QUEENSTOWN LAKES DISTRICT COUNCIL

Minutes of a Council Workshop

Tuesday, 19 March 2024 beginning at 9.00am
Council Chambers, 10 Gorge Road, Queenstown

Present:	Mayor Glyn Lewers (GL)	Councillor Lisa Guy (LG)
	Councillor Gavin Bartlett (GB)	Councillor Cody Tucker (CT)
	Councillor Barry Bruce (online) (BB)	Councillor Esther Whitehead (EW)
	Councillor Lyal Cocks (LC)	Councillor Matt Wong (MWo)
	Councillor Niki Gladding (NG)	Councillor Melissa White (MWh)
	Councillor Quentin Smith (QS) (online)	Councillor Craig Ferguson (CF) (online)
In attendance:	Mike Theelen	Caleb Dawson-Swale
	Meaghan Miller	Glen Sowry
	Naell Crosby-Roe	Sara Irvine
	Adrienne Young-Coooper (QAC Chair) (online)	Andrew Williamson
	Sarah Bradey	Andrew Blair
	Jon Winterbottom	Stewart Burns
	David Wallace	Michelle Morss
	Ken Bailey	Simon Batrick
	Tony Avery	Paddy Cribb
	Dan Crosby	Jesse Taylor
	Alex Morgan	Rebecca Pitts
	Quintin Howard	Petri Conradie (online)
	Katie Church	Charlotte Wallace
	Karen Whitaker (online)	Pennie Pearce
	No members of the media for items 1 and 2	1 member of the public for item 1. No members of the public for item 2

No.	Agenda Item	Actions
1.	**Draft Statement of Intent (SOI)** Meaghan Miller welcomed Queenstown Airport Corporation (QAC) staff and gave background on this item and presented a PowerPoint. There was discussion on whether QAC has a long-term environmental plan, longer term planning, terminal development, seismic strengthening, and stakeholder objectives outlined in the SOI. Discussion on the relationship between the District Plan and residential buildings and how this impacts QAC. QAC explained	QAC to come back to the Council on the progressed plan in the next two years. Suggestion that strategic plan needs to reflect the SOI and request that a clear list of Queenstown Lakes District Council (QLDC) objectives be added to the SOI. QAC to investigate this. QAC to engage with shareholders (the Council/QLDC) on how QAC's northern land development will be utilised, when QAC is at this stage.

No.	Agenda Item	Actions
	that they are looking to develop land in the north of the airport. Discussion on regular quarterly reporting to the Audit, Finance & Risk Committee being added to the SOI, which did not receive broad support. ***Attachments (see workshop agenda):*** *Attachment A: QAC Draft SOI Workshop (PowerPoint)* *Attachment B: Statement of Expectation* *Attachment C: QAC Letter* *Attachment D: Draft Statement of Intent*	
2.	**Long Term Plan (LTP) Steering Group 19 March 2024** Officers spoke to a PowerPoint presentation and responded to questions. The purpose of the workshop was to seek direction to guide next steps as staff develop the final draft CAPEX and operating expenditure (OPEX) programmes for presentation at the next Long Term Plan Steering Group meeting in April. The CAPEX and OPEX programmes will be included in the draft Long Term Plan, which is planned to be released for public consultation 28 June – 28 July, alongside the Consultation Document. Officers presented and sought feedback on two options for integrating Three Waters projects into years 3-10 of the Plan due to the Central Government's decision to repeal previous government's water reforms. Direction provided by Councillors to continue developing the capital programme based on option 1. Clarification that this will need to be disclosed as an assumption.	In response to Councillor query, officers offered to provide numbers on growth related vs renewal related proportion of LTP Capex projected costs, particularly for the Three Waters programme. It was also agreed that further information regarding planned funded depreciation would be provided to Councillors. Councillors requested the latest version of the Capex programme detail. Officers indicated that this would be provided later in the week (after the workshop). Councillors also requested an indication from staff of when they would be able to engage again with the development of the 'Big Issues' for public consultation of the LTP. Staff undertook to provide a response updating on the process ahead for developing the Big Issues.

No.	Agenda Item	Actions
	Officers also provided an overview of the impact of adding the three waters programme into years 3-10 of the LTP. This included a view of the key changes made in the Transport, Waste, Property and Community Services activity areas to accommodate the addition of three waters expenditure, as well as reviewed costs for all water projects and some critical non-water projects. ***Attachments: (see attached)*** *Attachment A: LTP24 Steering Group 031924 (PowerPoint)* *Attachment B: LTP24 Steering Group Agenda* *Attachment C: High Level Options for Incorporating full 3W Capex Programme into existing Draft LTP*	

The workshop concluded at 12.30pm.

He Mahere Pae Tawhiti 24-34
Long Term Plan 24-34

Steering Group

19th March 2024

QUEENSTOWN LAKES DISTRICT COUNCIL

Agenda

1) Recap – How we built the Capital Programme

2) Revised Capital Programme – Financial Analysis

3) Revised Capital Programme, impact of adding three waters

4) Next steps

Total time = 2.5hrs

Recap – How we built the Capital Programme

Challenges and Constraints

QLDC is exposed to challenges and constraints that have been ongoing for some time

Challenges put pressure on existing services and require us to do more:

- Increasing demand as the district's population continues to grow above predictions
- Increasing standards and expectations applied prospectively and retrospectively

Our ability to do more is constrained by:

- Continued escalating costs due to increasing interest rates, high inflation, high demand
- Limited capacity to deliver due to QLDC's and market workforce size
- Limited capital availability due in large part to defective building claims
- Limited, unproven financing models as alternative to rates and LGFA debt

Civil construction costs are up 27% over the last three years, compared to 19% for CPI *

QLDC has been facing these constraints and challenges for some time and this has led to infrastructure and service deficits and a programme that exceeds our ability to fund it while managing rates increases.

