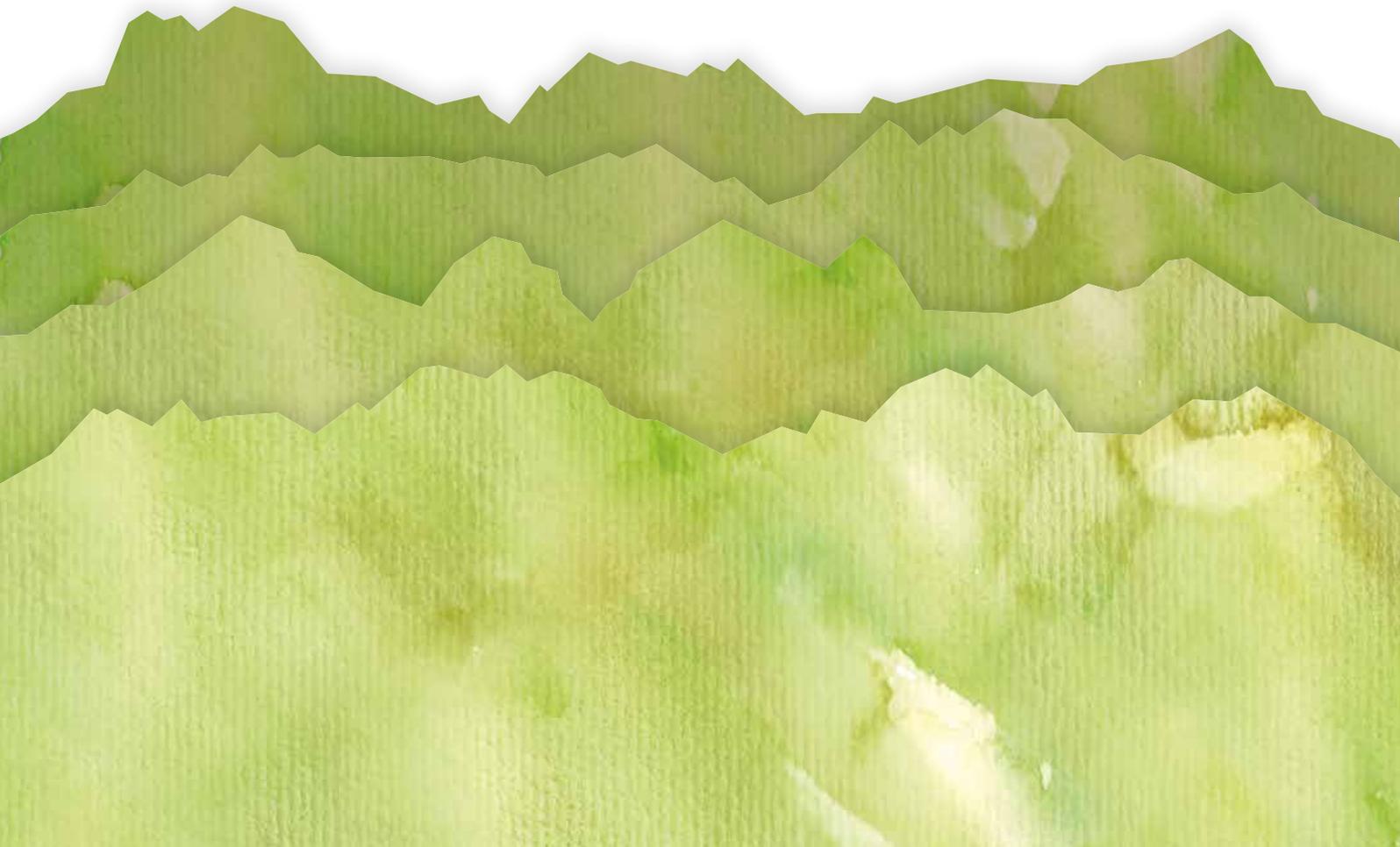
I encourage both voters and potential candidates to become better informed about our goals and issues and to participate in the democratic election process.



