

TEN YEAR PLAN 2018-2028 HE MAHERE KAHURUTAKA 2018-2028

Consultation Document | He Tuhika Whakawhiti Kōrero



QUEENSTOWN
LAKES DISTRICT
COUNCIL

Rates impact:

2018-2028 AVERAGE PER ANNUM: 3.4%

2018/19 AVERAGE OVERALL INCREASE: 6.95%

The Big Issues:

1	QUEENSTOWN TOWN CENTRE MASTERPLAN (SCOPE AND TIMING)	SEE PAGE 16
2	FUNDING THE QUEENSTOWN TOWN CENTRE MASTERPLAN	SEE PAGE 19
3	PROJECT CONNECT AND LIBRARIES (CHANGES TO PREVIOUS PLANS)	SEE PAGE 21
4	WANAKA MASTERPLAN (SHAPING THE TOWN'S FUTURE)	SEE PAGE 22
5	WATER (MAJOR CAPITAL PROGRAMME)	SEE PAGE 24
6	FUNDING SMALL COMMUNITIES' WATER NEEDS	SEE PAGE 26

INTRODUCTION | MAYOR AND CE

The theme of the draft 2018-28 Ten Year Plan is building momentum and for this we have to be bold.

Ten years from now, on our busiest days, our population will be bigger than the city of Dunedin¹. We're already experiencing these numbers on peak occasions such as New Year's Day. Not only have we planned to be ready for that – our vision is that in ten years' time, experiencing and living in this district must be better than it is today. A place where people can afford to live, where you don't waste time in traffic, you have great transport options, places to enjoy, relax, exercise or be enriched and entertained. Where you can rely on the infrastructure and services, and best of all, that these things all complement the incredible landscapes in which we live.

The challenge lay in understanding the massive investment that legacy and growth requires of this Council. Where we could, we have prioritised, deferred, streamlined and revised the capital programme over the course of the ten years. In the context of all that careful scrutiny we have still landed on a capital expenditure programme that represents an increase of 156% of the one we previously forecast. The proposed investment over the coming ten years has gone from \$380M to \$976M. The cost of growth alone makes up for 32.5% of that programme or \$317M (see *Financial Affordability*).

More than a year ago when we started to prepare for this plan we realised that a dramatic shift in investment was crucial. As the fastest growing district in New Zealand and the country's premier tourist destination, we knew we needed a hard look to the horizon and we knew we needed a great

plan. An ambitious plan, with one obvious constraint; we have to be able to afford it.

The plan the Council has proposed mirrors the complex needs of a district in a period of rapid growth. Many aspects of the plan are dependent on internal and external factors (such as Central Government funding) to progress. These assumptions have been provided throughout the plan, and a notable example is the Queenstown arterials programme. This \$148.8M roading development is based on an assumed NZTA contribution of \$119.0M (80%). The Council maintains this assumption is reasonable but the NZTA level of subsidy will not be confirmed until October 2018. It is important to understand that the Council will need to adapt its capital programme should the assumed external funding levels not materialise. If for example, the external funding is significantly less than assumed, the Council will be forced to defer elements of the programme. For the Queenstown arterials project, this would probably mean deferring Stage 3 (Man St to One Mile link) to beyond the ten-year period. The consequences of this are that traffic is not diverted out of the town centre effectively and congestion continues. Many of the town centre improvements included in the current programme will not be delivered (see *Big Issue 1*). This will result in a delay in reaping the economic and amenity benefits of the Queenstown Town Centre Masterplan for both visitors and the local community.

If however, the external funding exceeds the assumed amounts, the Council would be in a position to consider advancing the timing of some elements of the capital

programme. This could see the Drinking Water Treatment programme completed within five or six years as opposed to ten years, which would greatly improve the management of risk in this area (see *Big Issue 4*). There may also be options to complete the Queenstown Town Centre Masterplan in a shorter timeframe (currently assumed to be delivered over 20 years).

As outlined, this plan reflects a delivery programme almost three times the size of anything this Council has ever delivered. Significant investment must be made in roading, transport, water, stormwater, wastewater, car parking, and recreation. We will also need more Council staff to deliver all this work, and somewhere to house them (see *Big Issues*). There are major investments in the main centres commencing with the implementation of the Queenstown Town Centre Masterplan and the master-planning process for Wanaka (commencing in 2018). This must also be balanced with the needs of our smaller and rural communities, which we have tried to reflect in the plan (see *Other Projects*).

To make sure all this remains affordable we have leveraged every possible tool we have available to us including a new credit rating, debt, land sales, and government funding/subsidy. With such a comprehensive programme, there will inevitably be a rates increase (see *The Numbers you Need to Know*).

In addition to this, we know that this community cannot and must not continue to carry the burden of tourism growth. We have made a strong and compelling case to Central Government to work with us on sharing this burden through existing and proposed funding mechanisms and we have committed to continuing this dialogue in the coming year (see *Building Momentum*).

¹ Source: QLDC Growth Projections to 2058, 25 May 2017

It is important to highlight that despite the ambitious and challenging programme we have included in the draft plan, as a community we have options. We have the option to step away from projects or to re-prioritise. Whilst we have to continue to provide a safe and healthy environment and meet our legislative requirements, we can choose to minimise the investment in recreation and community; we can enable a continuous drop in our service and we can allow infrastructure to decline and fail to meet the demands of growth. You have the option to tell us that you want this Council to do all, some or none of these projects, how to schedule them, and the most appropriate way to fund them. To that extent



JIM BOULT
Mayor,
Queenstown Lakes District Council



MIKE THEELEN
Chief Executive,
Queenstown Lakes District Council

we have mapped out the options for each of the key issues. You will find a section at the back of the document to assist with your submission.

Please read this document and see the full draft plan online www.qldc.govt.nz. Give us your

feedback on any aspect of the plan. In particular share your views on the big issues; The Queenstown Town Centre Masterplan (scope, timing and funding), Project Connect and Libraries, Wanaka Masterplan, Water Supply and Quality, funding Small Communities' water needs. We look forward to hearing from you.

RATES IMPACT OF MAJOR BIG ISSUE CAPITAL PROJECTS IN 2018-2028

	CAPITAL COST (\$M)	TIMING	RATEPAYERS AFFECTED	RATES INCREASE PER YEAR	MAIN IMPACT	RESIDENTIAL IMPACT \$
QUEENSTOWN TOWN CENTRE MASTERPLAN (scope, timing and funding)	\$327.7M	2019-2027	Wakatipu ward	1.4%-30.3%	Properties within wider Queenstown CBD area	New targeted rate: within wider CBD \$146 to \$777 per annum; Outside wider CBD \$34 to \$179 per annum
PROJECT CONNECT AND LIBRARIES (changes to previous plans)	\$42.3	2019-2021	District-wide	0.5%-3.3%	District-wide	\$22 to \$84 per annum
WATER (meeting supply standards)	\$124.6M	2019-2028	All serviced urban areas	2.1%-19.0%*	All serviced urban areas	Within Queenstown scheme \$123 to \$265 per annum; Wanaka \$430 to \$729 per annum

* The rating impact for water treatment is calculated for 2022/23 (year 5 of the draft plan) and reflect both the increase in operating costs and debt servicing. The level of service component of the capital cost for Wanaka does not include any contribution from land sales which, if made, could reduce the impact significantly.

The Wanaka Masterplan Big Issue is not included above as at this stage the Council is consulting on the investment in planning the programme (\$500k) not the resulting capital expenditure.

WHAT IS THE TEN YEAR PLAN? | HE AHA KI MUA I TE AROARO?

We prepare a Ten Year Plan every three years in consultation with residents from throughout the Queenstown Lakes District. This is the framework for how the district will be developed and serviced over the next decade, but with a specific focus on the next three years. In interim years we produce an Annual Plan to determine its short-term budgets and projects for the coming year. We also publish an Annual Report that shares with you how we're performing against these plans.

The Ten Year Plan covers all of the services we provide as a Council and projects that we propose to deliver or begin within the next ten years. This includes the following;

- > Buildings, venues and facilities, such as community halls
- > Transport infrastructure, including cycleways and parking provision
- > Parks and reserves
- > Water supply, wastewater and stormwater
- > Waste and recycling
- > Community services such as libraries and sport & recreation facilities
- > Regulatory and enforcement services, for example dog pounds

Whilst we need to keep providing for growth in the district we have also placed a strong focus on maintenance and renewals so the levels of service you have experienced are maintained or improved.

You can access the full draft Ten Year Plan document on our website at www.qldc.govt.nz. Alternatively drop into our offices in Queenstown, the Wanaka service centre, or any of our libraries.



INFRASTRUCTURE STRATEGY

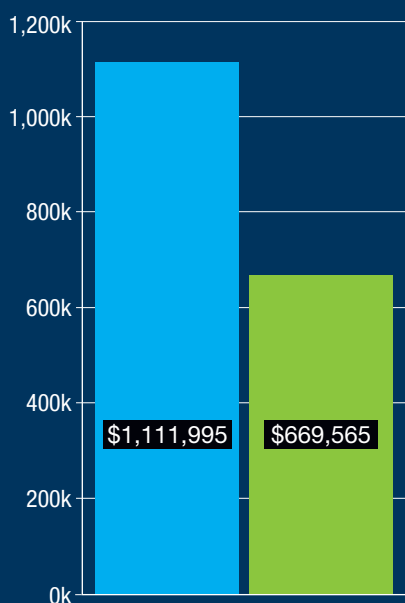
The infrastructure strategy contains details of core infrastructure activities including land transportation, water supply, wastewater, stormwater and solid waste management. The strategy can be found in *Volume Two* of the draft plan.

THE GROWTH CHALLENGE | OUR PROFILE

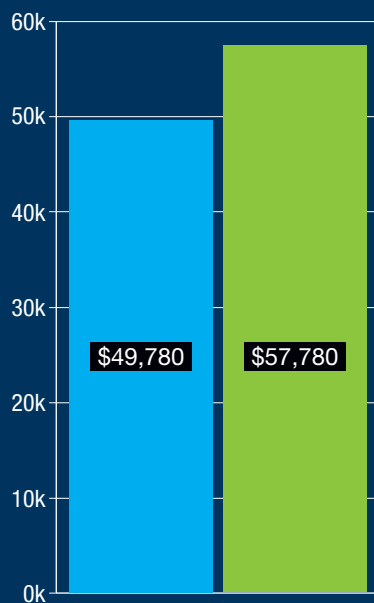
Queenstown Lakes is the fastest growing district in New Zealand. The population has tripled since the early eighties. At capacity, Queenstown Lakes currently has one local resident per 34 international visitors. To assist with future planning in the face of this challenge, the Council has developed comprehensive growth projections. These clearly reflect the scale of the growth challenge we all face.



Average house values²



Mean income³



Queenstown Lakes District
New Zealand

With an average salary lower than the national average one of our greatest challenges is ensuring our district remains affordable for our local communities.

Growth projections (visitor and resident)

Queenstown Lakes District's population is projected to continue growing with a 54% increase in resident population projected between 2011 and 2031. In ten years, on a busy day, the population of the district will be greater than the City of Dunedin is today, and on our busiest days

over Christmas and New Year we are already exceeding this.

The district's resident population is projected to nearly double between 2018 and 2058, increasing from an average of 38,048 residents to just under 75,000 residents. The highest rate of growth is projected

for the next ten to 15 years; the period this draft Ten Year Plan spans. In addition to this growth in the resident population, growth in international visitors is expected to continue. The magnitude, pattern and growth path of visitor arrivals to Queenstown is unique in New Zealand.

² Source: QV House Price index December 2017

³ Source: Queenstown Lakes Economic Profile 2016, Infometrics

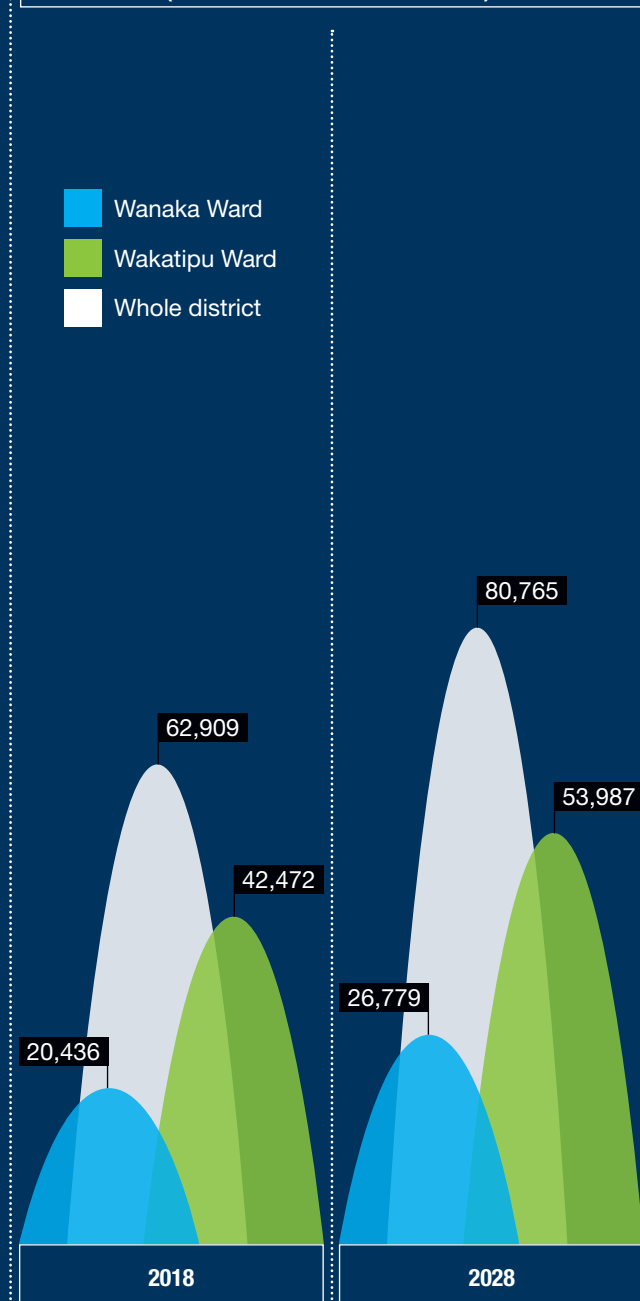
AVERAGE DAY POPULATION GROWTH DURING THIS DRAFT TEN YEAR PLAN PERIOD (RESIDENTS AND VISITORS)⁴