** Source: Infometrics report "Analysing increases in local government costs" February 2024*

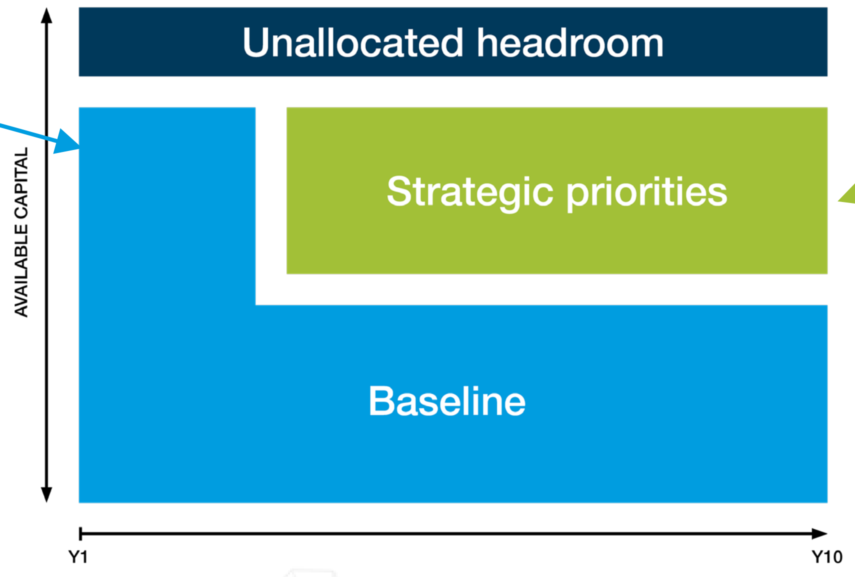
Building the capital programme

We identified baseline (must do) and strategic priority expenditure to build a balanced programme

The programme was originally built assuming that three waters investment was included for only the first two years, as required by the legislation.

Available funding was first allocated to baseline projects that were deemed "must do".

In the first iteration of the capital programme the first two years were exclusively baseline.



*Stylised: not to scale!

We did not fully allocate the available capital, retaining some headroom to enable us to respond to shocks, like the recent weather event.

Remaining funding was allocated to strategic priorities.

The aim was to deliver a balance of outcomes for the community, with a higher focus on delivering community service projects and projects that responded to growth, while remaining within our debt limits and keeping rates increases as low as possible.

Revising the capital programme

The capital programme then had to be revised to accommodate three waters

After the change in Government and confirmation of a change in direction for water reform we revised our capital programme to include three waters investment for the full ten years of the LTP.

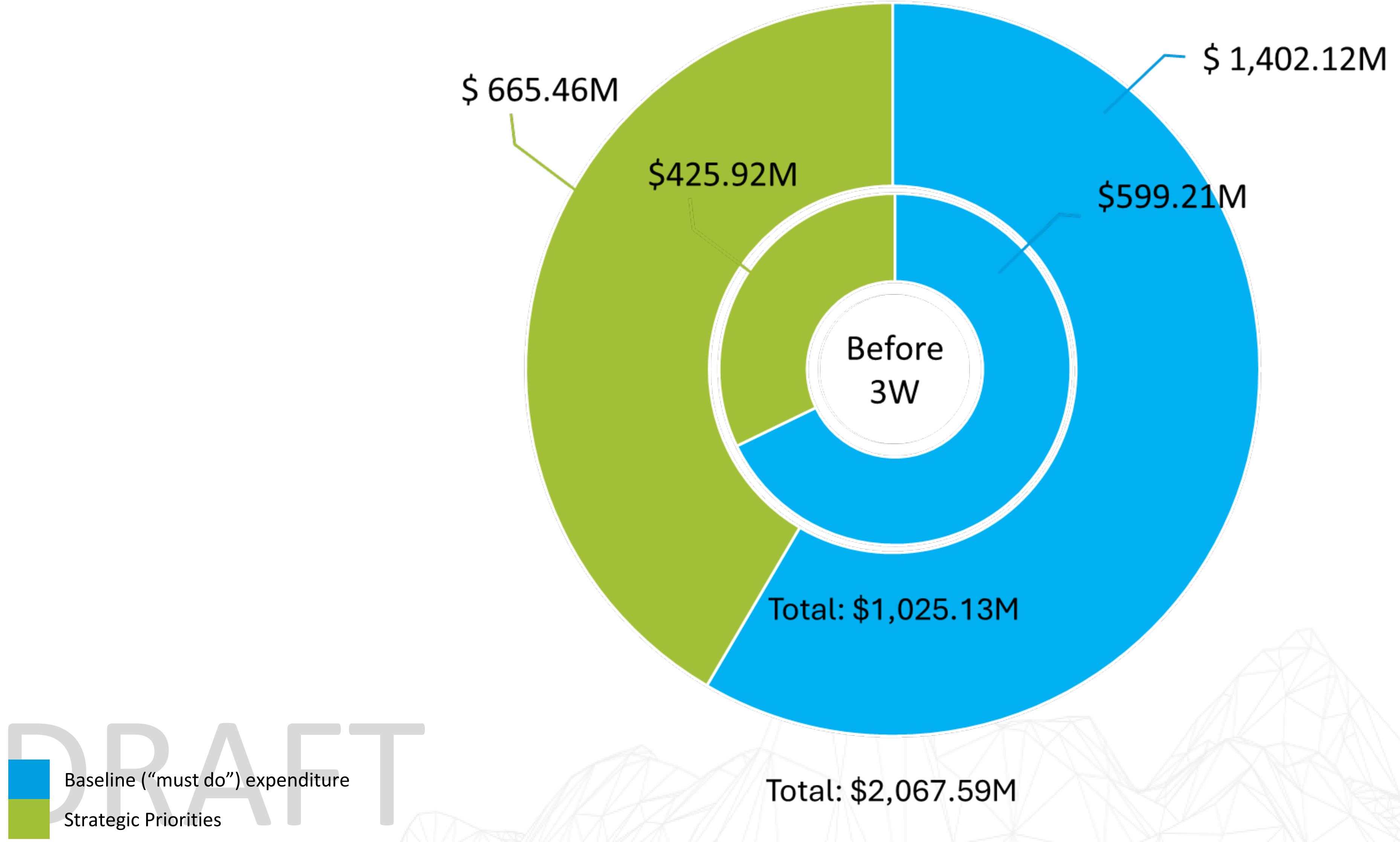
To accommodate the three waters expenditure non-three waters strategic priority projects have had to be deferred both within and outside of the ten years of the LTP.

The size of the capital programme has increased to accommodate three waters which has resulted in the proposed rates increases now being higher than for the pre-three waters programme.