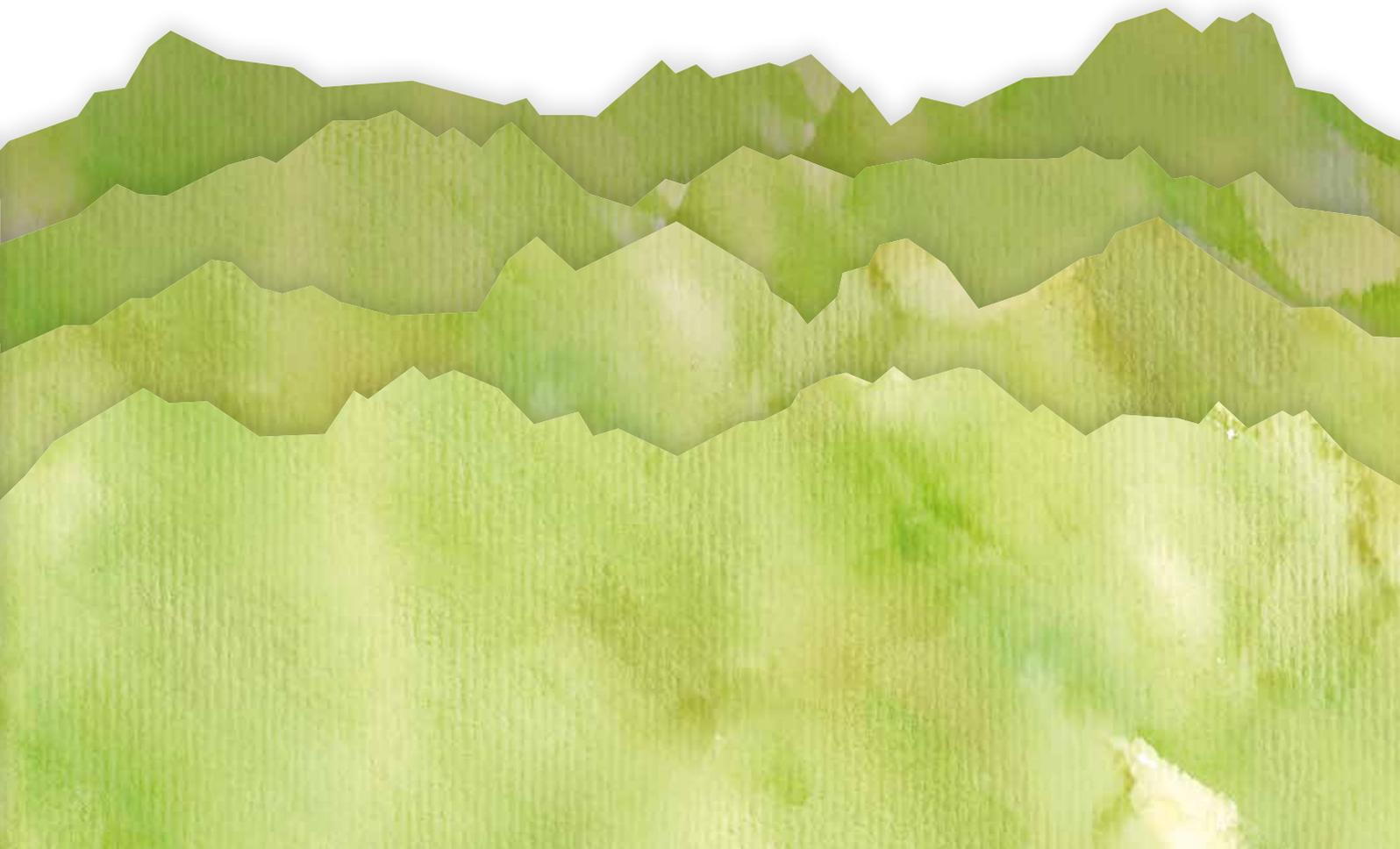
Mike Theelen
Chief Executive

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Introduction



A pre-election report is prepared by the Chief Executive, independent of the Mayor and Councillors. It is intended as a tool to promote debate by providing a summary of financial and general information, which should assist both voters and candidates in the run up to the local body election.



What is a pre-election report?

PREPARED
BY



THE CHIEF EXECUTIVE

REPORT
PROVIDES



FINANCIAL INFORMATION



GENERAL INFORMATION

REPORT
ASSISTS



VOTERS



CANDIDATES

How this report has been prepared

The following table demonstrates the range of information that is covered in this report and where it has been sourced from.

YEAR	← LOOKING BACK			Election Year 2016/17 (Current Year)	LOOKING AHEAD →		
	2013/14 (-3 years)	2014/15 (-2 years)	2015/16 (-1 year)		2017/18 (+1 year)	2018/19 (+2 years)	2019/20 (+3 years)
INFORMATION TO BE INCLUDED	Major achievements and projects			Planned projects for the year	Priorities and projects for the next 3 years		
	Funding impact statement			Funding impact statement	Funding impact statement		
	Statement of financial position (balance sheet)			Summary balance sheet	Statement of financial position (balance sheet)		
	A report on compliance with the financial strategy						
SOURCE OF INFO	Annual Report (audited)	Annual Report (audited)	Estimated (unaudited)	Annual Plan (unaudited)	10 Year Plan (audited)		

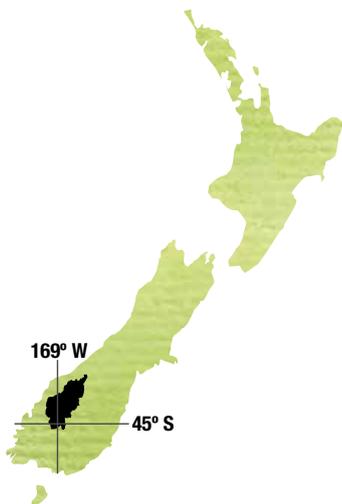
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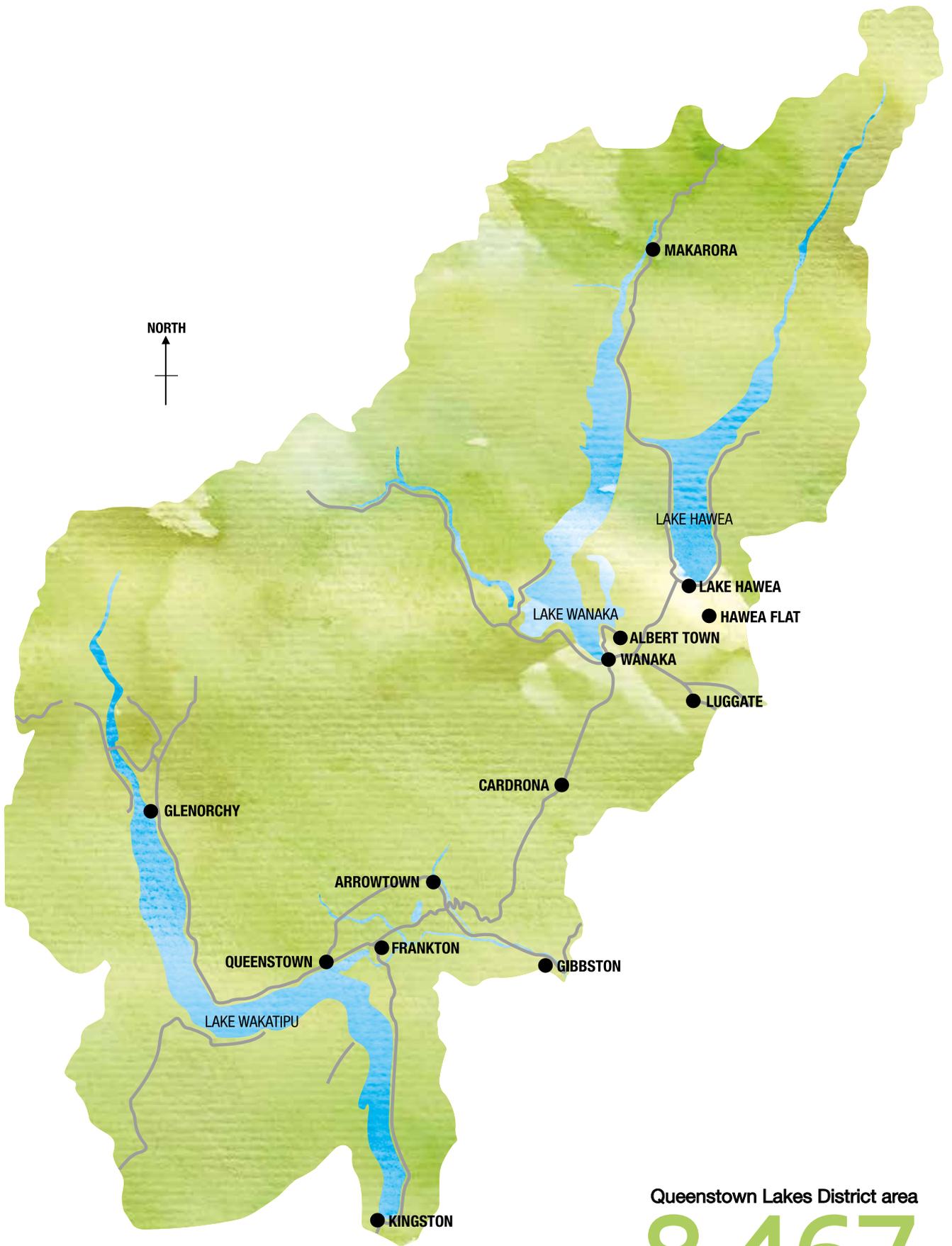
A **Funding Impact Statement** pulls together all the information from each of the different groups of activities and sets out in a single statement the sources of both the operating and capital funding for everything that Council does.