	2018			2028		
	Resident	Visitor	Total	Resident	Visitor	Total
Wanaka Ward	12,491	7,945	20,436	16,650	10,129	26,779
Wakatipu Ward	25,557	16,915	42,472	32,627	21,360	53,987
Whole district	38,048	24,861	62,909	49,277	31,488	80,765

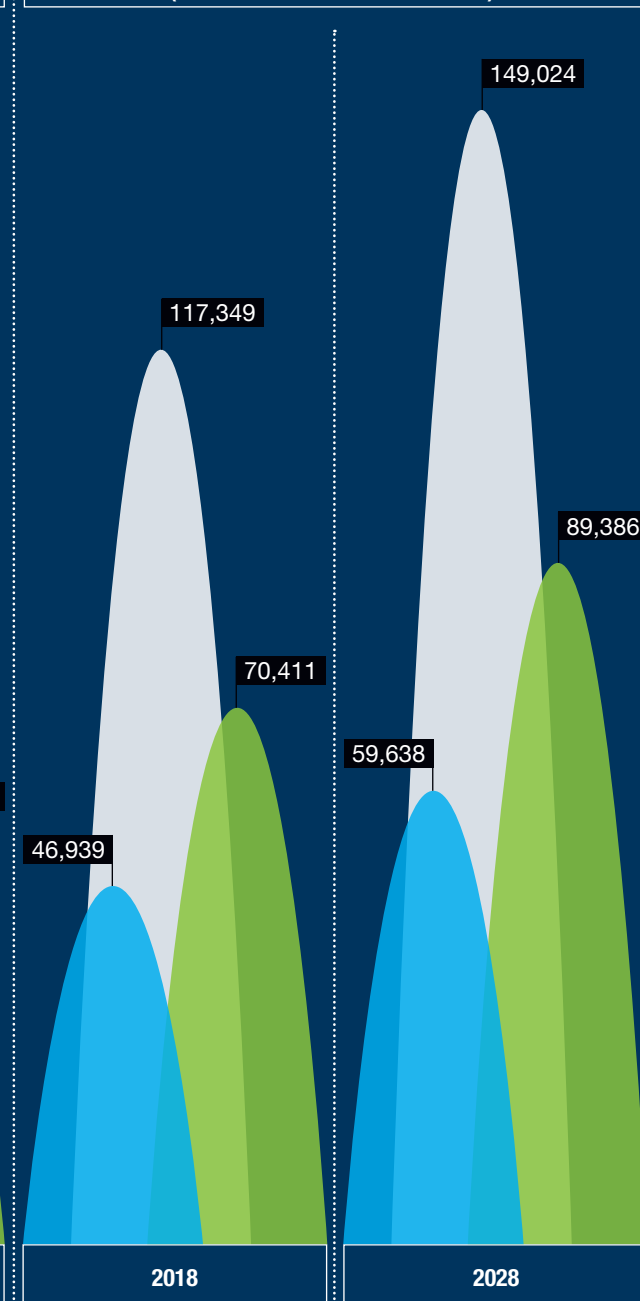
PEAK DAY POPULATION GROWTH DURING THIS DRAFT TEN YEAR PLAN PERIOD (RESIDENTS AND VISITORS)⁵

	2018			2028		
	Resident	Visitor	Total	Resident	Visitor	Total
Wanaka Ward	12,491	34,448	46,939	16,650	42,988	59,638
Wakatipu Ward	25,557	44,854	70,411	32,627	56,759	89,386
Whole district	38,048	79,301	117,349	49,277	99,747	149,024

AVERAGE DAY POPULATION GROWTH DURING THIS DRAFT TEN YEAR PLAN PERIOD (RESIDENTS AND VISITORS TOTAL)⁴



PEAK DAY POPULATION GROWTH DURING THIS DRAFT TEN YEAR PLAN PERIOD (RESIDENTS AND VISITORS TOTAL)⁵



⁴ Source: QLDC Growth Projections to 2058, 25 May 2017

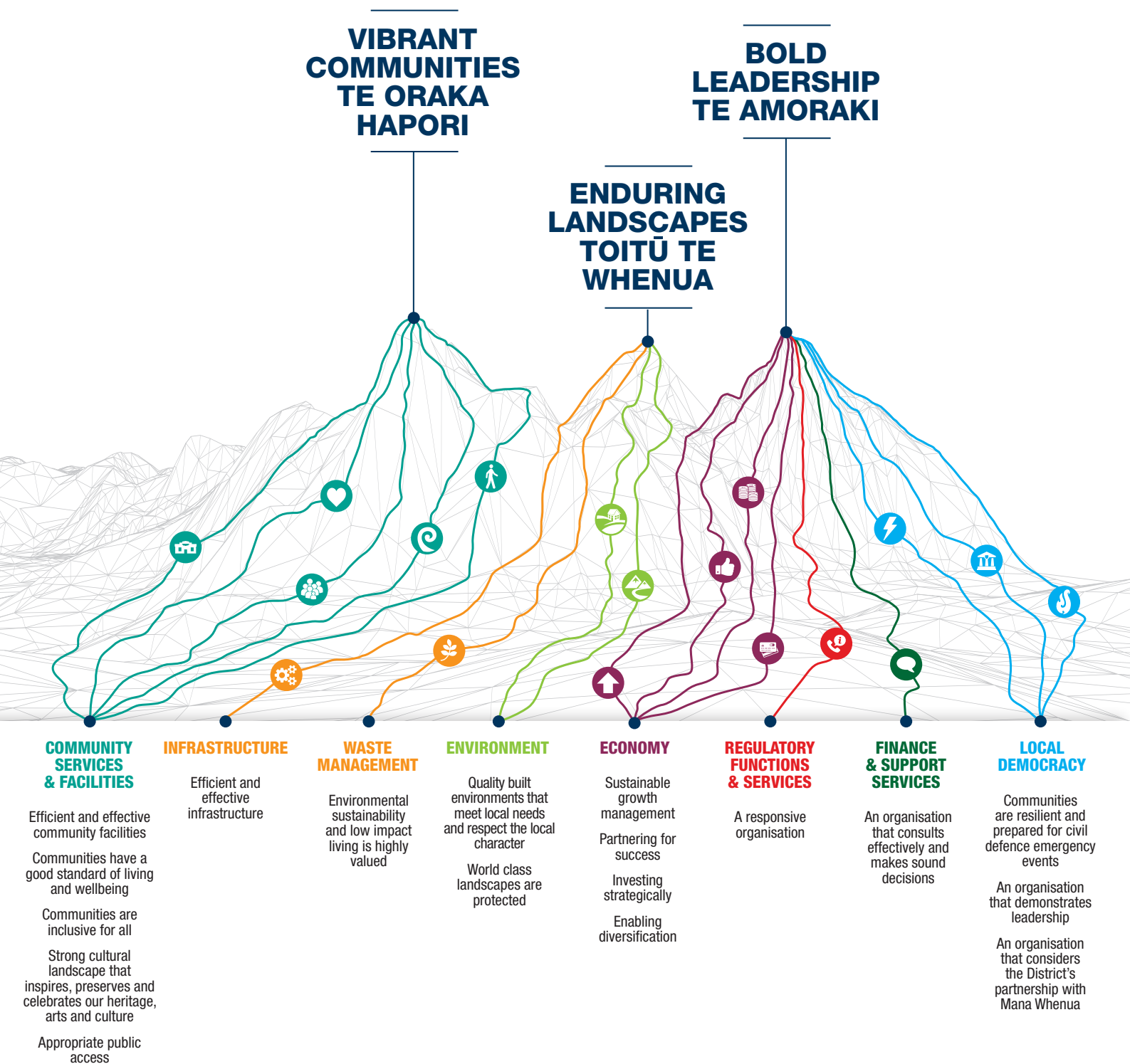
⁵ Source: QLDC Growth Projections to 2058, 25 May 2017

OUR VISION TŌ TĀTOU MOEMOEĀ

On behalf of our Council, our Mayor and Chief Executive have outlined a bold plan that reflects the issues you've told us are important to you.

We recognise the strong desire for vibrant communities and enduring landscapes. A bold plan calls for bold leadership decisions. These

are the key messages wrapped up into the defining vision of this draft plan.



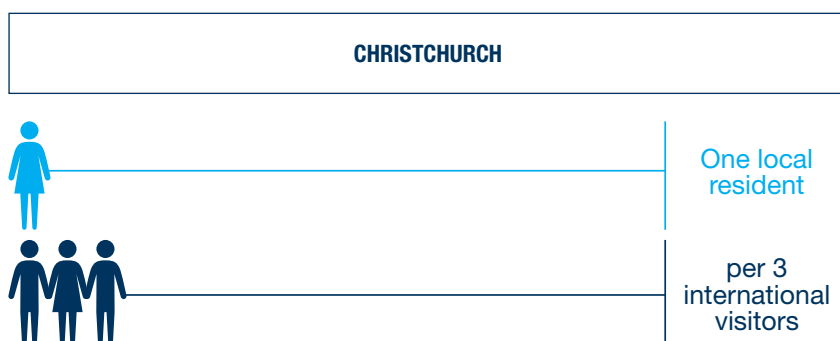
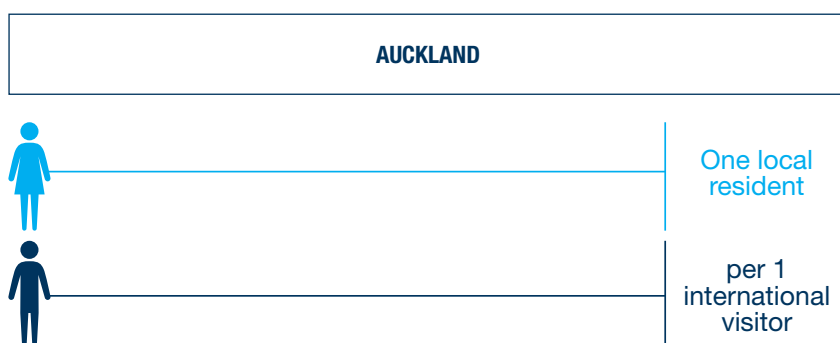
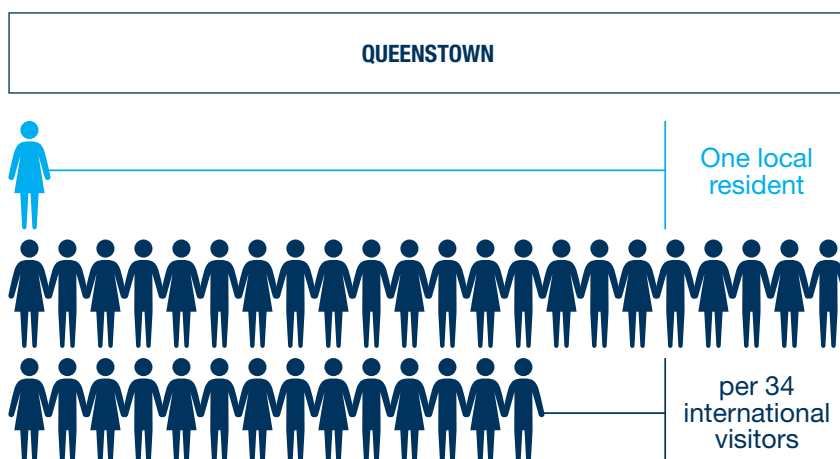
BUILDING MOMENTUM KŌKIRITIA!

Unprecedented growth in both resident and visitor numbers in our district has presented our communities with some significant challenges. As outlined, our peak day population in 2028 is estimated to be almost 150,000 (this will exceed the current population of Dunedin by more than 20,000) (see *Our Growth Challenge*).

Tourism is critical to the economic success of the Queenstown Lakes District and it is equally critical that we hit the right balance between meeting the expectations of our community and visitors and ensuring this plan is affordable. The challenges of visitor growth faced by our ratepayers are disproportionately high compared to other tourism centres. The ratio of visitors to residents is 34 visitors to one resident, whereas the ratio in Auckland is one-to-one and Christchurch three-to-one.

The numbers are big and the dollars are big. The programme of delivery that this draft plan contains is almost three times bigger than anything this community and this Council have faced before, being just short of a billion dollars over the next ten years.

The draft plan clearly reflects the cost impact of growth which has been assessed at \$317M over the next ten years. This represents 32.5% of the total capital programme, whilst 24.3% is required for renewal or replacement of existing assets and 43.2% for increasing level of service.



GROWTH-RELATED CAPITAL EXPENDITURE (85% OF TOTAL CAPITAL EXPENDITURE RELATING TO GROWTH)	
Roading	\$161.9M
Water Supply	\$64.7M
Wastewater	\$41.6M
Total	\$268.2M

RELEVANT CORE INFRASTRUCTURE RENEWAL (77% OF TOTAL CAPITAL EXPENDITURE RELATING TO RENEWALS)	
Roading	\$117.9M
Water Supply	\$44.6M
Wastewater	\$19.7M
Total	\$182.2M

LEVEL OF SERVICE INCREASE (80% OF TOTAL CAPITAL EXPENDITURE RELATING TO LEVELS OF SERVICE)	
Roading	\$198.2M
Community*	\$41.8M
Water Supply	\$56.4M
Wastewater	\$37.9M
Total	\$334.3M

* The main projects in community are the Coronet Forest Revegetation (\$10.0M), the Wanaka Recreation Centre Extension (\$3.7M) and the Queenstown Events Centre court extensions (\$8.2M).

The Council is submitting an affordable plan but only after the rigorous prioritisation and scrutiny of all projects. You will find a plan that proposes a very different approach to investing heavily in a number of our challenges, including roading, transport, parking, waste minimisation and facilities that reflect growing recreational expectations (see *Big Issues*). To do this we have had to leverage every possible opportunity available to Council including land sales, debt and increasing rates (see *Financial Affordability*).