Revised Capital Programme – Financial Analysis

Revised capital programme

The programme has doubled in cost, but we are able to progress strategic priorities



Revised capital programme

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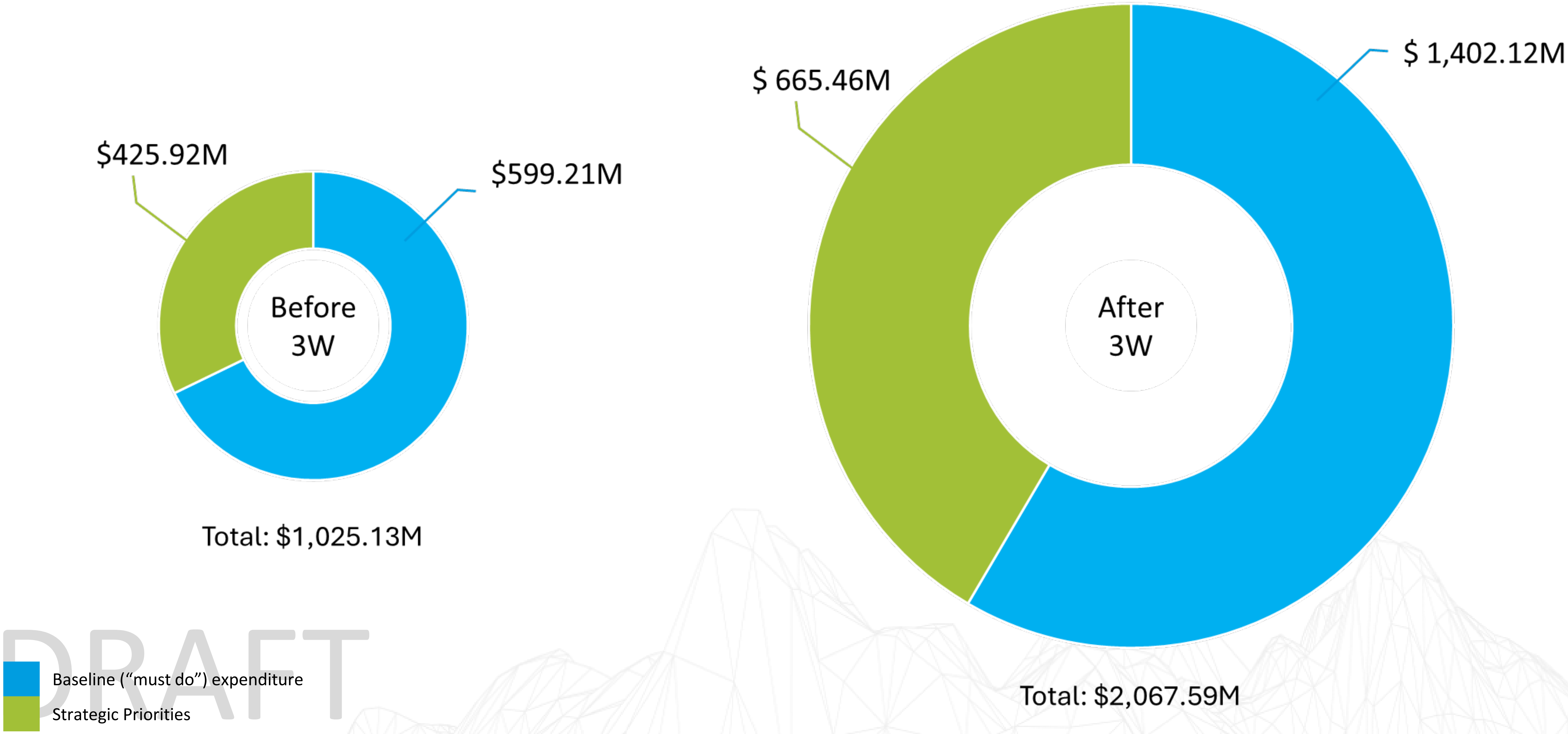
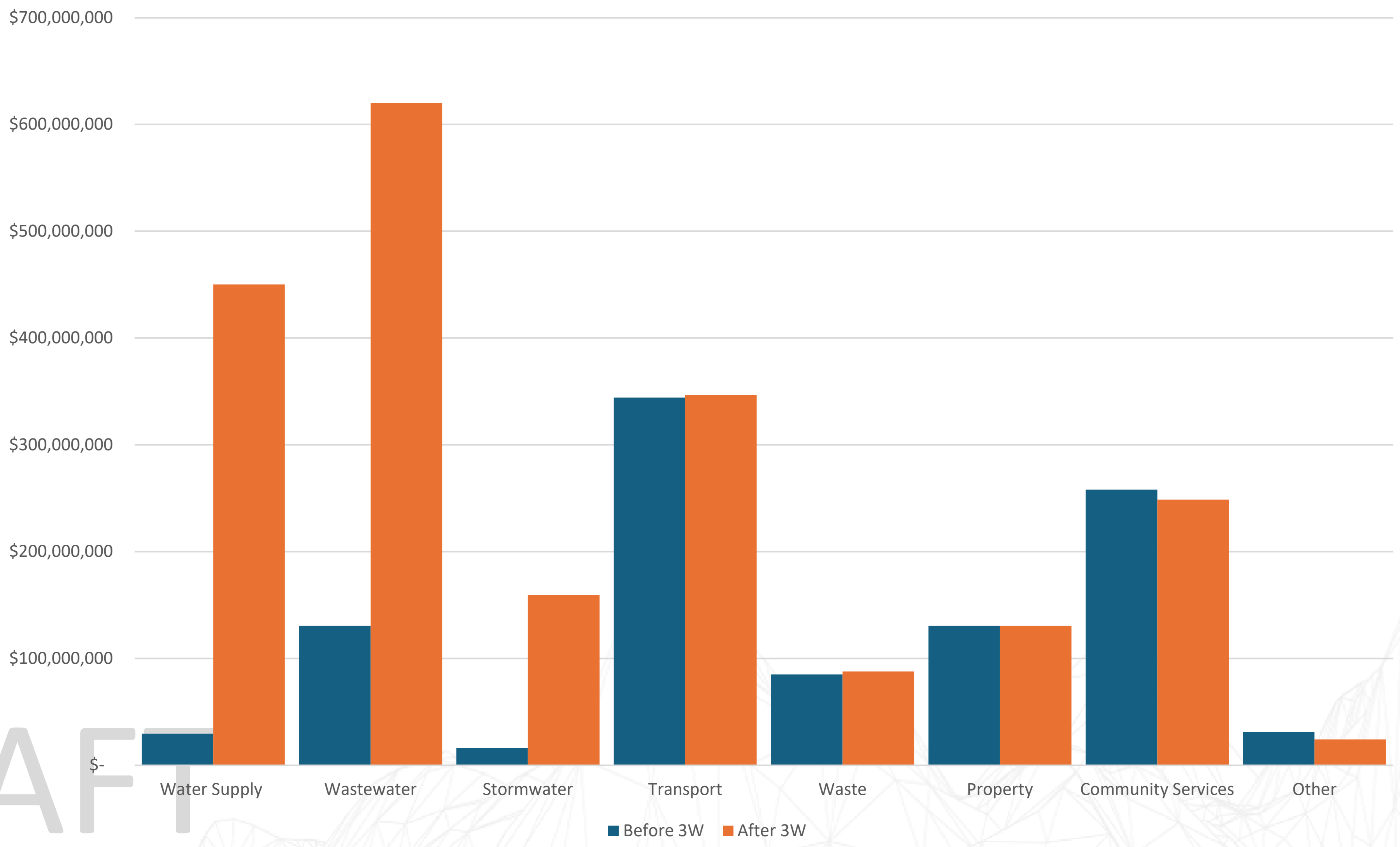