A **Balance Sheet** is a statement of an organisation's financial position at a particular moment in time. This financial report shows the two sides of an organisation's financial situation – what it owns (assets) and what it owes (liabilities).

03

Sustainable growth in Queenstown





Queenstown Lakes District area

8,467
square kilometres

2015 Fact file

2015

**AVERAGE
POPULATION**
2015



**PEAK
POPULATION**
2015



**RESIDENT
POPULATION**
(AVERAGE DAY)



**VISITOR
POPULATION**
(AVERAGE DAY)



**RATEABLE
PROPERTIES**



**RESIDENTIAL
DWELLINGS AND UNITS**
WAKATIPU



**RESIDENTIAL
DWELLINGS AND UNITS**
WANAKA



**COMMERCIAL
AND OTHER RATEABLE
PROPERTIES**



2025 Projected Growth

**AVERAGE
POPULATION**
2025 PROJECTED GROWTH



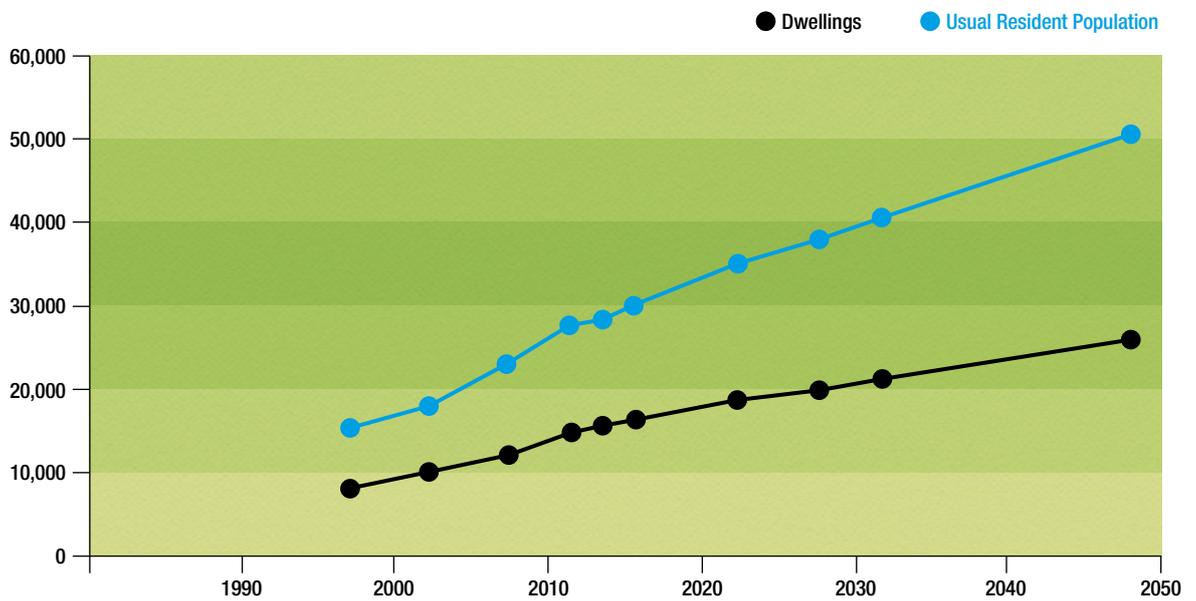
**PEAK
POPULATION**
2025 PROJECTED GROWTH



Key issues

According to the last census (2013), Queenstown-Lakes is the second fastest growing district in the country.

Queenstown Lakes District Medium Population Projection 2015-2045



2045
RESIDENT
POPULATION
64%
GROWTH SINCE
2015

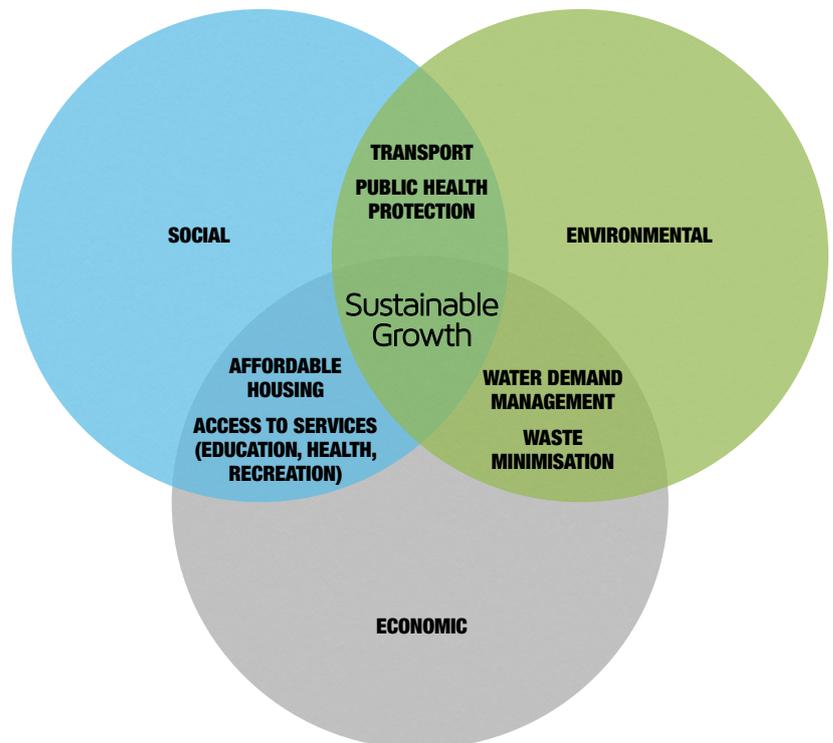
2045
19,600
ADDITIONAL
RESIDENTS

2045
8,700
ADDITIONAL
DWELLINGS

RESIDENT
POPULATION
GROWTH
4.1%
P.A. SINCE
1996

DWELLING
POPULATION
GROWTH
3.6%
P.A. SINCE
1996

With rapid growth comes a series of interrelated issues, which the Council must address to ensure sustainability.