Equally a large number of projects have had to be scheduled over a long time-period. These affect things like the timing of our ability to meet drinking water standards (spread from five to ten years), our ability to deliver the amenity that world-class resorts should reflect (e.g. ambitious town centre master-planning has had to adopt a staggered approach), our investment in our community in terms of providing enough recreation facilities (e.g. reducing the quantity of new courts at Queenstown Events Centre) and the delivery of future infrastructure capacity and new schemes (e.g. wastewater scheme upgrades and Glenorchy Wastewater Scheme have been pushed out of the draft plan horizon).

The affordability of the plan relies on a significant investment from the New Zealand Transport Agency to fund \$235M over ten years. This includes an assumption in the draft plan that NZTA will fund 80% of a critical Queenstown by-pass arterial (\$148.8M total cost of which \$119.0M is the proposed NZTA share) unlocking Queenstown traffic and 51% of the balance of district-wide roading (See *Queenstown Town Centre Masterplan*). We will not know the outcome of our assumptions until October 2018 when NZTA will confirm its commitment but we have submitted robust business cases to underline the absolute requirement for investment. As the Mayor and Chief Executive have outlined, this project is not affordable for the community alone.

If our conversations with Central Government are unsuccessful, traffic issues will continue to cause snarl-ups, delays and gridlock as we look to stagger the investment.

Given the big issues our community faces, the Council started engaging last year with Central Government on the challenging cost of delivering tourism infrastructure that supports the NZ economy. We have made a specific business case to Central Government to enable the district to sustain projected visitor growth without any risk of eroding the experience. The previous government and the new government have both proved open to this conversation.

A compelling argument in the case is the contribution Queenstown in particular makes to New Zealand's overall GDP. International visitors who come to New Zealand because of Queenstown spend up to \$1.74 billion nationally, meaning Queenstown and its surrounds are critical to the ongoing health of New Zealand Inc. If the funding is not provided in some form then the Queenstown experience (in the first instance) will start to compromise the New Zealand visitor experience and worse, negatively impact our communities. Our communities and this Council cannot afford to continue to stay ahead of these challenges, alone. QLDC considers this funding could be achieved through some form of visitor tax or levy although at the moment it is not possible to do so under current legislation. A fair balance must be struck.

As outlined, growth has seen the projected capital expenditure much higher than previously forecast. The 2015-2025 Ten Year Plan forecast \$380M, the draft plan shows a 156% increase to \$976M.

This reflects a major shift from a Council delivering 'just in time' reactive infrastructure to a Council that is planning strategically to manage infrastructure growth.

Financial affordability

In order to deliver the substantial capital programme included in this plan, QLDC will need to rely on borrowing. The amount of borrowing required is significantly above the amount anticipated in the 2015-2025 Ten Year Plan. At the end of 2017 the Council applied for a credit rating from Fitch Ratings, an international credit rating agency. This has been granted at AA-, which enables the Council to access a higher debt limit and borrow more. Council has spent a considerable amount of time and effort working through the Capital Programme to ensure that it is affordable, necessary and deliverable.

This has meant that a number of projects have been deferred or omitted due to of funding and financing constraints. It is expected that by the end of year five, external debt will have risen to \$443M and by the end of the ten-year period it will have declined to \$339M. In 2015, we forecast our external debt for these years to be far lower, at \$169M and \$134M respectively.

The growth portion of the Capital Programme (\$317M or 32.5% of the total Capital Programme) will be largely funded by development contributions in the long run, but must be funded primarily by debt in the first instance. Some of this debt will be via the Housing Infrastructure Fund to allow QLDC to prepare for anticipated growth and to direct development activities in specific areas. This allows for QLDC to spread the cost of large infrastructural projects over the expected life of the asset.

Using debt in this way means that future residents and ratepayers contribute a fair share to the use they make of a facility. The proposed level of borrowing is within the debt parameters in QLDC's Liability Management Policy. The Net Debt/Total Revenue limit has increased from 175% to 250% as a result of the credit rating process.

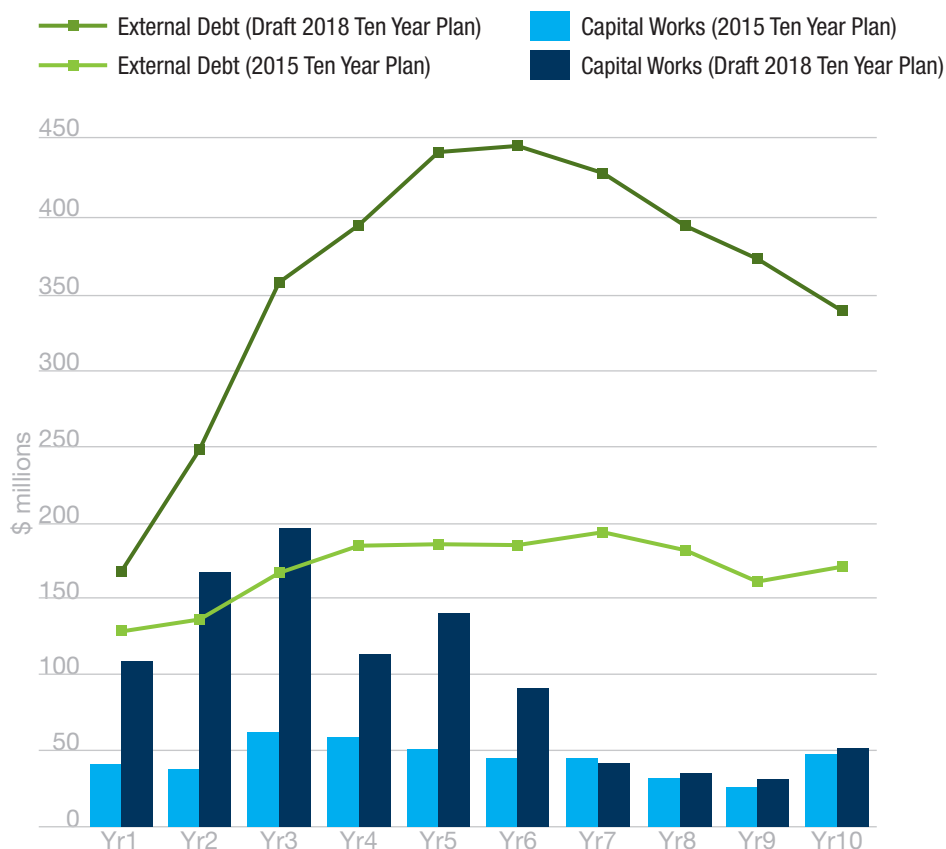
BORROWING LIMIT	30 JUNE 2019	30 JUNE 2020	30 JUNE 2021	30 JUNE 2022
Interest expense/rates <30%	10.0%	13.2%	17.6%	13.5%
Interest expense/Total revenue <20%	5.2%	6.0%	7.8%	7.6%
Net debt/Total revenue <250%	100.3%	139.3%	188.0%	154.7%

QLDC is meeting all of the debt parameters, which means that the affordability of the draft plan can be demonstrated. The Council is within all of the debt limits provided by the Local Government Funding Agency for the full ten years; this is important because compliance with these limits is an important requirement for continued financing. The debt ratios show that the headroom provided in the 2015 Ten Year Plan has reduced due to the significant investment required in the district over the ten-year period. As outlined above, Council continues to actively engage with Central Government to seek significant additional funding.

The following graph shows a comparison of the 2018-2028 draft Ten Year Plan to the 2015-2025 Ten Year Plan for capital works and external debt over the ten years. The increase in the debt position at the end of the period is over \$225M.

For more information on the Council's Financial Strategy (including revenue and financing) please refer to the strategy contained in Volume Two of the draft Ten Year Plan.

10 YEAR FINANCIAL ANALYSIS EXTERNAL DEBT VS CAPITAL WORKS



THE NUMBERS YOU NEED TO KNOW | KĀ TATAURAKA

The proposed average rates increase for 2018/19 is sitting at 6.95% (after allowing for growth of 3.4% in the rates database). This is above the 4.15% for 2017/18 but follows several years where increases were lower than forecast. The higher increase this year reflects the need to fund the comprehensive programme of works as outlined within the draft plan. The average net (growth adjusted increase) annual increase over the ten years (after allowing for growth) is now 3.4% up from the 2.8% forecast in 2015.

The impact of a 6.95% rates increase for 2018/19 will not be even across all property types and locations. This is because of the impact of targeted rates which are often ward or scheme based. The updated rating values from the 2017 revaluation of property values in the district can also impact rates increases for the 2018/19 year. The Council is proposing to minimise the impact of the change in values by adjusting the differentials (how costs are allocated by property type) that apply to some rating categories.

QUANTIFIED LIMIT ON RATES

It is proposed to set a rates increase limit of 10.8% gross (7% net) per annum (subject to changes in growth forecasts) for the first three years and 9.0% gross (5.5% net) for years four to ten. It is also proposed that rates income will not exceed 55% of total revenue. The average growth rate in the district is 2.8% per annum and this will reduce the impact of any rates increase for existing properties.

KEY CHANGES TO THE RATING POLICY

- 1 Reflecting the impact of the 2017 Rating Revaluation (see below and Volume 2 in the *Rates* section)
- 2 Funding of capital costs for new water or wastewater schemes for small communities (see Volume 2 in the *Rates* section)
- 3 Targeted rates for water supply – extending current urban approach to Arthurs Point and other smaller schemes (See Volume 2 in the *Rates* section)
- 4 Proposal for new targeted rate for the cost recovery of Queenstown Town Centre Master Plan (QTCMP) – note this will not come into effect until 2022. (see page 165 of *Volume Two* in the *Rates* section)

RATING CHANGES FOR 2018/19

- Increase in rates for wastewater - Queenstown \$38 per connection per annum; Wanaka \$60 and Arthurs Point \$30
- Increase in rates for water supply - Arrowtown \$20 per connection per annum;
- Increase in rates for the Sports, Halls and Libraries Charge of \$45 per annum which impacts residential properties only.
- Increase in rates for Wanaka Pool of \$36 per annum - this is within forecast. This impacts residential properties in the Wanaka ward.
- Increase in waste management rates of \$32 for residential properties and \$42 for non-residential
- Decrease in the uniform annual general charge (part of your General Rates) of \$3 per property
- Decrease in rates for Alpine Aqualand of \$6 per annum; this impacts residential properties in the Wakatipu/Arrowtown wards.

PROPOSED
AVERAGE RATES
INCREASE 2018/19
6.95%

CUMULATIVE RATES IMPACT OF MAJOR LEVELS OF SERVICE PROJECTS				
Project	Capital expenditure	Rates impact	Main impact	Date effective from
Queenstown Town Centre	\$327.7M	1.4% to 30.3%	Wider Queenstown CBD; Wakatipu Ward	From year 8*
Project Connect	\$42.3M	0.5% to 3.3%	District-wide	From year 3
Water Treatment**	\$124.6M	2.1% to 19.0%	Serviced properties district-wide	From year 5

* The table shows the full impact in Year 8; the new rate is likely to commence in Year 4 with a lower impact and progressively increase as the capital works are completed.

**The rating impact for water treatment is calculated for 2022/23 (year 5 of the draft plan) and reflect both the increase in operating costs and debt servicing. The level of service component of the capital cost for Wanaka does not include any contribution from land sales which, if made, could reduce the impact significantly.

2017 Rating Revaluation – Huge Movements

Every three years the rating valuations for the country are updated by Quotable Valuation. The new values must then be applied for rating purposes in the 2018/19 rating year. This model is designed to be fair and equitable. If valuations increase across the board, then in general this will not greatly impact rates for individual properties. The figures in our district show an overall value movement of around 59% with the predominant group *residential* increasing by around 63%. *Country dwellings* show a lesser increase at 44% whilst vacant land shows the highest increase at 90%. In the business sectors,

accommodation has increased by 65% with commercial properties showing a lesser increase at 49%. Higher valuation in one set of properties does not mean higher demand for services. The Council agreed that we needed to review how we allocate cost (known as ‘differentials’) to make sure it is fair.

The Council has opted to allocate capital values for 2018/19 using the new rating values and new differentials because this balances the impact of the recent valuation. Below is a table showing the percentage increase if we adopted the status quo versus the preferred revised differentials.

The rates effects of major projects on various properties by type are included in this document (page 14).

Do you support the proposal to revise the rating differentials based on the new rating valuations?

	EXISTING DIFFERENTIALS (STATUS QUO)		REVISED DIFFERENTIALS (PREFERRED)	
	Previous Allocation (based on old values)	Rating impact (overall allocation)	Previous Allocation (based on old values)	Rating impact (overall allocation)
Accommodation	18.3%	18.8%	18.3%	18.3%
Commercial	22.6%	21.2%	22.6%	22.0%
Residential	32.7%	33.3%	32.7%	32.5%
Mixed use*	6.4%	6.5%	6.4%	6.4%
Vacant	6.5%	7.9%	6.5%	7.7%
Primary industry / rural	4.0%	3.8%	4.0%	4.0%
Country dwelling	8.5%	7.7%	8.5%	8.1%
Other	1.0%	0.9%	1.0%	0.9%

* Treated as 25% commercial or accommodation and 75% residential or country dwelling as appropriate.