Revised capital programme

The cost of the previous programme has remained similar, but timings have changed

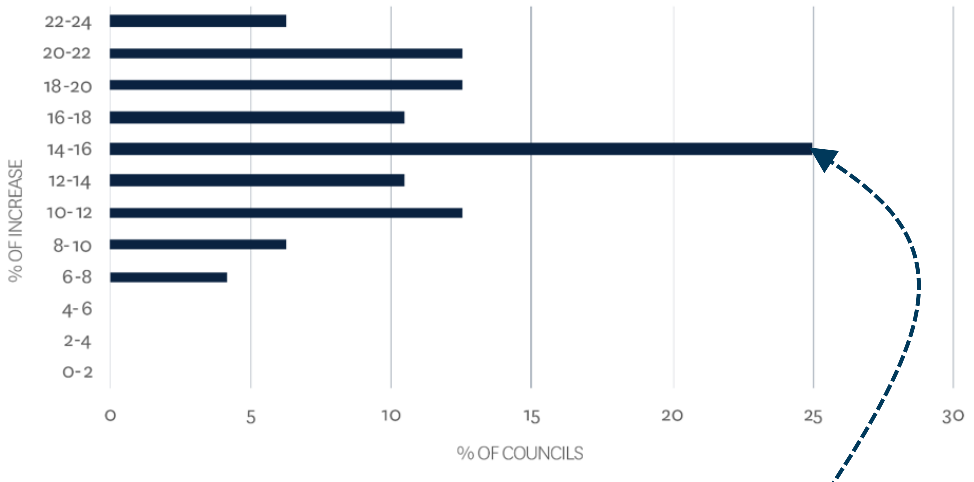


Rates are under pressure across the motu

LGNZ has provided proposed rates rises from councils across New Zealand

2025 DRAFT RATES RISES.

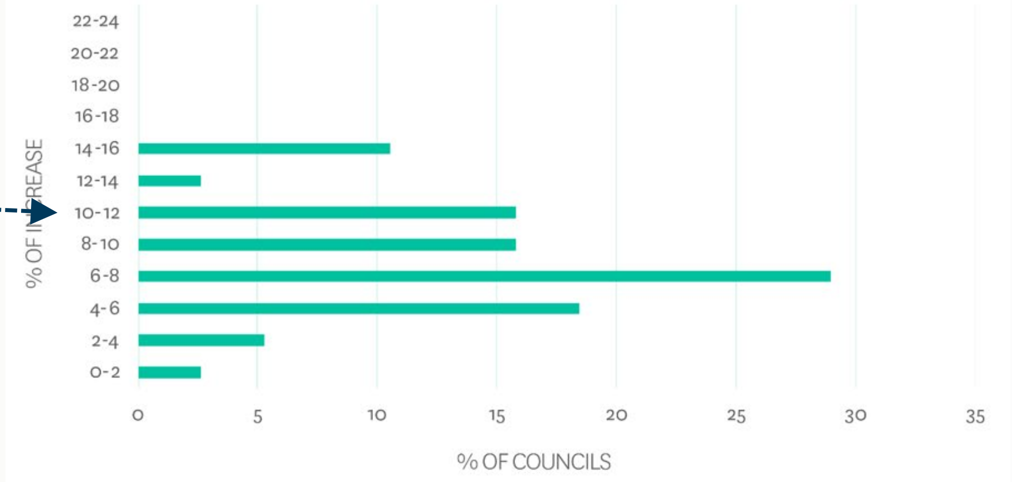
HIGHEST: 24%
AVERAGE: 15.3%
LOWEST: 6%



// 2025 RATES INCREASES IN DRAFT LTPS: Sample from 48 councils

2026 - 2035 DRAFT RATES RISES.

HIGHEST: 15%
AVERAGE: 8%
LOWEST: 2%



// 2026-2035 RATES INCREASES IN DRAFT LTPS: Sample from 38 councils

QUEENSTOWN LAKES DISTRICT COUNCIL

Approach to revising the capital programme

The Minister for Local Government has advised that all Councils must add three waters expenditure to their draft 24/34 LTPs for the full ten years.

The revised programme has been based on:

- ✓ Adding the three waters programme to the existing programme
- ✓ Smoothing some expenditure across the ten-year period to balance the tension between rates increases, delivering outcomes for the community and managing our debt levels
- ✓ Ensuring the overall programme size is deliverable

This is “scenario 4” from the February 2024 Council workshop.

The Government is working on their new water reforms “local water done well”. These reforms are likely to result in significant changes to the priorities for three waters investment as well as the delivery model and available funding tools. This is worth keeping in mind when reviewing the capital programme beyond year three, as this expenditure will be significantly impacted by the reforms.

Revised Capital Programme – Overview

- Total 10 Year Gross Capex - $2.068bn (uninflated) – compared to $2.073bn (uninflated) from Dec 23. Decrease of $5m
- Total 10 Year Gross 3W Capex - $1.230bn (uninflated) – compared to $1.179bn (uninflated) from Dec 23. Increase of $51m
- Total ten-year Gross Capex $2.447bn (inflated) – basis of analysis below
- Total ten-year Gross 3W Capex $1.482bn (inflated) – 60% of total
- Most other pre-existing baseline & non-baseline capex is assumed to be retained $965m.
- Latest projected rates increases are 15.3% for year 1, 12.5% for year 2, 14.9% for year 3.
- The forecast rates increases for years 4 to 10 are indicative and do not yet include adjustments for opex increases related to 3W capex.
- Growth assumptions for Yrs 4 to 10 will need to be refined for both rating & DC calculation purposes.