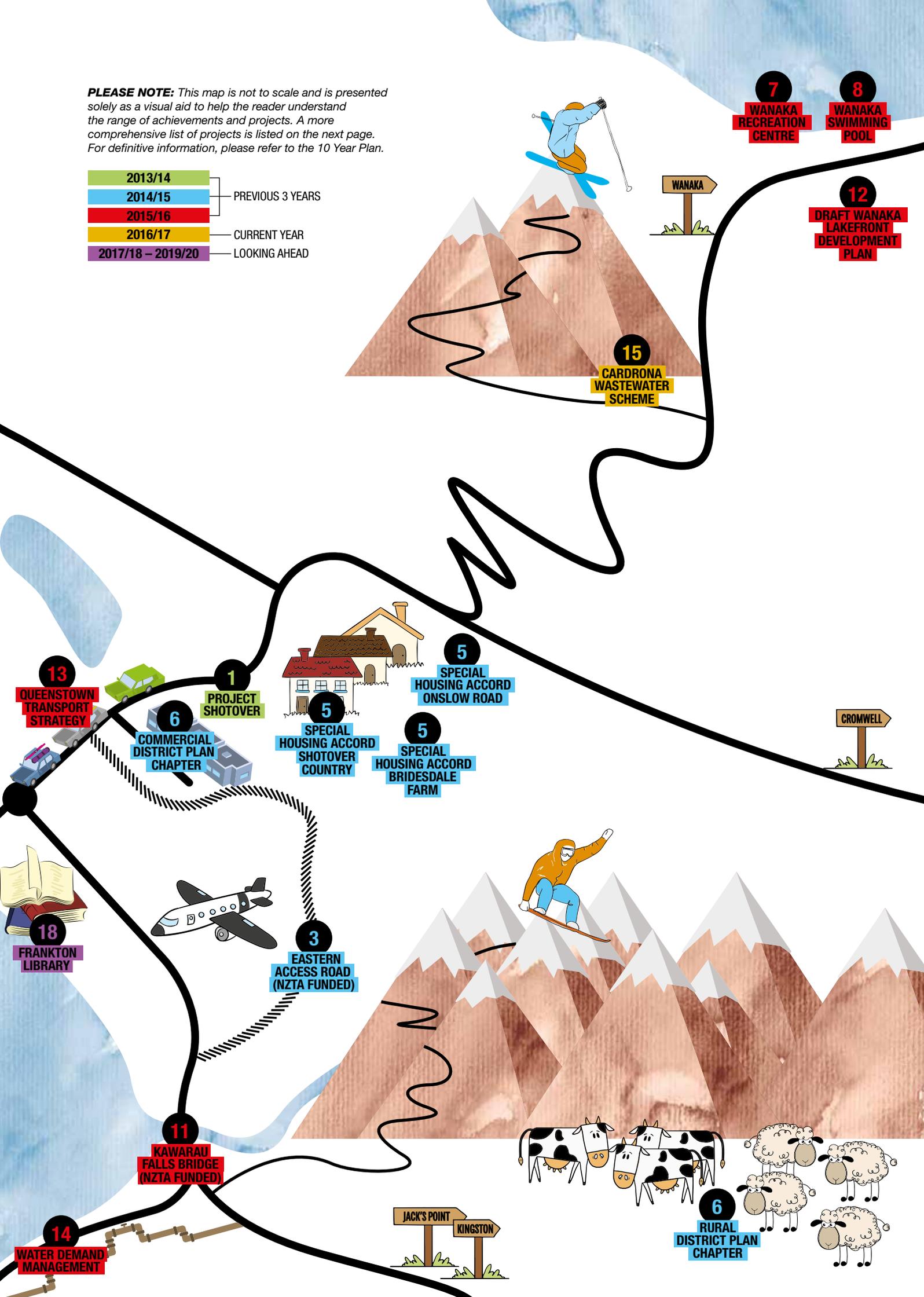
04

Projects and key achievements



PLEASE NOTE: This map is not to scale and is presented solely as a visual aid to help the reader understand the range of achievements and projects. A more comprehensive list of projects is listed on the next page. For definitive information, please refer to the 10 Year Plan.

2013/14	PREVIOUS 3 YEARS
2014/15	
2015/16	
2016/17	CURRENT YEAR
2017/18 – 2019/20	LOOKING AHEAD



7 WANAKA RECREATION CENTRE
8 WANAKA SWIMMING POOL

12 DRAFT WANAKA LAKEFRONT DEVELOPMENT PLAN

15 CARDRONA WASTEWATER SCHEME

13 QUEENSTOWN TRANSPORT STRATEGY

1 PROJECT SHOTOVER

6 COMMERCIAL DISTRICT PLAN CHAPTER

5 SPECIAL HOUSING ACCORD ONSLOW ROAD
5 SPECIAL HOUSING ACCORD SHOTOVER COUNTRY

5 SPECIAL HOUSING ACCORD BRIDESDALE FARM

18 FRANKTON LIBRARY



3 EASTERN ACCESS ROAD (NZTA FUNDED)

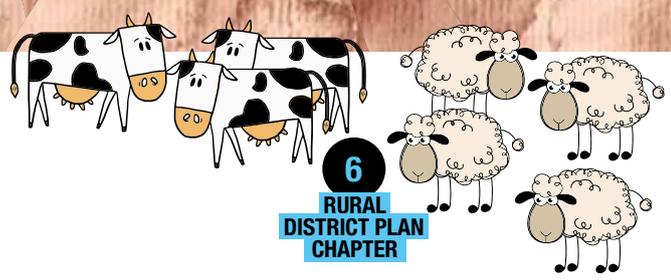


11 KAWARAU FALLS BRIDGE (NZTA FUNDED)

14 WATER DEMAND MANAGEMENT



6 RURAL DISTRICT PLAN CHAPTER



Major achievements and projects

MAP KEY	PROJECT	DETAIL
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2013/14		
	Re-sealing programme	\$ 3,596,191 cost at year end 2014
1	Project Shotover short-term upgrades	\$2,120,839 cost at year end 2014
	Unsealed Road Metalling	\$1,040,207 cost at year end 2014
	Frankton Road water pump station upgrade (Learys Gully)	\$977,379 cost at year end 2014
	Ardmore/Brownston Street improvements	\$873,317 cost at year end 2014
	Glenda Drive Interceptor (Stormwater)	\$526,895 cost at year end 2014
	Crown Range Road pavement rehabilitation (Zig Zag)	\$516,708 cost at year end 2014
	Outsourced campgrounds	Council resolved to outsource the management of the Queenstown Lakeview, Arrowtown, Wanaka and Glendhu Bay Holiday Parks in October 2013. An interim three-year arrangement was put in place with the option to enter into negotiations for a long-term lease
2	Event Funding Strategy adopted	Following approval of the Events Funding Strategy, the Council initiated three funding rounds in 2013/14

2014/15		
3	Eastern Access Road (Frankton Flats) (2014/15 Costs)	\$1,511,653 cost at year end 2015
1	Project Shotover (2014/15 Costs)	\$1,352,077 cost at year end 2015
	Wakatipu – sealed road resurfacing and un-sealed road metaling	\$2,138,784 cost at year end 2015
	Land Purchase - Wanaka - Reserve	\$890,970 cost at year end 2015
	Malaghans Road Rehabilitation	\$656,734 cost at year end 2015
	Wanaka - Sealed road resurfacing and unsealed road metaling	\$1,267,473 cost at year end 2015
	Wastewater - Renewals - Queenstown	\$517,904 cost at year end 2015
4	Library systems upgrade	Radio Frequency Identification and self-checkout installed.
	Renovations to Frankton Golf Club	The upgrade included a new 800m ² practice green
5	Housing Accord and the creation of Special Housing Areas	The Accord was signed between Housing Minister Dr Nick Smith and Mayor Vanessa van Uden to provide an additional 1300 homes over the next three years. The main tool that came out of the Housing Accord was the creation of Special Housing Areas
6	District Plan Review commenced	The proposed review takes a two stage approach with those areas most urgently requiring attention – and delivering most immediate benefit to ratepayers – contained in stage 1. This includes the residential, rural and commercial zones