RATES IMPACT OF MAJOR PROJECTS BY PROPERTY TYPE

Cumulative Rating Impact			Existing	QTMP Impact		Adjusted	PC Impact		Adjusted	WT Impact		Adjusted	Total Cumulative	
			Total Rates	Revised Increase		Total Rates	Revised Increase		Total Rates	Revised Increase		Total Rates	Impact	
Location	Property Type	Valuation	17/18 \$	\$	%	17/18 \$	\$	%	17/18 \$	\$	%	17/18 \$	\$	%
QT/Wak	Res	Low	2,360	34	1.4%	2,394	22	0.9%	2,416	123	5.2%	2,539	179	7.6%
QT/Wak	Res	Median	2,725	54	2.0%	2,779	31	1.1%	2,810	142	5.2%	2,952	227	8.3%
QT/Wak	Res	High	5,041	179	3.6%	5,220	84	1.7%	5,304	265	5.3%	5,569	528	10.5%
QT/Wak	Comm	Low	2,426	81	3.3%	2,507	25	1.0%	2,532	121	5.0%	2,653	227	9.4%
QT/Wak	Comm	Median	5,925	368	6.2%	6,293	58	1.0%	6,351	230	3.9%	6,581	656	11.1%
QT/Wak	Comm	High	93,542	6,546	7.0%	100,088	760	0.8%	100,848	3,393	3.6%	104,241	10,699	11.4%
QT/Wak	Accomm	Low	3,995	138	3.5%	4,133	26	0.7%	4,159	155	3.9%	4,314	319	8.0%
QT/Wak	Accomm	Median	9,318	368	3.9%	9,686	52	0.6%	9,738	263	2.8%	10,001	683	7.3%
QT/Wak	Accomm	High	289,565	12,745	4.4%	302,310	1,459	0.5%	303,769	6,075	2.1%	309,844	20,279	7.0%
QT CBD	Res	Low	2,360	146	6.2%	2,506	22	0.9%	2,528	123	5.2%	2,651	291	12.3%
QT CBD	Res	Median	2,725	232	8.5%	2,957	31	1.1%	2,988	142	5.2%	3,130	405	14.9%
QT CBD	Res	High	5,041	777	15.4%	5,818	84	1.7%	5,902	265	5.3%	6,167	1,126	22.3%
QT CBD	Comm	Low	2,426	356	14.7%	2,782	25	1.0%	2,807	121	5.0%	2,928	502	20.7%
QT CBD	Comm	Median	5,925	1,597	27.0%	7,522	58	1.0%	7,580	230	3.9%	7,810	1,885	31.8%
QT CBD	Comm	High	93,542	28,377	30.3%	121,919	760	0.8%	122,679	3,393	3.6%	126,072	32,530	34.8%
QT CBD	Accomm	Low	3,995	600	15.0%	4,595	26	0.7%	4,621	155	3.9%	4,776	781	19.5%
QT CBD	Accomm	Median	9,318	1,593	17.1%	10,911	52	0.6%	10,963	263	2.8%	11,226	1,908	20.5%
QT CBD	Accomm	High	289,565	55,255	19.1%	344,820	1,459	0.5%	346,279	6,075	2.1%	352,354	62,789	21.7%
Wan	Res	Low	2,488	0	0.0%	2,488	25	1.0%	2,513	430	17.3%	2,943	455	18.3%
Wan	Res	Median	2,544	0	0.0%	2,544	27	1.1%	2,571	456	17.9%	3,027	483	19.0%
Wan	Res	High	3,827	0	0.0%	3,827	51	1.3%	3,878	729	19.0%	4,607	780	20.4%
Wan	Comm	Low	3,491	0	0.0%	3,491	31	0.9%	3,522	489	14.0%	4,011	520	14.9%
Wan	Comm	Median	4,818	0	0.0%	4,818	40	0.8%	4,858	639	13.3%	5,497	679	14.1%
Wan	Comm	High	43,912	0	0.0%	43,912	260	0.6%	44,172	6,743	15.4%	50,915	7,003	15.9%
Wan	Accomm	Low	4,163	0	0.0%	4,163	24	0.6%	4,187	526	12.6%	4,713	550	13.2%
Wan	Accomm	Median	7,006	0	0.0%	7,006	34	0.5%	7,040	732	10.4%	7,772	766	10.9%
Wan	Accomm	High	63,569	0	0.0%	63,569	325	0.5%	63,894	1,933	3.0%	65,827	2,258	3.6%
QT/Wak	C Dwg	Low	1,495	60	4.0%	1,555	33	2.2%	1,588	0	0.0%	1,588	93	6.2%
QT/Wak	C Dwg	Median	2,142	116	5.4%	2,258	57	2.7%	2,315	0	0.0%	2,315	173	8.1%
QT/Wak	C Dwg	High	4,733	343	7.2%	5,076	151	3.2%	5,227	0	0.0%	5,227	494	10.4%
QT/Wak	PI	Low	1,575	65	4.1%	1,640	43	2.7%	1,683	0	0.0%	1,683	108	6.9%
QT/Wak	PI	Median	2,782	181	6.5%	2,963	86	3.1%	3,049	0	0.0%	3,049	267	9.6%
QT/Wak	PI	High	5,843	474	8.1%	6,317	195	3.3%	6,512	0	0.0%	6,512	669	11.5%
Wan	C Dwg	Low	1,746	0	0.0%	1,746	33	1.9%	1,779	0	0.0%	1,779	33	1.9%
Wan	C Dwg	Median	2,189	0	0.0%	2,189	45	2.1%	2,234	0	0.0%	2,234	45	2.1%
Wan	C Dwg	High	3,336	0	0.0%	3,336	78	2.3%	3,414	0	0.0%	3,414	78	2.3%
Wan	PI	Low	1,815	0	0.0%	1,815	42	2.3%	1,857	0	0.0%	1,857	42	2.3%
Wan	PI	Median	3,952	0	0.0%	3,952	99	2.5%	4,051	0	0.0%	4,051	99	2.5%
Wan	PI	High	8,065	0	0.0%	8,065	207	2.6%	8,272	0	0.0%	8,272	207	2.6%

Res Residential
Comm Commercial
Accomm Accommodation
C Dwg Country Dwelling
PI Primary industry

QTMP Queenstown Town Centre Masterplan
PC Project Connect and Library proposal
WT Water Treatment (supply and quality)

QT/Wak Queenstown Wakatipu
QT CBD Queenstown Central Business District
Wan Wanaka

VISION	ACTIVITY	CAPITAL COST		2018-2028	\$976M	RATES VALUE PER \$100
		OPERATING COST		2018-2028	\$1,395M	
Vibrant Communities	Community Services & Facilities		9% \$87M 23% \$325M		\$27	
	Water Supply		17% \$167M 8% \$115M		\$14	
	Wastewater		10% \$99M 10% \$145M		\$17	
Enduring Landscapes	Stormwater		6% \$55M 1% \$17M		\$3	
	Transport		49% \$478M 13% \$175M		\$16	
	Waste Management		3% \$28M 10% \$145M		\$5	
	Environment		0% \$0 13% \$157M		\$6	
Bold Leadership	Economy		1% \$9M 7% \$101M		\$7	
	Regulatory Functions & Services		0% \$1M 11% \$155M		\$0	
	Local Democracy		0% \$0 4% \$60M		\$6	
	Finance & Support Services		5% \$52M 0%			

THE CHALLENGES AHEAD KĀ TAERO E WHAI AKE

Maintaining vibrant, accessible town centres is vital to keeping the district liveable. This particularly applies to the two main centres of Queenstown and Wanaka. In 2017, the Council engaged with Queenstown residents to discuss locations and options for development as part of the Queenstown Town

Centre Masterplan, including public transport, parking and improvements for pedestrians in the CBD. That masterplan was adopted by the Council in December 2017 and is progressing into detailed business cases for car parking options, a public transport hub, and the arterial routes. This draft plan includes a programme

through to 2027 that delivers key elements of the Masterplan. To ensure the full programme is both affordable and logistically achievable, we anticipate the full programme will take up to 20 years. In 2018 the Council will commence a strategy for Wanaka (see *Wanaka Masterplan* below).

BIG ISSUE 1

Queenstown Town Centre Masterplan

What is planned for delivery in this draft plan?

The quantum of investment proposed for the Queenstown Town Centre Master Plan is significant, totalling \$327.7M investment in increased levels of service over ten years. This draft plan contains funding for:

CBD Arterial Routes – 3 Stages	
\$148.8M	2019 to 2024*
Two Carparking Buildings	
\$48.0M	2019 to 2024
Public Transport Hub	
\$25.4M	2020 to 2023
Alternative Transport Options	
\$23.5M	2019 to 2024
Ferry / Water Taxi	
\$6.1M	2021 to 2025
Street Upgrades	
\$49.5M	2019 to 2026**
Memorial Hall Replacement	
\$10.9M	2019 to 2021
Other small projects	
\$15.5M	2019 to 2027
TOTAL	
\$327.7M	

* Based on NZTA Funding assumptions.

** The street upgrade programme could be further advanced subject to Central Government Funding.

There is no inclusion of proposed arts and culture facilities but a district-wide review has been included.

Projects in detail

ARTERIAL ROUTES

Access to and around the CBD is critical to the success of the Masterplan. Residents, workers and visitors must be able to travel to their destination easily, whether that's in a car, on public transport or using active transport methods such as cycling. Planned across three construction stages, the total programme carries the most significant capital expenditure in the draft plan at \$148.8M. With an overall route running from Melbourne Street to Henry Street (stage one), Henry Street to Man Street (stage two), and Man Street to Thompson Street (stage three), the programme is due for completion June 2022, June 2023 and June 2024 respectively.

In financially planning for the Queenstown arterials we have assumed a significant funding contribution of 80% (\$111.6M) from NZTA. Other roading developments and improvements have been assumed at a standard funding assistance rate (FAR) rating of 51%.

CBD ARTERIAL ROUTES – 3 STAGES	
INDICATIVE COST	ESTIMATED COMPLETION
\$148.8M	2019 to 2024*

PARKING

Pressure on parking in the Queenstown CBD has increased in recent years, and in December 2017 the Council implemented a range of changes to parking charges aligned with the Otago Regional Council's introduction of an improved, more affordable public transport service. By increasing parking charges for the first time in seven years and limiting availability of free parking spaces, the Council's goal was to change how we use public transport. However we recognise that alongside alternative travel options, parking is still a necessity in the CBD.

In this draft Ten Year Plan we've included two new parking buildings, which is a change to the current 2015-25 Ten Year Plan. The first is a new 242-space parking building at the current Boundary Street car park; due for completion by June 2020 at a cost of \$18.3M. The second is a 350-space parking facility on the current Ballarat Street parking site; due for completion by June 2021 at a cost of \$25.8M. Also included is \$3.9M for a parking management

Do you support the preferred option to complete the programme outlined in the draft plan?

system for the parking buildings. Timing is a crucial aspect of this programme so development has been scheduled to minimise inconvenience and take advantage of the shift from car to public and active transport.

To improve the overall parking experience for commuters and visitors, the plan also includes \$8.3M to invest in technology, such as real-time parking information, variable pricing controls, way-finding, bike parks etc.

CARPARK FACILITY	
INDICATIVE COST	ESTIMATED COMPLETION
Boundary Street	
\$18.3M	2020
Ballarat Street	
\$25.8M	2021
Parking management system	
\$3.9M	2020 to 2021

The cost is included in this draft but the Council is committed to considering whether we can partner with private sector investors to provide these buildings or alternatives.

PUBLIC TRANSPORT

Following the November 2017 introduction of the \$2.00 bus service in partnership with the Otago Regional Council, QLDC continues to encourage and facilitate the use of public transport as a sustainable alternative to private car use, which includes the development of bus priority lanes in key corridors such as Stanley Street. For public transport to be a realistic choice for visitors and commuters it must be efficient with access to the heart of the town. The proposed arterial routes are essential in delivering this high quality level of service, so the programme for a new dedicated transport hub follows the completion of stages one and two of the arterials. This sees design and construction underway in 2021 and the new facility completed by June 2023. Costs for the construction of a transport hub

and priority bus lanes on Stanley Street total \$25.4M and have been detailed in the draft Ten Year Plan.

TRANSPORT HUB	
INDICATIVE COST	ESTIMATED COMPLETION
Stanley Street	
\$25.4M	2023

ALTERNATIVE TRANSPORT OPTIONS

Road-based options for transport will always be limited by Queenstown's situation between lake and mountains. So it's important to invest in alternatives that don't rely on the road network and may be more sustainable or promote a healthy lifestyle.

Active transport methods, such as cycling and walking is a key part of the Queenstown Integrated Transport System Plan and has been a focus of Wanaka's strategic travel thinking. Details of projects that deliver improved signage, shared paths and upgrades to existing Queenstown access routes are closely aligned with the delivery of the arterial routes, such as new shared cycle and pedestrian paths on Man Street and Thompson Street. A phased programme is planned to begin in 2018 and complete in 2024 at a total cost of \$23.5M. One notable project is an upgrade to the Park Street to Hotops Rise cycle lane at a cost of \$7.4M due for completion by 2020.

Beyond the town centres, QLDC will look to identify and implement an on- and off-road connected pedestrian and cycle network (see Wanaka Masterplan). This responds to a growing community vision that this network would connect: all schools; major transport hubs; residential and business areas. In Queenstown, destinations that are likely to be within the networks include Arthurs Point, Fernhill, Lake Hayes, Shotover Country, Frankton, Kelvin Heights, and Jack's Point.

ALTERNATIVE TRANSPORT OPTIONS	
INDICATIVE COST	ESTIMATED COMPLETION
\$23.5M	2019 to 2024

WAKATIPU FERRY

Given the location of urban development around Lake Wakatipu's Frankton Arm, it can provide a vital lifeline in Queenstown's public transport strategy as a realistic alternative to access roads that are constrained by our unique landscape. We believe services that include water taxis and ferries could revolutionise how commuters and visitors come into the CBD from locations such as Frankton and Kelvin Heights. Commencing in the financial year 2020/21 the draft plan includes \$6.1M for the provision of a ferry/ water taxi network infrastructure to be completed by mid-2025.

INFRASTRUCTURE DEVELOPMENT	
INDICATIVE COST	ESTIMATED COMPLETION
Wakatipu ferry	
\$6.1M	2025

QUEENSTOWN STREET UPGRADES

Part of creating liveable, accessible town centres lies in ensuring it's an environment people want to spend time in, with pedestrians prioritised. No significant upgrades have been made to many of the proposed Queenstown locations for more than two decades. It's timely to plan an upgrade as part of the Queenstown Town Centre Masterplan. The projects planned as part of this upgrade programme (\$49.5M in total) include the widening of footpaths on Stanley Street and Shotover Street, upgrading Camp Street to include a new cycle lane, developing Rees Street, Lower Brecon Street and the pedestrianised portion of Beach Street into shared open spaces, and also upgrading Athol Street and Brecon Street (from the Gondola to Man Street). Details of costs (which assume a 41% NZTA subsidy) and project completions are available in the draft plan.