Revised Capital Programme – Options

Two options for progressing the capital programme are outlined below.

- Option 1 incorporates an upfront developer contribution of 35% of the gross growth servicing costs, which equates to $88m spread across years 4 to 7.

- Option 2 is based on the capital programme being funded under the current rates and Development Contributions based model. This means the three waters growth servicing capex of $251.7m (Ladies Mile $101.8m + Southern Corridor $149.9m – inflated) are funded under current funding models.

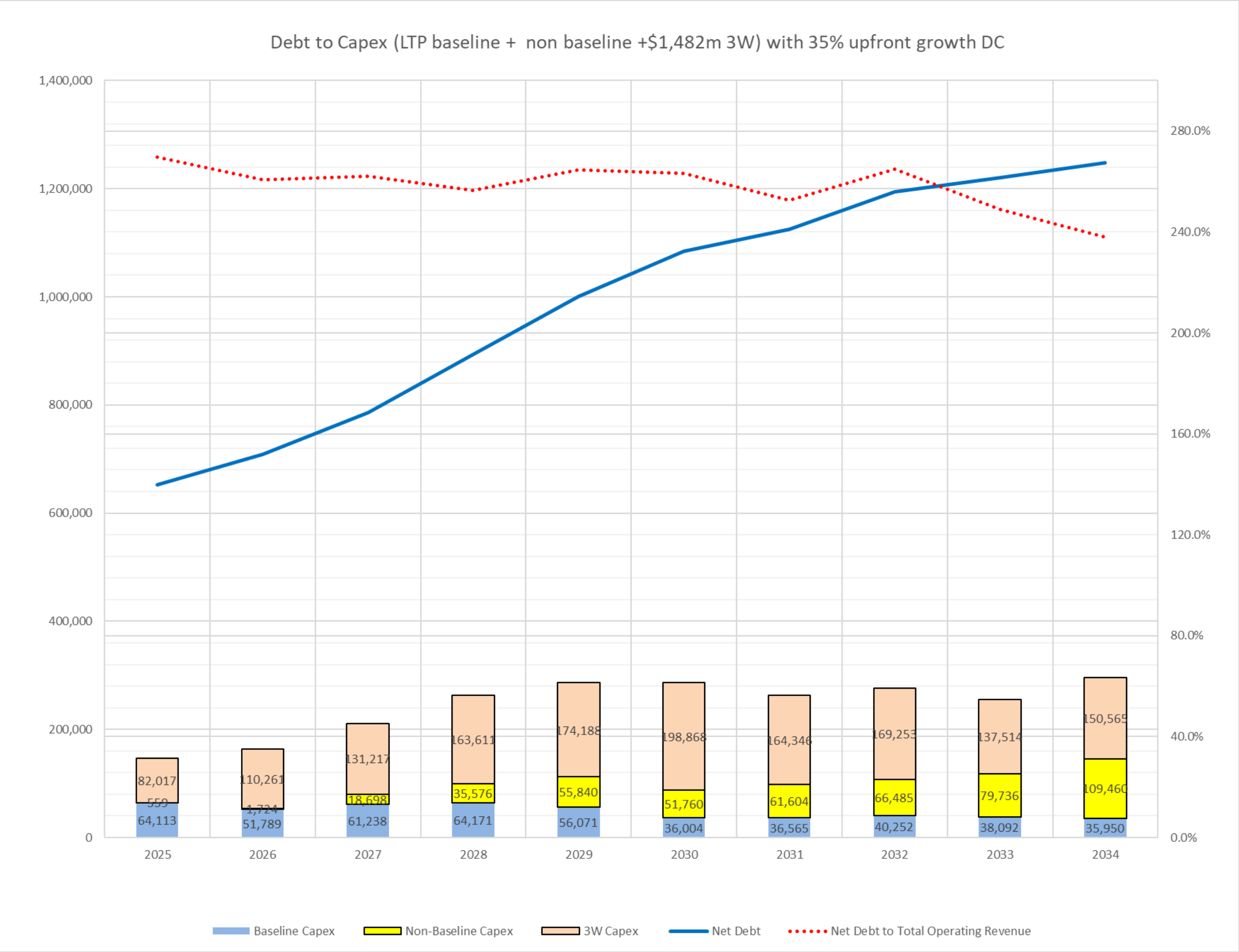
The recommended position is Option 1, which means that no physical work would commence in either Ladies Mile or Southern Corridor without at least a 35% deposit to be paid by developers.

We will continue to pursue alternative funding to deliver projects within the capital programme. We anticipate the Government making new tools available (e.g. City Deals); we will work with the relevant central government agencies to explore new and existing financing tools. Ladies Mile is a good candidate for IFF financing which would have the effect of taking $100m debt off the Council's balance sheet but would still result in (targeted) cost increases for the community.

Revised Capital Programme – Option 1

(Illustrative Only – fiscally compliant)

Add 3W capex with 35% upfront capital contribution for growth servicing



Revised Capital Programme – Option 1

(Illustrative Only – fiscally compliant)

Add 3W capex with 35% upfront capital contribution for growth servicing

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	LTP Total	LTP Avg
Net Debt	587,519	652,662	708,635	785,855	893,790	1,000,691	1,084,476	1,125,421	1,194,342	1,220,222	1,248,618		
Net Debt to Total Operating Revenue	257.5%	269.7%	260.6%	262.1%	256.4%	264.6%	263.1%	252.6%	265.0%	249.0%	237.9%		258.11%
Baseline Capex	193,127	64,113	51,789	61,238	64,171	56,071	36,004	36,565	40,252	38,092	35,950	484,245	
Non-Baseline Capex	0	559	1,724	18,698	35,576	55,840	51,760	61,604	66,485	79,736	109,460	481,442	
3W Capex	0	82,017	110,261	131,217	163,611	174,188	198,868	164,346	169,253	137,514	150,565	1,481,840	
Total Capex	193,127	146,689	163,774	211,153	263,358	286,099	286,632	262,515	275,990	255,342	295,975	2,447,527	
Capex Adjustment required - 50% to non baseline; 50% to 3W	0	0	0	0	0	0	0	0	0	0	0	0	
Headroom by Year	0	38,000	52,000	54,000	87,000	62,000	73,000	128,000	72,000	160,000	234,000		
Rates Increase (after growth)	14.2%	15.5%	12.5%	14.9%	12.4%	12.5%	11.2%	10.5%	10.6%	7.3%	6.8%		11.43%