LOOKING BACK

CURRENT YEAR

LOOKING AHEAD

MAP KEY	PROJECT	DETAIL
2015/16		
7	Wanaka Recreation Centre at Three Parks	Work began in 2014/15, with a predicted opening date of July 2016 \$16,415,000 (2014/15) and \$11,700,000 (2015/16) (10 Year Plan budgeted)
8	Wanaka Swimming Pool	\$601,000 (10 Year Plan budgeted) - design phase
1	Project Shotover Stage 1	\$15,361,000 (10 Year Plan budgeted). Finalised design and concrete work completed
9	Glenorchy – New Wastewater Scheme	\$262,000 (10 Year Plan budgeted)
3	Hawthorne Drive	\$5,000,000 (10 Year Plan budgeted) Capital also ring-fenced for 3 Waters work. State highway roundabout, 3 Waters Infrastructure and Eastern Access Road completed. Remaining work scheduled for completion December 2016
10	Queenstown Convention Centre	\$2,242,000 (10 Year Plan budgeted) (on hold)
11	Kawarau Falls Bridge (NZTA funded project)	QLDC as a key stakeholder, reviewed analysis carried out by NZTA regarding the location of the new bridge. The bridge plays an important role in a much broader picture of transportation in the Wakatipu that the Council, NZTA and Otago Regional Council (ORC) are working on together
12	Draft Wanaka Lakefront Development Plan	The plan provides a 30 year strategy that links the foreshore areas together and provides improved connections from the lakefront to the adjacent town centre. Feedback sought on six different design options (December)
13	Queenstown Transport Strategy	Following public consultation, the strategy was adopted in December 2015
14	Water Demand Management	500 water meters installed across the district as part of a yearlong trial
2016/17		
8	Wanaka Swimming Pool	\$8,225,600 (2016/17) total cost \$12,282 with a predicted opening of September 2017
1	Project Shotover	\$1,748,000 (10 Year Plan budgeted)
9	Glenorchy – New Wastewater Scheme	\$5,929,000 (10 Year Plan budgeted)
15	Cardrona – New Wastewater Scheme	\$692,000 and \$3,222,000 (2017/18) (10 Year Plan budgeted)
	Kelvin Heights Reticulation Upgrades	\$75,000 and \$2,987,000 (2017/18)
3	Hawthorne Drive	\$4,563,433
10	Convention Centre (plus associated infrastructure upgrades)	\$24,800,000 + \$1,280 (10 Year Plan budgeted) (on hold)
16	Council Accommodation	\$250,000 (Annual Plan) approved for investigation and design
2017/18 TO 2019/20		
17	Playground renewals (Wakatipu and Wanaka)	Renewals completed annually following inspections. A total of \$1,137,000 is budgeted across three years
18	Frankton Library	Capital allocated for 2019/20 (\$128,000), completing in the following year
	Project Shotover – disposal fields	\$3,353,000 (2017/18) and \$3,564,000 (2019/20)
	Roading and pavement surfacing (Wakatipu and Wanaka)	Around \$6m per annum is budgeted for surfacing, pavement rehab and unsealed road metalling
	Arthurs Point – storage upgrade	\$1,422,000 budgeted over two years
10	Queenstown Convention Centre	\$27,955,000 budgeted in 2017/18
10	Lakeview development	\$4,795,000 (2017/18) and \$1,052,000 (2019/20) budgeted

05

Understanding Council finance





Finance summed up

\$142.5m
FUNDING

Money in

Impacted by

11%

BORROWING

A bridging mechanism used by Councils to assist with funding long term infrastructure, so that costs are shared by present and future users over the life of the assets being created.

8%

GRANTS AND SUBSIDIES

Funds received from other agencies, particularly the government.

5%

DEVELOPMENT CONTRIBUTIONS

Payments made by developers towards infrastructure projects. The intention is that any party, who creates additional demand on Council infrastructure, contributes to the extra cost that is imposed on the community.

16%

USER FEES AND CHARGES

Paid by those directly using a service and therefore benefit from, or create a need for, that service.

42%

RATES

Some rates are based on property value while others are spread equally across a group of ratepayers. Councils may use different types of rates.

10%

ASSET SALES

Proceeds from sale of assets.

6%

OTHER

Interest and dividends from investments. Local authorities fuel tax, fines, infringement fees and other receipts.