STREET UPGRADES	
INDICATIVE COST	ESTIMATED COMPLETION
\$49.5M	2019 to 2026

QUEENSTOWN COMMUNITY HEART

The Queenstown Masterplan identifies that the Stanley Street site, partly Council reserve and partly Ministry of Education land is the preferred location for a community heart, including arts and culture facilities. The plan has identified that co-locating these facilities with the Council building and library will create a vibrant cultural centre in the CBD.

Although this draft plan does not include funding for built facilities (the exception is funding for the replacement of the Memorial Hall \$10.9M, should the new arterial require the hall site) it does include funding for planning the site (\$516k). Further research into community needs and the future of arts and culture across the district will enable the Council to plan how it should respond. This is not simply about built structures, but will inform future decisions relating to prospective facilities for both Wanaka and Queenstown and define what these may look like.

COMMUNITY HEART	
INDICATIVE COST	ESTIMATED COMPLETION
Memorial Hall Replacement	
\$10.9M	2019 to 2021
Planning	
\$0.5M	2018 to 2019

If the funding assumptions are not supported (NZTA) do you agree that Council re-prioritise some projects?

Options

Given the significance of the proposed investment and the need to partly rate fund the projects, it is important to emphasise that the community does have options. It's important that the community's preferences are identified through the submissions process. If NZTA funding assumptions are incorrect, or a Central Government partnership eventuates to fast-track projects, it is possible to invoke options other than the preferred one (refer to *Introduction*).

	DESCRIPTION	WHAT'S DELIVERED	INDICATIVE COST	QLDC DEBT	ADDITIONAL ANNUAL RATES	ROADING RATE INCREASE	RECREATION RATE INCREASE
1	Complete the programme outlined in draft plan – the Council's preferred option	Partial delivery of the Masterplan, partially achieving the economic benefit of this within the ten years Defers upgrades to public areas such as the Village Green and Earnslaw Park, plus street upgrades such as some pavement widening	\$327.7M	\$157.4M	\$5.0M	54.55%	24.11%
2	Defer stage three of the arterials programme	Town centre access issues only partially addressed with high levels of traffic congestion anticipated, particularly in Shotover Street Shotover Street upgrades deferred No investment planned for Village Green, Earnslaw Park, St Peter's Church Greatly reduces the economic benefit of the Masterplan and benefit to the community	\$243.6M	\$131.3M	\$4.0M	44.88%	16.40%
3	Complete the full programme	Full Masterplan delivered within the ten year period, realising the full economic and community benefit.	\$409.5M	\$212.4M	\$7.7M	79.44%	44.83%
4	Complete minimal transport and parking changes only	No enhancements for public transport Only one parking building delivered Full arterial roading programme deferred with high levels of traffic congestion anticipated throughout the town centre No investment planned for Village Green, Earnslaw Park, St Peter's Church Street upgrades and pedestrianisation deferred	\$37.5M	\$28.7M	\$0.4M	4.85%	0.32%

BIG ISSUE 2

How do we propose to pay for the Queenstown Masterplan

The \$327.7M Queenstown Integrated Transport Strategy includes some of the assumptions we've already outlined in relation to NZTA funding. Of the total, our assumption is that the QLDC share is \$157.4M in increased levels of service. Some elements like parking buildings are 100% cost recoverable (i.e. paid for by revenue or income) but for the balance we will need to apply this cost in some form to rates.

In order to ensure that future generations continue to pay for the benefit of the investment, a 30 year repayment period has been modelled, amounting to \$3.5M per annum (including 5% interest). This impact will not come into effect for at least three years but we cannot consult on the programme without consulting on how we propose to pay for it.

Council considered it was important to agree what would be fair and equitable and who would benefit the most from this significant investment.

Do you agree with the preferred funding model?

Options

This draft plan contains two options for funding our share. The indicative rates increases for the range of properties are included in the table on page 14. It should be noted that both options have significant implications for rate increases.

1

OPTION 1: Rates recovery focused on wider CBD ratepayers (preferred option).

The Council has determined that the CBD would benefit the most from the investment. Option one is to create a new Queenstown CBD Transport Improvement Rate. This rate seeks to recover 65% of the cost from the wider CBD ratepayer and 35% from the wider Wakatipu ratepayer. You can view the detailed map online (www.qldc.govt.nz) which highlights a definitive wider CBD zone (this includes from Gorge Road through to One Mile and short section of Frankton Road). This option is Council's preferred approach to fairly apportioning the cost of these projects (see page 20 for indicative map).

The increases for properties within the wider town centre area are significant in some instances depending on the capital value. Residential properties show increases of between 6.2% to 15.4%, commercial from 14.7% to 30.3%, and accommodation from 15.0% to 19.1%. The impact is reduced for properties outside of the wider town centre area. Residential shows increases between 1.4% and 3.6%, commercial from 3.4% to 7.0%, and accommodation from 3.5% to 4.4%.

2

OPTION 2: Apply costs to the existing Wakatipu Rooding Rates.

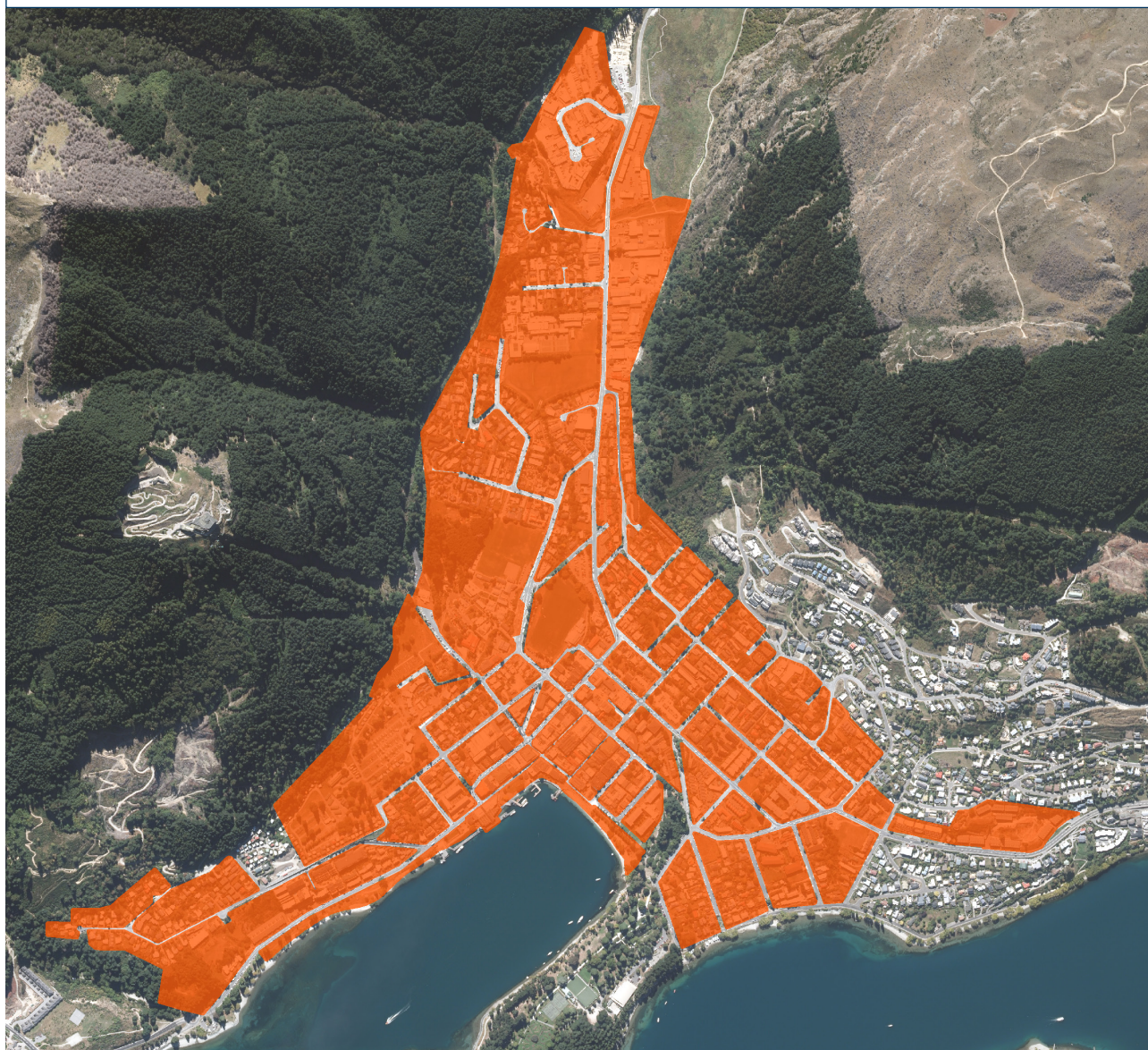
Option two is to apply the cost to the existing Wakatipu Ward Rooding Rate. This option gives no weighting to those properties which benefit most.

The impact under this option would also see significant increases for some properties depending on capital value, residential property increases would be between 2.9% and 7.2%, commercial from 6.8% to 14.7%, and accommodation from 7.0% to 8.9%

(see *Rates Impact of Major Projects by Property Type* for full details of the rates impact)

It should be noted that these options may need to be revisited if the NZTA funding assumptions are not met.

WIDER CBD ZONE FOR OPTION ONE



The proposed wider CBD zone indicated above will fund 65% of the cost of the Queenstown Town Centre Masterplan. The remaining 35% will be recovered from the wider Wakatipu ratepayer.

Since 1989 consecutive Councils have considered, scoped and designed Queenstown Lakes District Council office accommodation projects but none have been built. Arguably a community-owned property has been historically seen as a legacy building for future generations. In December 2017 the current Council led by Mayor Jim Boulton agreed to include funding for such a building in this draft Ten Year Plan. The intention to address the existing challenge of staff spread throughout four different buildings located in the four corners of the CBD and the resultant less-efficient customer service delivered to our community, has been signalled through the 2016-2017 and 2017-2018 Annual Plans.

Two of the four occupied offices are community-owned, including 10 Gorge Road (a former working men's club) and Stanley Street. There are costs associated in maintaining the two owned buildings, and saving from not having to lease property elsewhere. This opportunity cost is approximately \$417k per annum. The cost of leasing staff accommodation (Church Street and Shotover Street), including car parking leases for council fleet, is in excess of \$600k per annum.

The Council moved into the Gorge Road office in 1999. It was found to be marginally above the percentile for earthquake prone buildings in 2015, which forced the Emergency Operations Centre to be relocated to the Queenstown Event Centre. In the same year the Council resolved that the Council building, which includes the Queenstown Library and Council Chamber, was not fit for purpose.

In 2015 the Council engaged Colliers International to undertake a full investigation of options and costs, including a Frankton-based office, a joint venture project, lease options and community owned solutions. This report formed the basis for the February 2016 Council decision that identified the preferred office location as being the Queenstown CBD, developed on a Council-owned site. This decision has been further endorsed by the current Council, which shares the view that moving Council activity out of the town centre (which will be followed by associated professional activity) will impact the dynamic and authenticity of the CBD. This is a clear Council mandate.

In 2017 the Council developed an indicative business case for the building under the working title of Project Connect.

The case, which was also considered by the Council in December 2017, identifies that in order to meet the future needs of the Council a building of 4,200 square metres in floor space would be required.

**Do you support
the funding for a
Council Office?**

Do you agree that this should include an interim dedicated Queenstown library space?

Options

- 1 **OPTION 1:** Council-owned building on Council-controlled land (preferred option)

The Council has decided to include funding for a Council-owned building on Council-controlled land in the draft plan; this is Council's preferred option. Note this option does not necessarily preclude Council from entering into an alternate funding arrangement (e.g. a joint venture, but the level of debt will remain in the draft plan).
- 2 **OPTION 2:** Lease one building

The Council could revisit the funding decision and opt to pursue the lease of one building and include only lease costs in the draft plan. This would be a shift from Council owning a community asset and carries the risk of Council failing to find a suitable long-term solution in the CBD, as mandated.
- 3 **OPTION 3:** Continue in multiple leased buildings

The Council could choose to continue to lease multiple spaces across town as staff grows. This option also carries the risk that Council may not be able to continue to find suitable long-term leasing solutions in the CBD.

Consolidating the Council in one location will provide operational efficiencies and the service that the community deserves.

Detailed costings for Project Connect arrived at a figure of \$42.3M investment in increased level of service and this figure has been included in the draft plan. This is a change to the 2015-2025 Ten Year Plan. The business case also considered site options with the preferred site being situated on Stanley Street, in line with the Queenstown Town Centre Master Plan.

The value to the community of the building will be considerably greater than this cost because the Council intends building on Council-controlled land. While the plan has fully funded the new building, this does not preclude the Council from seeking an alternate funding arrangement, for example a joint venture. However the Council is required to show the true cost of the project in its accounts for transparency, therefore the level of debt shown in the draft plan remains the same. In terms of cost implications, councils are able to secure very favourable loan margins through the Local Government Funding Agency (current weighted average 4.28% per annum). Loan funding a Council building is therefore likely to be the most affordable way of Council owning a building that represents a key community asset in the long term.

CBD INTERIM LIBRARY

Project Connect will enable capacity for an 'interim' library space of approximately 600 square metres to be developed within the footprint of the proposed Council building whilst a dedicated library space in the CBD is identified and proposed. It will also enable the new building, which will include the Council Chamber, an Emergency Operations Centre, a dedicated 'one stop shop' customer service hub and a library to be accessible, vibrant and very much a community space.

COST INCLUDING SHORT TERM (5 YEARS) LIBRARY
Indicative costing \$42.3M
EFFECT ON RATES
Increase of 0.5% to 3.3% from 2022*
SAVINGS IN LEASE COST
\$600,000 per annum
ESTIMATED PARTIAL COST OFFSET THROUGH SALE OF 10 GORGE ROAD
\$9.2M
IMPACT ON DEBT
Increase of \$33.1M

* The indicative rates increases for a range of properties are included in the table on page 14.