Debt Impact: No debt to revenue ratio breaches; all years below 270%, most below 265%
Headroom is above \$38m all years, most above \$50m - average \$96m
Closing debt \$1.248bn

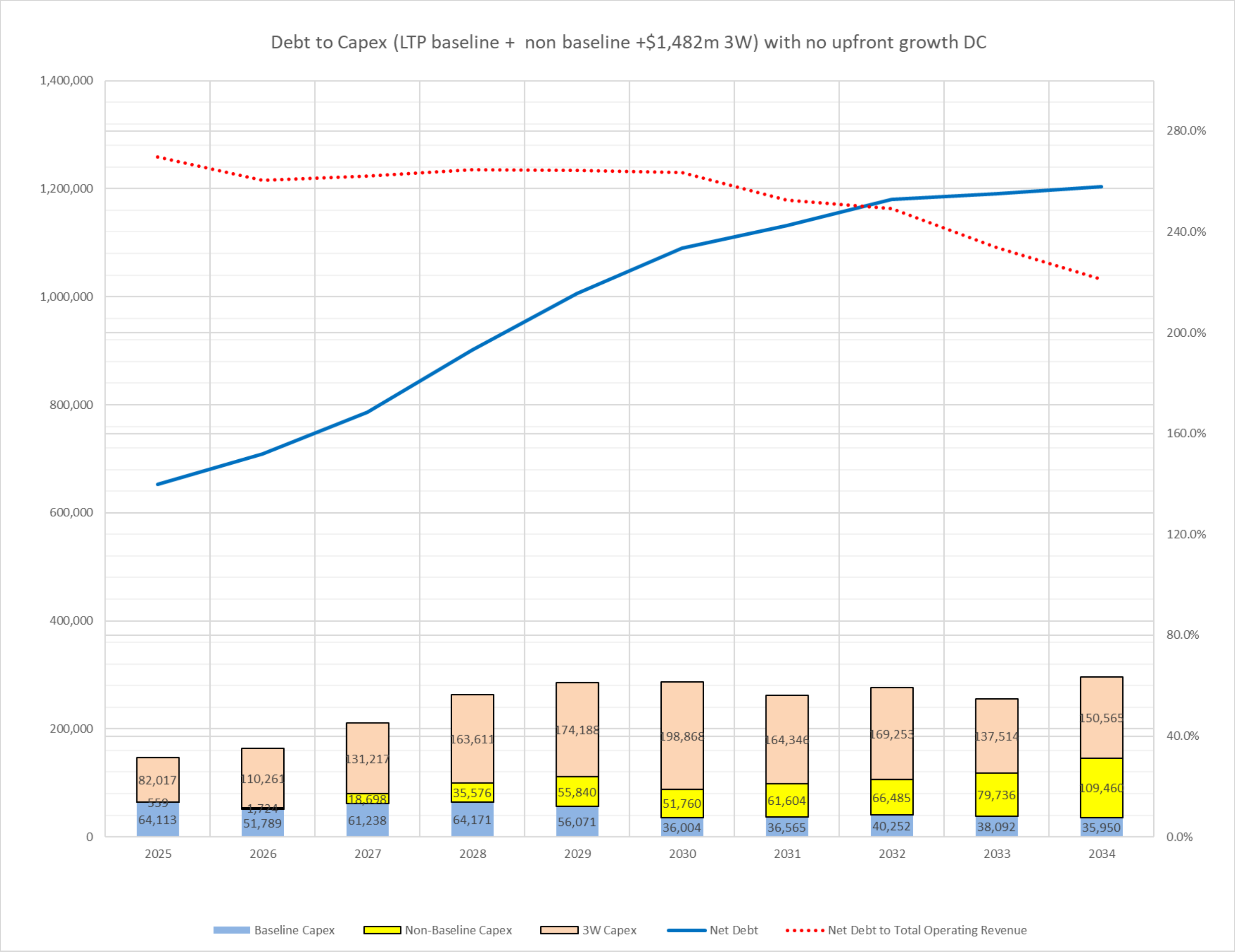
Rates Impact: Average increase for the first 5 years is 13.6%
Average increase for the full 10 years is 11.4%

Capex Impact: Programme quantum in years 4 to 7 is challenging. Includes commencement of growth servicing capex and assumes 35% upfront payment; \$88m over years 4 – 7
NB this capex would not commence without at least 35% “deposit” from developers. Ladies Mile could also be candidate for IFF funding

Revised Capital Programme – Option 2

(Illustrative Only – fiscally compliant)

Add 3W capex with no upfront capital contribution for growth servicing



Revised Capital Programme – Option 2

(Illustrative Only – fiscally compliant)

Add 3W capex with no upfront capital contribution for growth servicing

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	LTP Total	LTP Avg
Net Debt	587,519	652,662	708,635	785,855	901,618	1,006,596	1,090,408	1,131,380	1,180,801	1,191,082	1,203,877		
Net Debt to Total Operating Revenue	257.5%	269.7%	260.6%	262.1%	264.7%	264.3%	263.6%	252.6%	249.3%	234.0%	221.3%		254.21%
Baseline Capex	193,127	64,113	51,789	61,238	64,171	56,071	36,004	36,565	40,252	38,092	35,950	484,245	
Non-Baseline Capex	0	559	1,724	18,698	35,576	55,840	51,760	61,604	66,485	79,736	109,460	481,442	
3W Capex	0	82,017	110,261	131,217	163,611	174,188	198,868	164,346	169,253	137,514	150,565	1,481,840	
Total Capex	193,127	146,689	163,774	211,153	263,358	286,099	286,632	262,515	275,990	255,342	295,975	2,447,527	
Capex Adjustment required - 50% to non baseline; 50% to 3W	0	0	0	0	0	0	0	0	0	0	0	0	
Headroom by Year	0	38,000	52,000	54,000	55,000	63,000	71,000	130,000	154,000	248,000	340,000		
Rates Increase (after growth)	14.2%	15.5%	12.5%	14.9%	19.2%	16.0%	9.8%	10.0%	9.4%	5.8%	6.4%		11.96%

Debt Impact: No debt to revenue ratio breaches; all years below 270%, most below 265%
Headroom is above $38m all years, most above $50m - average $120m
Closing debt $1.203bn

Rates Impact: Average increase for the first 5 years is 15.6% (Yr 4 19.2% Yr 5 16.0%)
Average increase for the full 10 years is 12%
Total rates $149m more than option 1

Capex Impact: Programme quantum in years 4 to 7 is challenging. Includes commencement of growth servicing capex and assumes no upfront payment; this is not a recommended position

Elected Member Discussion

Revised Capital Programme – Impact of adding three waters

Changes to the original programme

We have made a number of changes to the capital programme since it was last discussed in December 2023:

- Incorporated three waters related expenditure.
- Reviewed the existing programme to accommodate the addition of three waters expenditure.
- Reviewed costs for all water projects and some critical non-water projects.