**POPULATION
GROWTH**

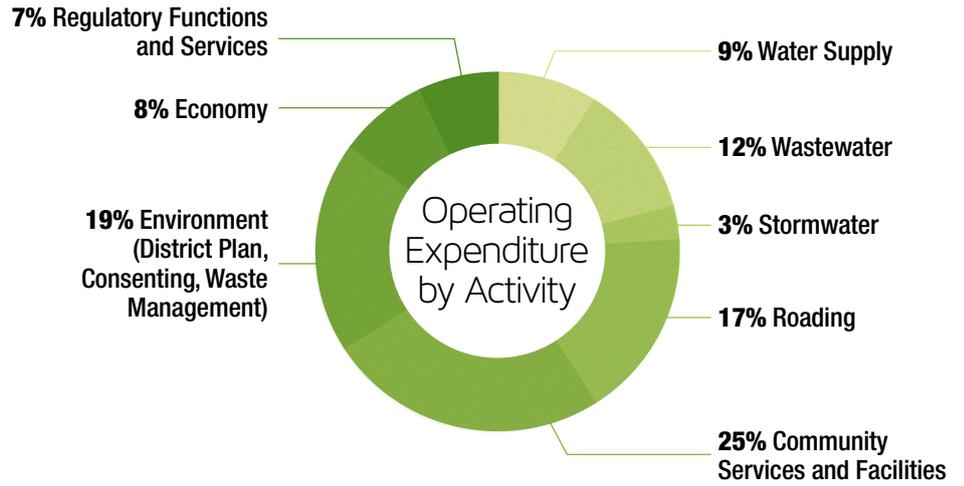


**PRICE
CHANGES
AND
INFLATION**

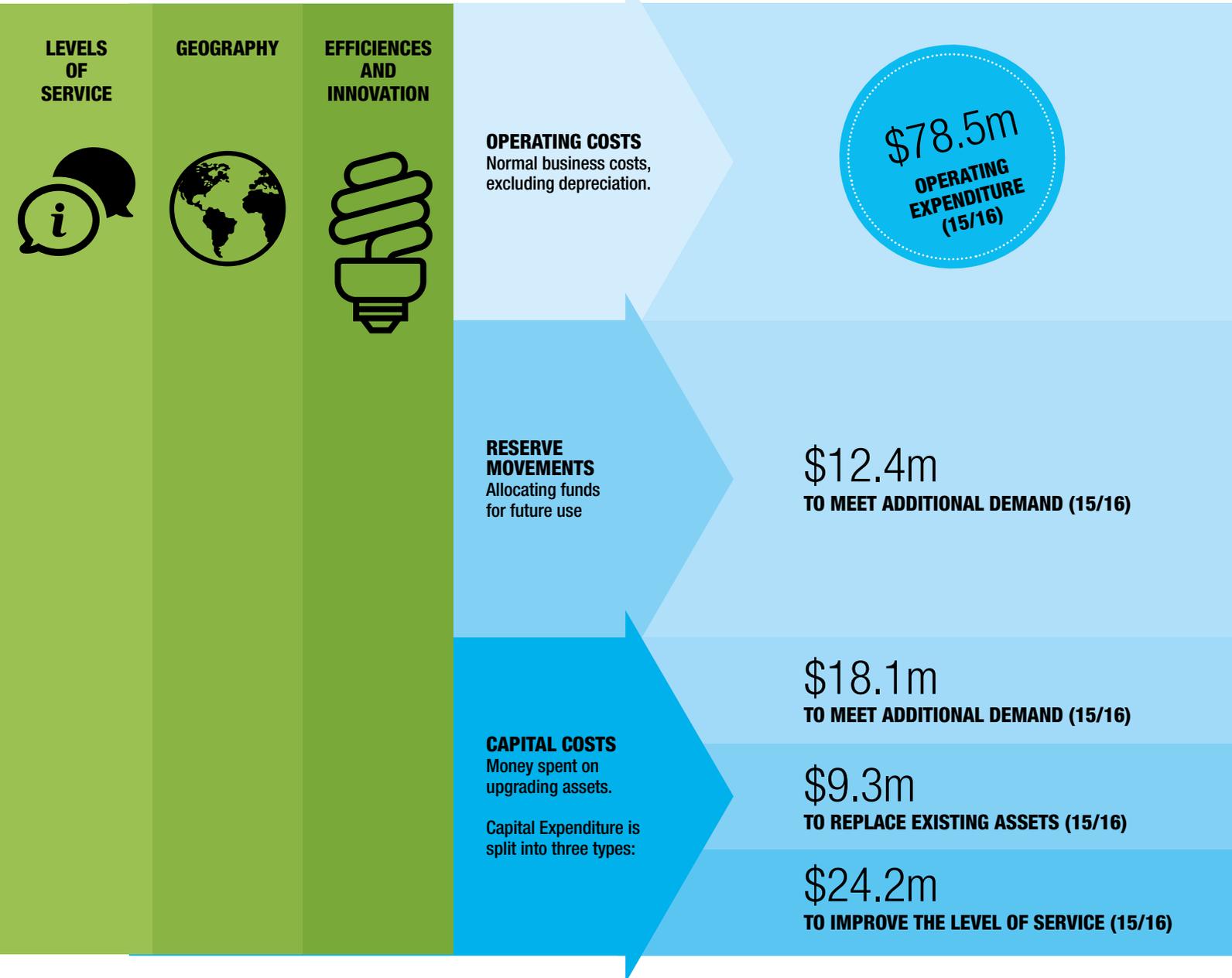


DEBT





Money out



LEVELS OF SERVICE

GEOGRAPHY

EFFICIENCIES AND INNOVATION



Affordable growth in Queenstown

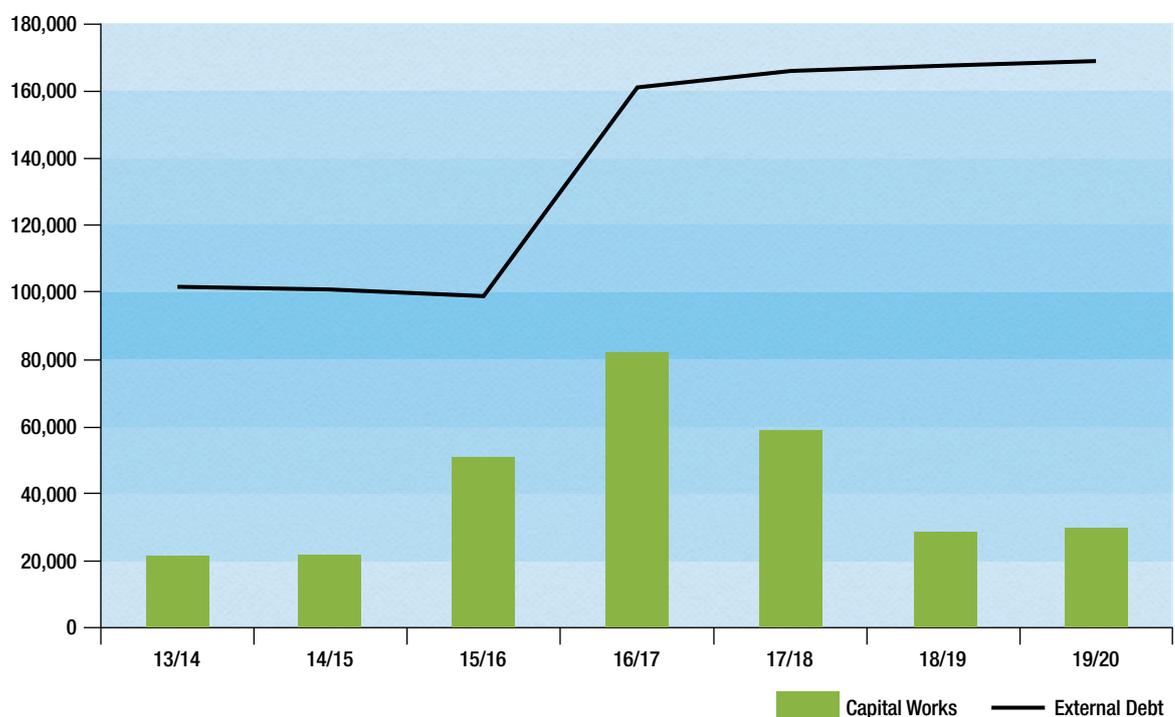
The Financial Strategy was first included in the 2012 10 Year Plan but has been updated in 2015, as a means of demonstrating prudent financial management. It is used as a tool when the Council makes big funding decisions, so that the community can understand the implication of the decision on rates, debt and investments.

The following 3 graphs show how the Council has performed against the Financial Strategy for the past three years, current year, and the forecast for the next three years.

1. Capital Programme monitoring

Since 2012, the Council has consistently looked to re-prioritise its capital programme, ensuring expenditure is not committed until absolutely necessary. The addition of the 30 Year Infrastructure Strategy to the 2015 10 Year Plan has enabled the Council to take a longer term view of the pressure points on the capital programme.