BIG ISSUE 4

Wanaka Masterplan

The Council prioritised the Queenstown Town Centre Masterplan in 2017 to address urgent issues such as traffic flow and visitor growth. Wanaka requires its own strategic town centre masterplan to address predicted growth.

In Wanaka the population (resident and visitor) on an average day is expected to increase from an estimated 20,436 in 2018 to 26,779 in 2028. However on peak days during the summer season in particular this increases from an estimated average of 46,939

in 2018 to 59,638 in 2028. That's over 20,000 more than the current total population for the district. Clearly this will create a challenge for the town in terms of traffic flow, parking, waste and 3 waters.

Investigations are currently underway to commence a Wanaka Town Centre Masterplan and Council has included \$500k in the draft plan in 2018 to deliver a plan. Wanaka is unique and the approach will need to reflect and capture that uniqueness. There are benefits to Wanaka from being able to learn from the Queenstown model. This project will take a broad, strategic view from the outset. This will develop a “big picture” that includes input from the active transport communities, Shaping Our Future projects, and existing plans and strategies such as Wanaka 2020.

The consultation will need to be inclusive giving the Wanaka community a chance to help shape what their town looks like in the future. We recognise it needs to balance the needs of a growing community that is increasingly seeing the pressures of a popular tourist destination. That planning has to include solutions for parking, public transport, shared vehicle and pedestrian access, alternative transport methods, arts and culture, civic facilities and routes such as dedicated cycle pathways.

Public transport services in and around Wanaka would be delivered by the Otago Regional Council and need to be supported by a compelling business case. However any masterplan for Wanaka must accommodate a public transport system given the reality of a growing town with many visitors and workers travelling in daily from Hawea, Luggate and other outlying locations. It will

COST
\$0.53M
EFFECT ON RATES
Miminal
IMPACT ON DEBT
Increase of \$78k
NZTA SUBSIDY
51%

be critical that the Masterplan programme delivers a strategic and connected approach to funded key projects including the Wanaka Active Travel Plan, the Wanaka Lakefront Development and Wanaka Parking Projects.

WANAKA ACTIVE TRAVEL

Wanaka is now subject to a business case around its alternative travel (community-led) innovation to commence in 2018, and \$1.5M has been allocated across the draft plan to enable Wanaka active transport, using methods such as cycling. In addition to this, \$4.1M has been included for “shared mode spaces” as part of the Wanaka Masterplan programme, and \$820k for tracks development. Similar to the Queenstown alternate transport options these extend beyond the Wanaka CBD to include connections for Hawea, Albert Town and Luggate.

WANAKA LAKEFRONT DEVELOPMENT

The Council previously consulted on a draft Wanaka Lakefront Development Plan in December 2015-January 2016, detailing alternative parking layouts, an events space, new boating facilities and improved pedestrian and cycle ways. The final plan is due to begin implementation in 2018 and \$6.3M has been allocated in the draft plan.

Whilst there is a lot of support for the implementation of the existing Wanaka Lakefront Development Plan, it will be important to integrate it into the Masterplan which is likely to result in a more coherent and cohesive overall design for Wanaka. There are some aspects of the plan that may be able to be separated from the larger strategy that would deliver benefit to residents and visitors immediately without detracting from the big picture.

WANAKA PARKING

With a sustained increase in visitor numbers, particularly during holiday periods, parking capacity in Wanaka falls significantly short of the demand, which has knock-on effects of damage to reserves and creates a poor experience for both residents and visitors. With the possibility of subsidising construction cost through private partnership, \$11.3M has been allocated to parking improvements for Wanaka in the draft Ten Year Plan commencing 2019-2020 and completing by 2024.

Options

1 **OPTION 1:** Support the development of a Wanaka Masterplan in 2018 to enable a strategic and well connected approach to Wanaka planning including parking, active travel, transport and the Lake Front Upgrade (preferred option).

2 **OPTION 2:** Set aside investment and wait until growth in Wanaka becomes more challenging. This option runs the risk that various scheduled projects will not be aligned and complementary.

Do you support the development of a Wanaka Masterplan in 2018 to enable a strategic and well connected approach to Wanaka planning?

In the draft plan the Council is taking an approach that focuses on optimising the existing water supply network investing in both maintaining and upgrading existing assets as well as investing in new supply and treatment facilities. Detailed capital expenditure for both renewals and improvements to service are provided in *Volume One* of the draft plan. The Council continues to focus on key network infrastructure elements improving flow efficiency and overall resilience to ensure service continuity. This is in response to Central Government's National Infrastructure Plan obligations and will improve resilience in the face of events that may cause disruption to the service.

This maintenance of existing assets includes a focus on repairing water leaks within the supply network. Fresh water is a precious resource and we need to ensure we're not losing this resource within our network. We are monitoring operations and using computer models to develop programmes which will minimise water losses from the Council networks.

Consideration was made in the 2015-2025 Ten Year Plan as part of the Water Demand Management programme to implement water metering throughout the district. This was further reflected in the Annual Plan 2016/2017 when \$195k was approved for the installation of water meters. Further investigation is required for Council to reach a position on customer metering and billing. Indicative costs relating to this programme are available in the draft plan.

The Council is also making significant level of service investment in mechanical filtration to address the issue experienced by our community of algae in the water supply system. Construction of water filtration plants is planned in the draft plan, with significant projects including new water treatment plants at Beacon Point, Wanaka (\$20.2M), Two Mile (\$15.7M) and Shotover Country (\$10.0M). These additions and other upgrades to existing facilities are required to meet Drinking Water Standards but the level of investment reflected in this plan will only see the Council meet those standards after ten years of investment. The Council could bring this programme forward if it attracts Central Government funding to offset the cost of visitor growth (see *Options*).

NEW WATER TREATMENT PLANT	
INDICATIVE COST (INCREASED LEVEL OF SERVICE)	ESTIMATED COMPLETION
Beacon Point	
\$20.2 M	2022
Two Mile	
\$15.7 M	2024
Shotover Country	
\$10.0 M	2028

Do you agree with the water supply project to meet the Drinking Water Standard (2008) by 2027/28?

SAFE SUPPLY OF WATER

The issue of supplying safe drinking water is one that generates significant debate, with strong views for and against using methods such as chlorination to work towards meeting drinking water standards. In August 2016 an outbreak of campylobacteriosis in Havelock North was traced back to two bores that were contaminated.

In December 2017 a statement was released by the Director-General of Health confirming that providers of public water supply need to provide adequate protection to public health and should consider implementing appropriate and effective multi-barrier treatments without delay. Network disinfection systems are installed at all Council-owned water supplies throughout the district and currently all Council-supplied water is subject to chlorination providing source-to-tap treatment. Treating water is a key requirement under the Health Act to mitigate contaminated water being delivered to our community and visitors and the use of network treatment has been endorsed by Council's Drinking Water Regulator. Previously investment has been deferred to avoid costs which has resulted in increased investment required now. Moreover Council is committed to expediting the delivery of safe drinking water for our residents in the most cost-effective means possible.

Water (supply, waste and storm) infrastructure is a significant investment for the district but this draft plan includes an affordable programme. Project prioritisation means that whilst all projects will complete within the ten-year period, those projects required to fully comply with the Drinking Water Standards (2008) will not be completed until 2027/28 (see table on page 25 which identifies the individual water supply projects commencing 2019). This does not mean that Council will not continue to deliver safe drinking water to its communities as outlined.

MAJOR PROJECTS TO PROVIDE SAFE, RELIABLE DRINKING WATER TO RESIDENTS AND VISITORS				
WATER SUPPLY	AREAS SERVICED	WHY INVESTMENT IS REQUIRED	INDICATIVE COST (INCREASED LEVEL OF SERVICE)	ESTIMATED COMPLETION
Luggate Aquifer	Luggate Township	Increased demand and to meet Drinking Water Standards (2008) due by 2014	\$3.8M	2020
Lake Hawea Aquifer	Hawea Township	Increased demand and to meet Drinking Water Standards (2008) due by 2014	\$0.8M	2021
Arrow River Aquifer	Arrowtown and Millbrook	Increased demand and to meet Drinking Water Standards (2008) due by 2014	\$5.3M	2022
Glenorchy Aquifer	Glenorchy Township	Increased demand and to meet Drinking Water Standards (2008) due by 2014	\$2.5M	2021
Kingston Aquifer	New Service Area of Kingston Township	New Council Water Supply to meet demand	\$6.6M	2022
Lower Shotover Aquifer (Ladies Mile)	New Ladies Mile Service Area	Expansion of Council Water Supply to meet demand	\$9.4M	2022
Lake Wanaka	Wanaka and Albert Town	Increased demand and to meet Drinking Water Standards (2008) due by 2011	\$36.5M	2024
Lake Wakatipu	Fernhill, Queenstown and Frankton Arm	Increased demand and to meet Drinking Water Standards (2008) due by 2011	\$20.5M	2024
Upper Shotover Aquifer	Arthurs Point Township	Increased demand and to meet Drinking Water Standards (2008) due by 2014	\$1.2M	2026
Lower Shotover Aquifer	Lake Hayes Estate, Shotover Country, Kelvin Peninsula, Quail Rise, Frankton and Hanley Downs	Increased demand and to meet Drinking Water Standards (2008) due by 2011	\$38.0M	2028
			TOTAL	\$124.6M
			EFFECT ON RATES	2.1% TO 19.0%* INCREASE
			IMPACT ON DEBT	INCREASE OF \$46.4M

* The rating impact for water treatment is calculated for 2022/23 (year 5 of the draft plan) and reflect both the increase in operating costs and debt servicing. The level of service component of the capital cost for Wanaka does not include any contribution from land sales which, if made, could reduce the impact significantly. The indicative rates increases for a range of properties are included in the table on page 14.

Options

The programme as outlined would see the Council meet Drinking Water Standards in year ten. As we have highlighted in the introduction, the draft plan is based on some significant assumptions in regards to NZTA funding. The timing of the delivery of major water supply projects could be revisited if the Queenstown Master Plan is not fully funded as outlined. Additionally the timing of the delivery of the major water supply projects could be brought forward if Central Government funding is made available to support the cost of visitor growth.

1

OPTION 1: Meeting the Drinking Water Standard (2008) by 2027/28

Deliver the programme as outlined, therefore meeting Drinking Water Standards in year ten but reconsider the timing in the event that other major projects are not delivered.

2

OPTION 2: Reprioritise the programme and comply with Drinking Water Standards (2008) by 2022/23

Re-consider the timing of the programme by choosing to re-prioritise projects in the ten year plan. Note the programme could be delivered five years sooner if additional funding is made available or freed up, or if other projects were deferred e.g. Queenstown Town Centre Masterplan.

BIG ISSUE 6

Funding new wastewater and water supply schemes for small communities

GENERAL RATE SUBSIDY FOR NEW WATER AND WASTEWATER SCHEMES FOR SMALL COMMUNITIES

The Council's current approach to funding wastewater schemes in small communities is that the full cost per property is recovered from the ratepayer either as a lump sum/spread payment or deferred payment for vacant properties. Therefore the cost of servicing the wastewater represents a private benefit to the ratepayer and enhances the value of the property. QLDC has attempted to assist with the financial impact by allowing the payments to be spread over time. This deferred payment option is added to the rates. It is effectively a loan provided by QLDC.

Elsewhere in the district, the cost of water and wastewater is factored into Development Contributions which are paid by the developer when new property is developed.

If a general subsidy of 20% were to be promoted based on environmental protection, the simplest way to achieve this would be to fund a portion of the scheme costs from a general district-wide rate:

SCHEME CAPITAL COST
\$13.5M (increased level of service)
20% GENERAL SUBSIDY
\$2.7M
ANNUAL SUBSIDY COST TO RATEPAYERS
\$176k (\$2.7M loan @ 5% for 30 years)
(EQUATES TO APPROXIMATELY 0.3% RATES INCREASE)

NEW SCHEMES FOR SMALL COMMUNITIES INCLUDED IN THE DRAFT PLAN

WASTEWATER	WATER	TOTAL
Kingston (existing township only)		
\$3.71M	\$1.3M	\$5.07M ⁶
Luggate		
\$3.90M	\$0	\$3.90M
Cardrona		
\$3.35M	\$1.14M	\$4.49M
Total		
\$11.03M	\$2.44M	\$13.46M

Council is seeking feedback regarding the proposal to introduce a general subsidy of up to 20% funded by the district-wide general rate for new reticulated water or wastewater schemes for small communities. These communities have been selected because they are the small communities without either reticulated water or wastewater services. This would fund a portion of scheme costs and equate to approximately 0.4% rate increases). Details of this proposal can be found in *Volume Two*.

GLENORCHY

At this stage, no capital expenditure has been included in the draft plan for the implementation of any wastewater solution for Glenorchy. Work is currently underway to understand the effect of septic tanks on the environment in Glenorchy. Any subsequent programme developed to consider a proposed scheme can be consulted on after a business case has been developed and potentially adopted as a future change to the Ten Year Plan, within any given year.

Options

- 1 Introduce a general subsidy in order to protect the environment by supplementing the cost of smaller community schemes (preferred option)
- 2 Continue with the status quo which will see ongoing affordability challenges for smaller community schemes, potentially creating a risk to the environment.

Do you agree that Council should introduce a general subsidy in order to protect the environment by supplementing the cost of smaller community schemes?

⁶ Funding of \$20.3M is also included in the draft plan for the expansion of the existing Kingston network to accommodate growth. The total investment in the Kingston network is \$25.4M, of which 20% (\$5.1M) relates to the existing township.

TARGETED RATES FOR WATER SUPPLY – EXTENDING CURRENT URBAN APPROACH TO SMALLER SCHEMES

There are currently two approaches to the rating of water supply. For the main urban areas of Queenstown, Wanaka & Arrowtown, the approach is to apply:

1. A fixed targeted rate which applies to all properties (recovers around 50% of cost)
2. A capital value based rate (recovers around 50% of cost)

The underlying assumption here is that larger properties tend to use more water than smaller, less expensive properties. In the absence of a regime which charges for actual usage (measured by meters), this approach is regarded as the next best thing. It is particularly useful where the scheme covers a range of different types of property (e.g. residential, hotels, businesses etc.).