This has resulted in a significant number of changes to the timing and quantum of individual projects within the programme, predominantly related to accommodating three waters.

Given the extent of changes we do not propose to go through all changes made. The following slides outline the changes that have made a material impact on the programme.

Changes to the original programme

Years 1 and 2 proposed costs have increased

Years 1 and 2 included already included three waters. The increase relates to estimated cost or timing revisions predominantly across the three waters portfolio.

Key projects with a notable change are:

- Shotover Wastewater Disposal Fields
- Southwest Wānaka Wastewater Conveyance
- UV Water Treatment Compliance Response
- Wānaka Waste Facilities
- Project Shotover Stage 3 Upgrade
- Robins Road Wastewater Conveyance (timing)

Years 1 and 2 were previously baseline only. We have proposed making an allowance for two high priority strategic projects:

- Commence planning and consenting for **Arthurs Point Bridge**, the cost estimate for this project has also increased significantly
- Commence design to enable more precise costings for **QEC Indoor Courts**

Changes to the original programme

Years 3 – 10 proposed costs have increased

$1,052M of three waters expenditure was added in years 3-10

To accommodate the addition of three waters expenditure we have proposed deferring:

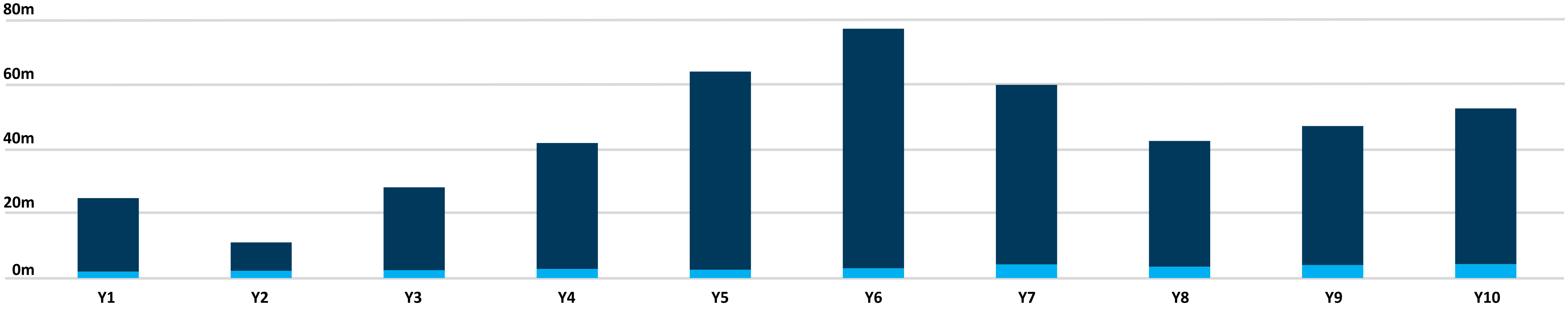
- ✓ some projects from the mid years of the LTP to the later years,
- ✓ some active travel projects beyond the ten-year period of the LTP, consistent with the revised Government Priority Statement for Transport, and
- ✓ the last stages of some community services projects to beyond the ten-year period of the LTP.

More detail on proposed deferrals is included in the following slides

We note that many of the proposed deferrals are priorities for the community and the Council and we will continue to pursue alternative funding, and consider the impacts of Local Water Done Well, to allow us to deliver these important projects, as well as ensuring our core infrastructure continues to deliver for the community.

WATER SUPPLY

Total	FY25-28	FY28-31	FY32-34
$450.2m	$106.0m	$201.7m	$142.5m



PROJECTS

Compliance – UV Treatment

Kingston New Scheme (first stage)

Capell Ave Watermain Extension

Hāwea LoS Improvements

Telemetry

Filtration (surface water intakes)

Luggate Scheme Upgrades (to Y8)

Demand Management (to Y8)

LoS Performance Upgrades (to Y10)

Kingston New Scheme (future stage)

Beacon Pt Supply Upgrades

Ladies Mile New Scheme

Southern Cdr New Scheme (reservoir)

Arthurs Point Reservoir

Arrowtown Scheme Upgrades

Hāwea Scheme Upgrades

Wanaka Reservoir (first of two)

Quail Rise Reservoir

Southern Cdr New Scheme (intake, treatment, reticulation)

Wanaka Reservoir (second of two)

Kingston New Scheme (future stage)

Kingston Reticulation Extension

Fluoridation

Historic Land Encroachments

Two Mile Supply Upgrades

Renewals, Minor Improvements, Asset Management Planning, Masterplanning, Network Modelling

KEY WATER SUPPLY RISKS & MITIGATIONS PLANNED IN THE LTP

GROWTH SERVICING

Risk that Council is unable to accommodate the demand for additional water capacity arising from sustained high population growth in the district

- Mitigate by prioritising and sequencing investment in key growth nodes (Southern Corridor, Ladies Mile, Hāwea, and Wanaka)
- Maximising utilisation of existing infrastructure through demand management initiatives

NETWORK OUTAGES

Risk that outages become more frequent due to system becoming less reliable and resilient

- Invest in new water sources (intake and storage) and additional capacity from existing sources
- Construction of additional reservoir capacity to improve operational resilience

CONTAMINATION

Risk that water quality standards are not met endangering public health

- Implementation of protozoa barriers (UV treatment) to bring all schemes into compliance
- Addition of filtration at surface water intakes to improve UV efficacy and mitigate against the effects of algae

COMPLIANCE/ENFORCEMENT

Risk that Council is unable to adequately respond to the current or anticipated regulatory environment

- Investment in improved Operational Technology to ensure reliable and robust data collection, improving our ability to report in accordance with the new Quality Assurance Rules.
- Allowance included for the provision of Fluoridation in the event a directive is received

DECLINING LEVEL OF SERVICE

Risk that QLDC is unable to maintain or achieve desired service level performance.