External Debt vs Capital Works

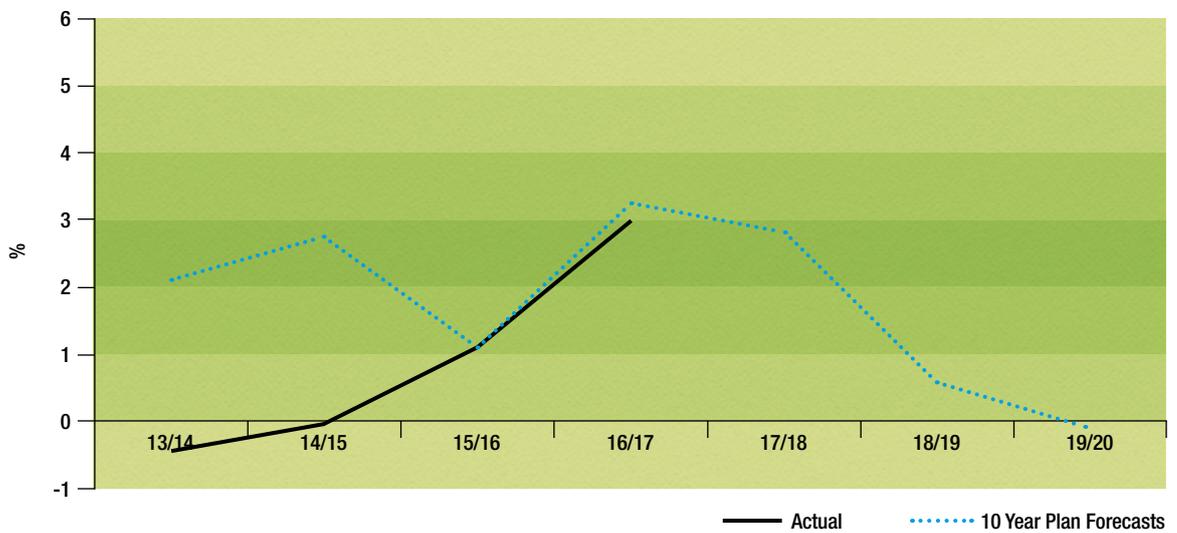


2. Rates

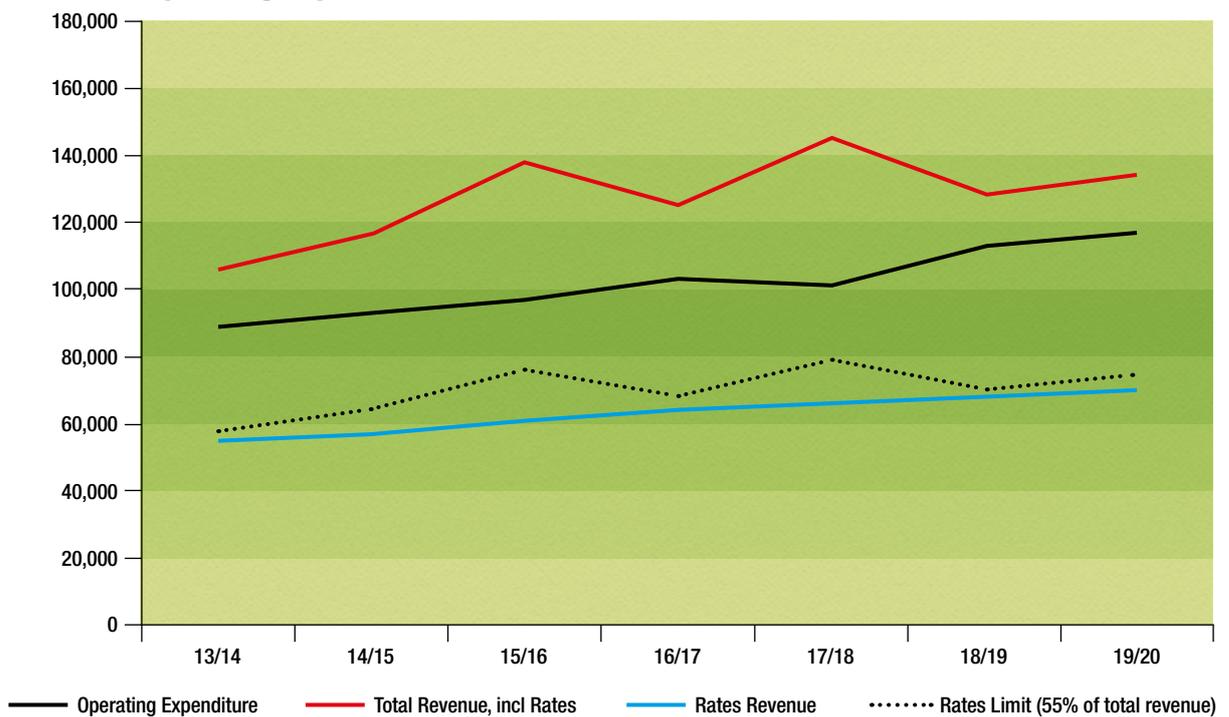
The graph below shows the actual rates increases over the past three years compared to the increases forecast in the 10 Year Plan after allowing for growth.

The larger increases for 16/17 and 17/18 reflect the impact of major new facilities, including Project Shotover and Wanaka Recreation Centre. Both of these projects represent significant increases to current levels of service and consequently cost. The Council has disclosed the rating impact of these new facilities as part of the Annual Plan.

Rates Increase % – Actual and Forecast (after allowing for growth)