This two-tier charging does not currently apply to all schemes within the district. The smaller schemes have a simple fixed charge per property approach. This is acceptable where the vast majority of the properties are of similar type (e.g. Lake Hayes/Shotover Country low density residential) but is less desirable where there is a mix of property types and therefore assumed water usage. Council's position is that the two-tier charging regime will be progressively applied to other areas as they develop.

Our engineering department has recently recommended that the two-tier charging regime be applied to Arthurs Point. There may also be a case for applying it to other areas.

The current fixed water charge for Arthurs Point is \$600 per property. There are a number of businesses served by the scheme. The implications of moving to a two-tier charge are illustrated below. This impact is based on re-working the rates payable for the 2017/18 year.

PROPERTY TYPE	CV	PROPOSED 2 TIER CHARGE	EXISTING FIXED CHARGE
Residential (low CV)	\$0.4M	\$475	\$600
Residential (med CV)	\$0.5M	\$520	\$600
Residential (high CV)	\$0.8M	\$637	\$600

PROPERTY TYPE	CV	PROPOSED 2 TIER CHARGE	EXISTING FIXED CHARGE
Accommodation (low CV)	\$0.5M	\$637	\$600
Accommodation (med CV)	\$2.2M	\$1,904	\$600
Accommodation (high CV)	\$6.5M	\$5,038	\$600

PROPERTY TYPE	CV	PROPOSED 2 TIER CHARGE	EXISTING FIXED CHARGE
Mixed Use (low CV)	\$0.5M	\$531	\$600
Mixed Use (med CV)	\$0.8M	\$692	\$600
Mixed Use (high CV)	N/A	-	-

If the proposal were adopted, 80% of residential properties would pay less for water supply; with the balance paying more. The impact for non-residential properties is that most will pay more. The medium value accommodation property with a value of \$2.2M will pay \$1,304 more for water supply per annum; this equates to a 6.4% increase to total rates paid. For the \$6.5M value property, the increase of \$4,438 equates to a 6.7% increase to total rates paid.

These worked examples clearly show that the non-residential properties have benefitted significantly from the current Fixed Charge regime and that the residential properties have effectively provided a sizeable subsidy.

In terms of implementation, the proposal is that the Two-Tier Charge system be applied to the Arthurs Point Scheme from 1 July 2018. It is also proposed that this same approach be implemented in the Glenorchy, Hawea and Luggate schemes a year later from 1 July 2019.

Options

1 **OPTION 1:** Apply the tier two charge to the Arthurs Point Scheme to enable a fairer apportionment of cost to the user (see above table for implications) (preferred option).

2 **OPTION 2:** Continue with the status quo for Arthurs Point (see above table for implications).

Do you support the application of a tier two charge to the Arthurs Point Scheme to enable a fairer apportionment of cost to the user?

WHAT ELSE HAS CHANGED KĀ PANONITAKA

The 2015-2025 Ten Year Plan detailed a number of proposals. Since then some projects have taken an alternative path to what was originally foreseen, and what we consider important or meaningful to measure has changed. Here we have detailed significant changes since 2015. Alongside the Big Issues you can comment on any of these projects or changes, or any aspect of the draft plan, by sharing your views online at www.qldc.govt or by filling in the submission form at the end of this document.

Stormwater

In this draft plan we're investing more in stormwater than ever. Throughout the ten-year period a total of \$55.2M has been allocated versus \$16.4M in the previous

2015-2025 Ten Year Plan. A proportion of this investment is in renewing and upgrading existing facilities to ensure continuation of service levels. Details of the

investments can be seen in *Volume One* of the draft plan, but includes new stormwater pipe systems, capacity upgrades, and channel widening and stockbank works.

Wastewater

Approximately 74% of the district's population use Council-run wastewater schemes, with the remainder using septic tanks, package treatment plants and private community schemes. There are four wastewater collection and treatment schemes in Queenstown Lakes and details of these are included in the draft plan.

With a growing resident population and increasing visitor numbers year-on-year the Council needs to maintain existing services as well as providing new facilities to meet the increasing demand. The draft plan contains total investment of \$99.2M including the combined maintenance of, and improvements to, existing services. This is an

increase on the 2015-2025 Ten Year Plan which included \$78.1M. Notable investments include upgrades to the Queenstown and Wanaka wastewater schemes.

Council's response to Growth: FTE growth

Last year in the face of unprecedented growth, the Council consulted through the 2017-2018 Annual Plan on a significantly increased staffing budget in response to no longer meeting community expectations and a staff under pressure. The salary budget was increased by \$3.9M and included an increase of 34 full-time equivalents (FTE) to a total staff of 323, including overheads and provision for salary reviews. This cost is either partly or entirely offset by user charges, for example in building, planning and regulatory. A separate process was undertaken with approval from Council to

include an additional 16 FTE which remained within budget due to vacancies.

The injection of staff over the previous financial year has not been adequate to match the growth and we continue to play catch up to 'right size' the staff. This, combined with a significant capital programme, new facilities including the Wanaka Pool and gym extension, the Frankton Library and event centre growth, a reduction in the use of consultants (10 FTE) to reduce costs, facility growth, corporate service growth, building and resource consent

and regulatory growth, has meant Council has had to respond.

As a direct consequence, an additional 45 FTE have been included in this draft plan. The additional salary cost of this FTE increase is \$3.18M. Notably the projected revenue for user charges in 2018-2019 is \$32.2M, an increase on the previous year of more than \$5M (the lion's share being made up of user pays building consents).

The Housing Infrastructure Fund

In a response to the growing issue of housing affordability throughout the district (particularly in Queenstown) the Council made an application to Central Government's Housing Infrastructure Fund (HIF) which was confirmed in July 2017. Following

this successful application, QLDC is able to draw on up to \$50M in loans from the fund to support investment in the community. These loans allow Council to invest in necessary infrastructure development and are recouped through development contributions.

In the draft plan we have included allocations from wastewater, stormwater and water supply developments as part of three housing developments in relation to the Housing Infrastructure Fund. These developments are Kingston, Quail Rise and Ladies Mile.

Lakeview development site and the Convention Centre

Enabling investment in Lakeview will implement one of the key initiatives identified as a means to address specific opportunities and challenges faced by the District. The development of the Lakeview land will unlock significant funds.

In October 2017 the Council approved the intention to enter into an agreement for the development of the Lakeview commercial land, comprising approximately 4.4 hectares of the Lakeview subdivision plan. This

does not include the Lynch Block or an area known as Lot 1 which remains as reserve land. This resolution included commitment to the delivery of the site's internal infrastructure.

Two of these commercial lots were identified for leasehold opportunities, one of which is the premium Lot 12 site, previously identified for a convention centre. The 2015-2025 Ten Year Plan included \$55M across 2017 and 2018 for the provision of this convention centre.

This funding and proposed rating model were flagged as contingent on Council securing \$26.7M (\$25M inflation adjusted) of external capital funding. This funding did not come to fruition and the Council decided to offer a long term lease for the site for a range of commercial and/or residential activities. This means the draft plan, in a change from the 2015-2025 Ten Year Plan, no longer contains funding for a convention centre. The 2018-2028 draft plan does contain assumptions in relation to the development of the site.

Special purpose roads

Currently there are two roads in the district designated by NZTA as Special Purpose Roads (SPR) which attract an above-standard funding assistance rate (FAR) which subsidises the investment Council needs to make in maintaining them. The roads are the Glenorchy-

Queenstown Road which attracts a 100% funding assistance rate, and the Crown Range Road which attracts 90%.

NZTA has advised that they are discontinuing the SPR and approved the gradual lowering

of the funding assistance rate to match the standard local road FAR of 51% by 2024. The reduction in the subsidy needs to be replaced with ratepayer contributions of \$13.2M to maintain the quality of the roads and this has been reflected in the draft plan.

Coronet Forest

In August 2017, Council approved the early harvesting of the Coronet Peak Forest as part of the Coronet Forest Management Plan 2017. This plan was updated from a previous plan adopted as part of the Ten Year Plan 2015-2025. The new 2017 management plan included a revegetation plan replanting the area with a combination of grasses and indigenous beech

and shrub, following the timber being harvested. This budget for the revegetation programme is included in the plan at a total cost of \$10.0M (increase to level of service). The programme will also include eradicating pests in the area, ongoing maintenance and construction of tracks which may be available for walking, bikes and horse-trekking to create a valuable community asset.

Do you support inclusion of funding to support the early harvest of Coronet Forest?

Performance indicators

At the end of each financial year we publish an Annual Report, which lets you know what we've achieved and how we've performed against a set of indicators. The indicators are different from the last Ten Year Plan as there are more indicators concerned with keeping track of issues that really matter to the community, such as housing affordability. The new performance indicators align with our community outcomes and our overall vision for the district.

You'll see from our community outcomes that this time it isn't all about us, it's about what we can influence and achieve together as a leader in the community. It's also important that we balance these indicators, where we are only part of the solution, with measures that reflect how well we are delivering our core services. So we'll still report indicators such as resolving Requests for Service on time and satisfaction with community services.

The strategic performance framework can be found through *Volume One* of the supporting documents and also online at www.qldc.govt.nz.

Significance and Engagement policy

The Council adopted a Significance & Engagement Policy in December 2014, which guides the issues to be included in this Consultation Document. The policy has been reviewed as part of this planning

process and an updated version has minor amendments to aid clarification and refers to our new Disability Policy (currently in draft form).

The Significance and Engagement Policy can be found in full online at www.qldc.govt.nz.

User fee increases

The Council provides a range of "user pays" services throughout the district. Generally, we will look to use fees and charges to recover the "private benefit" costs of a particular activity.

These include access to Sports & Recreation facilities such as Queenstown Events Centre and venue hire, through to cemeteries and boat ramp permits. As a separate activity the Council will

be consulting with the Queenstown Lakes District resident community regarding proposed increases to a range of user fees.

OTHER PROJECTS

Smaller Communities [PRE-CONSULTATION: SOME HIGHLIGHTS OF WHAT HAS BEEN CAPTURED]

During September and October 2017, Council officers engaged in a number of meetings throughout the districts with Community Associations representing the local resident population.

We received over 1,100 comments which gave us a sense of the things that mattered to our smaller communities in the early, formative stages of preparing this draft plan. This valuable activity confirmed that much (although not all) of what communities were telling us they wanted to see was already included in the draft plan.

ALL DISTRICT

Improved community safety and accessibility through road design and speed limits.

ALL DISTRICT

Sustainable development / growth management.

ALL DISTRICT

Improved waste management services, including more green waste options for households and businesses.

ALL DISTRICT

Improved and increased community and sports facilities.

ALL DISTRICT

Improved cycleways/walkways and well maintained, safe, accessible footpaths.

ARROWTOWN, KINGSTON, KELVIN PENINSULA AND HAWEA

Prevention of light pollution (protecting our night sky) whilst improving street lighting in some communities including Arrowtown, Kingston, Kelvin Peninsula and Hawea.

FRANKTON

A masterplan for the Frankton area.

WANAKA

Well connected and comprehensive cycle and walkways and improved facilities to promote sustainable transport options (such as e-bikes) in Wanaka.

LUGGATE

A new community hall for Luggate.

LAKES HAYES ESTATE, SHOTOVER COUNTRY, FRANKTON BEACH, KINGSTON, GIBBSTON, HAWEA AND WANAKA

Access to more 'meeting places' in communities across the district (e.g. cafes, shops, restaurants, supermarkets) including Lakes Hayes Estate, Shotover Country, Frankton Beach, Kingston, Gibbston, Hawea and Wanaka.

Waste Minimisation and Management

Alongside the draft plan we're consulting on an improved Waste Minimisation and Management Plan (WWMP). This plan sets out how we propose rubbish and recycling will be dealt with across the district, covering everything from household refuse through to organic waste.

Seven different options were considered. The preferred option which we are consulting on provides more waste minimisation services and facilities that target organics and glass. The introduction of an organics processing service is particularly important to deal with the high

volume of organic waste currently going to landfill. This could be expanded in time to include kerbside organic recycling and would support the Council's current discounted composting options available to ratepayers.

Currently, glass collected in the Wakatipu roadside recycling collection is sent to the landfill, because of its low value and inability to be sold. Under the new plan we aim to change how glass is collected to get consistency across the district (Wanaka already collects glass separately from other recyclables), whilst improving our ability to recycle glass.

Council provides its waste services and facilities at an annual cost of \$7.8M. Funding is predominantly provided through rates and user charges. Solid waste accounts for 7% of Council's total operating costs and 4.4% of rates funding. Due to growth and an increased level of service it is anticipated that the current level of service will cost \$9.4M in the next financial year.

Details of the options are available online at www.qldc.govt.nz

District Plan Progress

The District Plan explains how we will manage the environment, in accordance with the requirements of the Resource Management Act. This key document also provides a framework to guide development in the district during this period of sustained, intense growth.

A review of the District Plan commenced in 2015 and is being undertaken in stages. Hearings for stage one completed in late 2017, and stage two proposals were notified for submissions in early 2018. This second stage includes visitor accommodation, transport, Wakatipu Basin land use, signs, earthworks, open space and recreation. Hearings will commence mid to late 2018. Stage 3 and 4 will be notified in the first half of 2019 for submissions, with hearings later in 2019-early 2020.

A key issue for the district has been housing affordability and in the 2018-2028 period we plan to begin implementing the recommendations of the Mayoral Housing Affordability Taskforce. This is vital to ensuring that the people needed to support tourism and service industries are able to live affordably in the district. Programmes will include developing and promoting suitable Special Housing Areas, and promoting urban intensification.

The Council is also recognised as a high-growth area and therefore must provide sufficient development capacity to meet the needs of people and communities under the National Policy Statement on Urban Development Capacity 2016. This includes the provision of adequate opportunities to develop land for business and housing to meet community needs and those of future generations.

The Council will also prepare and consult on a future development strategy that sets out a strategic spatial plan for providing for urban growth, whilst protecting the special features of our rural areas and settlements.

Do you agree with the investment in community projects?