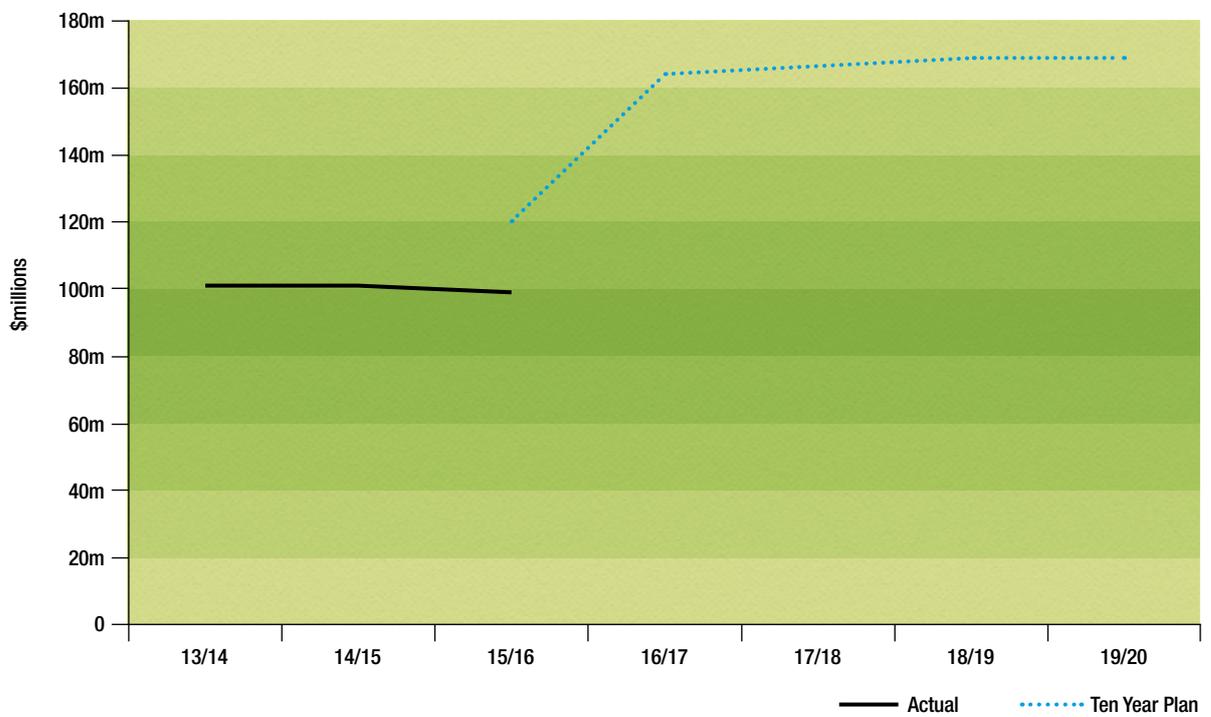


Operating Expenditure & Rates Revenue



The following graph shows the forecast debt levels from the 10 Year Plan, compared to actual debt levels up to 2015/16. The total debt as at 30 June 2016 is \$99.4m, which is \$21.0m less than forecast in the 2015 10 Year Plan.

External Debt



Statement of Financial Position

as at 30 June (\$000)

Actual 2013/14	Actual 2014/15	Estimate 2015/16	
			Current Assets
13,107	30,202	10,673	Financial assets
1,140	806	955	Other current assets
14,247	31,008	11,628	Total Current Assets
			Non-Current Assets
1,924	2,145	2,145	Financial assets
1,057,471	1,073,317	1,142,848	Other non-current assets
1,059,395	1,075,462	1,144,993	Total Non-Current Assets
1,073,642	1,106,470	1,156,621	Total Assets
			Current Liabilities
40,250	40,223	75	Borrowings
16,816	19,228	17,691	Other current liabilities
57,066	59,451	17,766	Total Current Liabilities
			Non-Current Liabilities
61,017	60,911	99,335	Borrowings
702	932	932	Other non-current liabilities
61,719	61,843	100,267	Total Non-Current Liabilities
954,857	985,176	1,038,588	Public Equity
1,073,642	1,106,470	1,156,621	Total Equity and Liabilities

	Annual Plan Forecast 2016/17	10 Year Plan Forecast 2017/18	10 Year Plan Forecast 2018/19	10 Year Plan Forecast 2019/20
	10,596	10,598	10,598	10,598
	1,032	1,032	1,032	1,033
	11,628	11,630	11,630	11,631
	2,145	1,924	1,924	1,924
	1,227,624	1,282,774	1,299,891	1,386,195
	1,229,769	1,284,698	1,301,815	1,388,119
	1,241,397	1,296,328	1,313,445	1,399,750
	48,000	54,000	35,000	56,000
	17,694	17,691	17,693	17,692
	65,694	71,691	52,693	73,692
	113,783	113,621	134,276	113,158
	-	-	-	-
	113,783	113,621	134,276	113,158
	1,061,920	1,111,016	1,126,476	1,212,900
	1,241,397	1,296,328	1,313,445	1,399,750

Funding Impact Statement

as at 30 June
(\$'000)

Actual 2013/14	Actual 2014/15	Estimate 2015/16	
			Sources of Operating Funding
2,678	2,757	3,533	General Rates, Uniform Annual General Charge, Rates Penalties
53,280	54,666	56,587	Targeted Rates
3,482	4,189	7,683	Subsidies & Grants for Operating Purposes
18,990	18,897	23,327	Fees & Charges
2,730	3,733	4,389	Interest & Dividends from Investments
2,547	7,624	3,631	Local Authorities Fuel Tax, Fines, Infringement Fees & Other Receipts
83,707	91,866	99,150	Total Sources of Operating Funding (A)
			Applications of Operating Funding
61,771	66,249	73,377	Payments to Staff & Suppliers
5,951	5,819	5,140	Finance Costs
-	-	-	Other Operating Funding Applications
67,722	72,068	78,517	Total Applications of Operating Funding (B)
15,985	19,798	20,633	Surplus/(Deficit) of Operating Funding (A - B)
			Sources of Capital Funding
4,441	3,651	4,425	Subsidies & Grants for Capital Expenditure
5,520	7,853	7,705	Development & Financial Contributions
(5,661)	(294)	16,294	Increase/(Decrease) in Debt
174	798	14,923	Gross Proceeds from Sale of Assets
4,474	12,008	43,347	Total Sources of Capital Funding (C)
			Applications of Capital Funding
			Capital Expenditure
7,489	6,983	18,093	- to meet additional demand
7,621	8,881	9,292	- to replace existing assets
6,959	6,482	24,172	- to improve the level of service
(1,610)	9,460	12,423	Increase/(Decrease) in Reserves
-	-	-	Increase/(Decrease) of Investments
20,459	31,806	63,980	Total Applications of Capital Funding (D)
(15,985)	(19,798)	(20,633)	Surplus/(Deficit) of Capital Funding (C - D)
-	-	-	Funding Balance ((A - B) + (C - D))

	Annual Plan Forecast 2016/17	10 Year Plan Forecast 2017/18	10 Year Plan Forecast 2018/19	10 Year Plan Forecast 2019/20
	3,024	3,372	3,175	2,690
	60,000	62,873	64,774	66,561
	3,835	4,095	3,881	4,071
	22,453	16,336	22,554	24,543
	3,852	3,822	4,177	4,305
	4,456	6,675	6,762	7,025
	97,620	97,173	105,323	109,195
	71,665	68,153	77,379	80,710
	9,178	10,369	10,461	10,485
	-	-	-	-
	80,843	78,522	87,840	91,195
	16,777	18,651	17,483	18,000
	10,531	30,624	4,996	5,579
	6,688	6,699	6,734	8,039
	48,042	3,486	1,655	(118)
	-	-	-	-
	65,261	40,809	13,385	13,500
	36,087	22,800	9,339	8,205
	8,056	8,069	9,237	9,610
	37,899	28,996	11,052	12,345
	(4)	(405)	1,240	1,340
	-	-	-	-
	82,038	59,460	30,868	31,500
	(16,777)	(18,651)	(17,483)	(18,000)
	-	-	-	-

QUEENSTOWN OFFICE

10 Gorge Road,
Private Bag 50072,
Queenstown 9348,
New Zealand
Ph +64 3 441 0499

WANAKA OFFICE

47 Ardmore Street,
Wanaka,
New Zealand
Ph +64 3 443 0024

EMAIL

services@qldc.govt.nz

WEB

www.qldc.govt.nz