Community Facilities and Assets

The growth in the usually resident population and visitor numbers is something that will directly affect the community facilities and services provided by the Council as demand increases. We need to primarily focus on maintaining the levels of service that users have come to expect and this is the majority of investment for community services. Through the 2018-2028 period the renewals expenditure for community services is \$32.1M, which is detailed in the draft plan. The plan contains in total \$41.8M of increase in level of service, the main projects being the Coronet Forest Revegetation as outlined, the Wanaka Recreation Centre extension and the Queenstown Event Centre extension.

SPORT AND RECREATION FACILITIES DISTRICT-WIDE

Specific Sports and Recreation projects have been driven by demand from existing users where capacity has consistently been reached or exceeded.

The proposed investment does include enhancing some existing services as well as delivering new ones. This includes an extension to the Wanaka Recreation Centre and to the Queenstown Events Centre. For Queenstown Events Centre, this expansion includes two much-needed new courts to be added to the existing stadium. A budgeted \$8.2M will require additional funding through community grants, fundraising or donations to see these become a reality within the planned completion date of 2021.

Funding of \$3.7M has been included in this draft plan to develop a gym and studio facility for the Wanaka Recreation Centre which has recently seen the addition of a swimming pool to this exciting new facility. The aim is to provide a valuable facility for the sporting and wider Wanaka community.

An innovative approach to outdoor activities has included \$2.5M in this draft plan for an artificial turf programme. As part of this a new 'all-weather' pitch will be delivered at Queenstown Events Centre, with the overall programme completing by 2021. Unlike a grass pitch which needs to rest or can't be used in poor weather conditions, an all-weather pitch can be used all year round to accommodate more people. Its increased availability is estimated to be the equivalent of providing three new traditional grass pitches.

WAKATIPU LIBRARIES

Since 2012, the Council has flagged the potential for a library facility at Frankton, but given the growth in the district we are now proposing to add a new library in Queenstown.

In 2015 the Council consulted on the development of a Frankton Library Hub and included funding of \$5.3M in 2020. The intention was that Queenstown would not retain a library other than a 'shop front' library presence where books could be ordered, collected and returned.

Reflecting a shift in thinking, the 2017 Queenstown Town Centre Masterplan clearly demonstrated that a more significant library presence is not only desirable but appropriate for the CBD. This position was supported through the public engagement and a library has notionally been included on the Stanley Street Master Plan Community Heart space (this would be a dedicated library space in addition to a dedicated Frankton library).

Although the dedicated Frankton Library was scheduled for 2020, the Frankton and environs (Bridesdale, Lake Hayes Estate, Shotover Country, Queenstown Country Club, Jacks Point, etc.) have experienced significant residential growth in addition to the relocation of schools.

In September 2017, the Council agreed to seek Expressions of Interest for a temporary Frankton Library space to happen earlier, in 2018.

This draft plan includes provision of \$260k per annum to enable the Council to enter into a lease as outlined. Additionally the plan includes funding of \$250k for initial fit-out and the addition of six dedicated library staff from 2018-2019 to staff a temporary Frankton Library. This is a change to the 2015-2025 Ten Year Plan.

Meanwhile the proposed temporary Queenstown Library to be accommodated within the new Council building (see *Project Connect* and *Library proposals*) would service CBD workers, primary and pre-schools and offer domestic and international travellers a safe and inviting space (in the same way the existing library at Gorge Road operates now). Further work will be done to consider a dedicated long term library investment for the Queenstown CBD within the Community Heart space.

Wanaka Library continues to thrive with further investment included in this draft plan of \$225k and Arrowtown Library enjoyed an upgrade in 2016/17.

Do you agree that Council should enter into a lease for an interim Frankton Library?

ARROWTOWN

The Council also recognises the need to keep enhancing existing amenities elsewhere in the district, such as the Arrowtown Community Pool. A placeholder of \$500k has been identified in the draft plan to accommodate this within 2018-2019. Ideas such as adding heating to the pool have been presented and we will be engaging with the community later in the year to identify how this budget can be used to best effect for pool users. In addition to this, there is a plan for the Arrowtown Rugby facility which commits to assuming ownership by Council of the ongoing operation of this facility. Council has previously provided \$1.3M to ensure the facility's completion.

TRAILS DISTRICT-WIDE

Across the district the Council works closely with the Queenstown Trails Trust and the Upper Clutha Tracks Trust to manage and develop a network of cycle trails and tracks for our large population of cycling enthusiasts and visitors to enjoy. \$1.9M has been allocated for renewals in the draft plan across the full ten-year period to continue this work.

Significant investment in development in new tracks and trails has also been allocated in the draft plan to connect where people live, work and play.

LUGGATE

The Luggate Hall was closed in 2017 having been deemed earthquake prone. Initial engagement (a workshop with the Luggate community) has been undertaken with Luggate residents via the Luggate Community Association. Investigations have been ongoing to understand the best option for providing a hall facility, and whether that is a new hall or repairs to the existing one.

Although a final conclusion has yet to be identified, QLDC acknowledges that this is a priority for the Luggate community and \$959k has been allocated in the first two years of the draft Ten Year Plan.

Consultation on Elderly Housing

WANAKA ELDERLY HOUSING – MCDUGALL STREET

Council will undertake separate consultation proposing transferring control of Council-owned Elderly Housing on McDougall Street to the Queenstown Lakes Community Housing Trust on the condition the stock remains an elderly housing resource. The Council will retain ownership of the land and buildings, and current tenancies (five housing units) will remain secure.

ARROWTOWN ELDERLY HOUSING – CAERNARVON STREET

The Council will be undertaking a separate consultation on a proposal to transfer control of Council-owned Elderly Housing on Caernarvon Street to the Queenstown Lakes Community Housing Trust on the condition the stock remains an elderly housing resource. Ownership of the land and buildings will be retained by the Council, and the current tenancies (four housing units) will remain secure.

A Statement of Proposal for both of the above will be released for consultation in 2018 and will be available on QLDC's website. The submission closing date along with any required hearing will be notified and heard by the Council before it makes any decision on this matter.

Proposed changes to Destination Queenstown Tourism Promotion Rate

Concurrently to the Ten Year Plan consultation process, Destination Queenstown is also consulting with its commercial ratepayer members to seek support for an increase in the targeted tourism promotion levy which is a component of commercial rates.

Full details and rationale for this increase and how the proposal will affect Queenstown commercial ratepayers and businesses will be communicated directly by Destination Queenstown to its members.

WE WANT TO HEAR FROM YOU | WHAKAPĀ MAI

QLDC values your input on the challenges we're facing as a district. We need your feedback before submissions close at 5.00pm on Friday 13 April 2018.

SOME TIPS ON MAKING A SUBMISSION

The Ten Year Plan is about our future as a district. It's the big picture of where we're heading and the deciding how to get us there. It isn't about day-to-day stuff such as requesting a new recycling bin or reporting a barking dog. If you're experiencing any problems like these, give us a call on 03 441 0499 or complete a "service request" on the Council's website.

WHO SEES MY SUBMISSION?

Submissions are public information because in local government we have an obligation to be as transparent as possible. If there are any details you don't want made public, please let us know.

IF I MAKE A SUBMISSION, DO I HAVE TO APPEAR AT A HEARING?

The short answer is no. All submissions are given due consideration and everyone has the opportunity to make their submission personally if they want to. If you want to make your submission personally to the Council, let us know with your submission. We'll get back to you with a time and other hearing details.

HOW WILL I KNOW MY SUBMISSION HAS BEEN CONSIDERED?

All submissions will be considered. We'll keep you informed along the way. A Council officer will provide comments on your submission following the hearings. At the end of the process, we will summarise the decisions made by Council and let you know the outcomes.

Submissions close at 5.00pm on Friday 13 April 2018.



To make a submission simply go online 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.

THE IMPORTANT DATES | TE WĀTAKA

**MONDAY,
12 MARCH 2018**
Submissions open

**FRIDAY,
13 APRIL 2018**
Submissions close

WEDNESDAY, 16 MAY 2018
Wanaka hearing

TUESDAY, 15 MAY 2018
Queenstown hearing

**THURSDAY,
28 JUNE 2018**
Council adopts
the ten year plan

WANT MORE INFORMATION ABOUT THE TEN YEAR PLAN? HE PĀTAI ANŌ MĀU?

We have scheduled meetings and opportunities to talk with QLDC representatives throughout the district during the consultation period. You can find details of these on the QLDC website.

You can access the full draft Ten Year Plan document on our website at www.qldc.govt.nz. Alternatively drop into our offices in Queenstown, the Wanaka service centre, or any of our libraries.

You can access the full draft Ten Year Plan document on our website at www.qldc.govt.nz

NEED HELP WITH YOUR SUBMISSION? HE ĀWHINA MĀU?

Phone us on 03 441 0499 for advice about making your submission, or email us on services@qldc.govt.nz with '10 Year Plan' in the subject line.

If you'd like to talk with any of the local Councillors or Mayor, their contact details are available online at www.qldc.govt.nz.

Independent auditor's report on Queenstown Lakes District Council's consultation document for its proposed 2018/28 Long-Term Plan

I am the Auditor-General's appointed auditor for Queenstown Lakes District Council (the Council). Section 93C of the Local Government Act 2002 (the Act) requires an audit report on the Council's consultation document. We have done the work for this report using the staff and resources of Deloitte Limited. We completed our report on 9 March 2018.

Opinion

In my opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2018/28 long-term plan, because it:
 - fairly represents the matters proposed for inclusion in the long-term plan; and
 - identifies and explains the main issues and choices facing the Council and district, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

Emphasis of matter relating to Council's assumption regarding external funding to meet forecast capital expenditure

Without modifying our opinion, we draw attention to the introduction on page 3, which sets out a funding assumption that could affect the timing and extent of capital expenditure projects to be carried out during the next 10 years. The Council has proposed a capital expenditure programme of \$976m over 10 years. A number of the projects within the capital expenditure programme are for the Queenstown Town Centre Master Plan, and these projects are interconnected. A significant project within the Queenstown Town Centre Master Plan is the Queenstown Arterials Programme, which is expected to cost \$148.8m, where the Council has assumed that the New Zealand Transport Agency will provide \$119m (80%). A decision by the New Zealand Transport Agency about whether it will provide this funding is not expected until October 2018. If the funding from the New Zealand Transport Agency is significantly less than assumed, the Council will need to defer some of the projects in the Queenstown Town Centre Master Plan.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information* that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long-term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

I am responsible for reporting on the consultation document, as required by section 93C of the Act. I do not express an opinion on the merits of any policy content of the consultation document.

Independence

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

In addition to carrying out all legally required external audits, we carry out engagements in the areas of assurance services relating to reporting under trust deed, registry audits, a regulatory disclosure audit and tax compliance. Other than these engagements, we have no relationship with or interests in the Council or any of its subsidiaries.



B E Tomkins
Partner
for Deloitte Limited
On behalf of the Auditor-General



SUBMISSION FORM

All submissions will be made public.

NAME:

ORGANISATION (IF ANY):

CONTACT EMAIL OR POSTAL ADDRESS:

LOCATION:

<input type="checkbox"/> Arrowtown	<input type="checkbox"/> Glenorchy	<input type="checkbox"/> Hawea	<input type="checkbox"/> Kingston
<input type="checkbox"/> Luggate	<input type="checkbox"/> Makarora	<input type="checkbox"/> Queenstown/ Wakatipu area	<input type="checkbox"/> Wanaka/ Upper Clutha area

DO YOU WISH TO SPEAK AT A HEARING? ☐ Yes ☐ No

If yes, please provide a contact phone number:

Please have your say on the big issues identified within the draft Ten Year Plan.

QUEENSTOWN TOWN CENTRE MASTERPLAN (FUNDING OPTIONS AND DELIVERY)

1A Do you support the preferred option to complete the programme outlined in the draft plan?

☐ Support ☐ Neutral ☐ Oppose Page 16

1B Do you agree with the preferred funding model?

☐ Agree ☐ Neutral ☐ Disagree Page 19

1C If the funding assumptions are not supported (NZTA) do you agree that Council re-prioritise some projects?

☐ Agree ☐ Neutral ☐ Disagree Page 18

PROJECT CONNECT AND LIBRARIES

2A Do you support the funding for a Council Office?

☐ Support ☐ Neutral ☐ Oppose Page 21

2B Do you agree that this should include an interim dedicated Queenstown library space?

☐ Agree ☐ Neutral ☐ Disagree Page 22



WANAKA MASTERPLAN

3A

Do you support the development of a Wanaka Masterplan in 2018 to enable a strategic and well connected approach to Wanaka planning?

☐

Support

☐

Neutral

☐

Oppose

Page 22

WATER (SUPPLY AND QUALITY)

4A

Do you agree with the water supply project programme and timing to meet the Drinking Water Standard (2008) by 2027/28?

☐

Agree

☐

Neutral

☐

Disagree

Page 24

FUNDING SMALL COMMUNITIES' WATER NEEDS (FUNDING OPTIONS)

5A

Do you agree that Council should introduce a general subsidy in order to protect the environment by supplementing the cost of smaller community schemes?

☐

Agree

☐

Neutral

☐

Disagree

Page 26

5B

Do you support the application of a tier two charge to the Arthurs Point Scheme to enable a fairer apportionment of cost to the user?

☐

Support

☐

Neutral

☐

Oppose

Page 27

COMMUNITY INVESTMENT

6A

Do you agree with the investment in community projects?

☐

Agree

☐

Neutral

☐

Disagree

Page 33

6B

Do you support inclusion of funding to support the early harvest of Coronet Forest?

☐

Support

☐

Neutral

☐

Oppose

Page 29

6C

Do you agree that Council should enter into a lease for an interim Frankton Library?

☐

Agree

☐

Neutral

☐

Disagree

Page 33

RATES (REVALUATION, AFFORDABILITY)

7A

Do you support the proposal to revise the rating differentials based on the new rating valuations?

☐

Support

☐

Neutral

☐

Oppose

Page 13

PLEASE USE THIS SPACE TO COMMENT ON THE BIG ISSUES OR ANY ASPECT OF THE DRAFT PLAN

8A

Please attach additional sheets if you run out of space



Submissions close
at 5.00pm on Friday
13 April 2018.