- Increased focus on asset management and robust planning to identify service issues early
- Investment programme provides for recurring capital allocations to respond to identified service deficiencies and/or maintain levels of service in the face of high growth

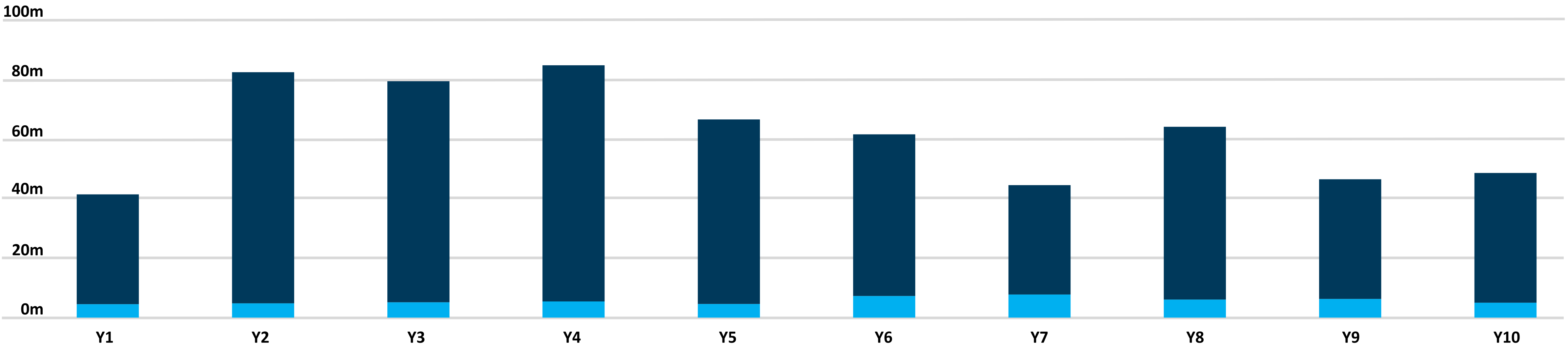
HIGH USER DEMAND

Risk that high water usage makes service provision unaffordable and threatens our ability to comply with the requirements of Regional Council Water Permits.

- Improving customer awareness of water consumption through introduction of districtwide metering, enabling volumetric charging to be considered
- Ongoing programme of investment in renewals to manage network losses

WASTEWATER

Total	FY25-28	FY28-31	FY32-34
$620.2m	$288.2m	$172.8m	$159.3m



PROJECTS

CBD to Frankton Conveyance
Robins Road Conveyance
Hanleys Farm Pump Station
Kingston New Scheme (first stage)
Telemetry
Southern Wanaka Conveyance Scheme
North Wanaka Conveyance Stage 2 (pump station)
Septage Disposal
Project Pure Aeration Grid
Upper Clutha Conveyance Scheme (to Y5)
Project Shotover Stage 3
Shotover Disposal Field (to Y6)
LoS Performance Upgrades (to Y10)

FBPS to Shotover Conveyance
Marine Parade Pump Station
Remarkables Park Pump Station
Hawthorne Drive Conveyance
Cardrona Scheme Upgrades (to Y8)
Ladies Mile New Scheme (to Y8)
Project Shotover Future Works (to Y10)

Southern Corridor New Scheme
Arrowtown to Lake Hayes Conveyance
Kingston New Scheme (future stage)
Luggate Reticulation Extension
Kingston Reticulation Extension
Biosolids Disposal

Renewals, Minor Improvements, Asset Management Planning, Masterplanning, Network Modelling

KEY WASTEWATER RISKS & MITIGATIONS PLANNED IN THE LTP

GROWTH SERVICING

Risk that wastewater servicing increasingly becomes a constraint on growth

- Investment in servicing for key growth nodes such as the Southern Corridor, Ladies Mile, Hāwea, and Wanaka area
- Enable further development within existing serviced areas through upgrades in conveyance infrastructure and treatment capacity

COMPLIANCE/ENFORCEMENT

Risk that treatment facilities are unable to accommodate increasing flows and loads arising from high growth leading to regulatory action and environmental degradation.

- Early investment to respond to the current challenges with effluent disposal at the Shotover WWTP
- Further capacity upgrades at key treatment plants

WASTEWATER OVERFLOWS

Risk that network overflows occur more frequently due to insufficient conveyance capacity or infrastructure failures

- Improved capacity through critical conveyance routes (CBD to Frankton, Frankton to Shotover, Upper Clutha Conveyance)
- Allocation for continual LoS improvements across the ten year period to enable improved resilience and redundancy (e.g. emergency storage at pump stations)

ASSET CONDITION

Risk that a focus on capacity will detract from maintenance and renewals

- Annual asset management and planning provisions remain
- Provisioning for renewals activities sustained across LTP

BIOSOLIDS

Risk that the current disposal route for wastewater biosolids becomes unviable

- Capital investment to enable further treatment of wastewater sludges reducing volumes and enabling beneficial re-use opportunities.

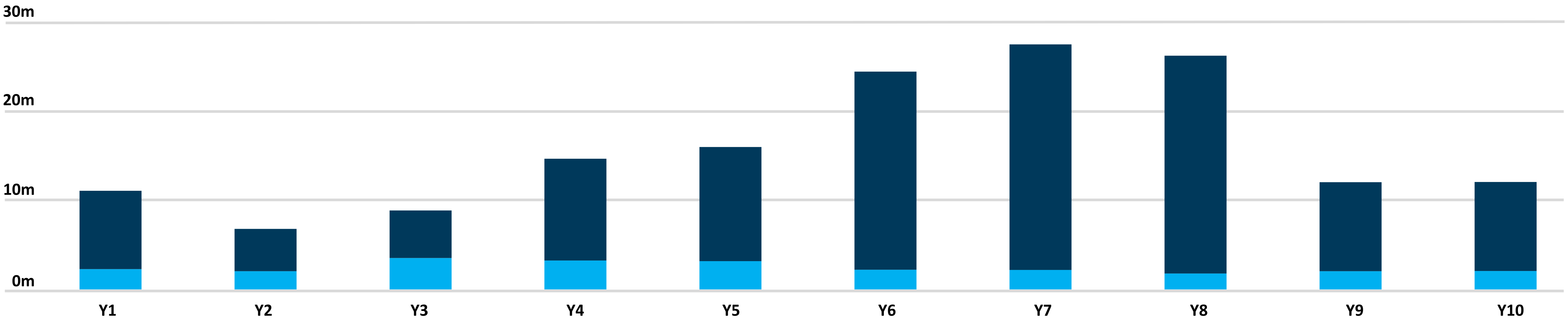
EXISTING TOWNSHIP SERVICING

Risk that regulatory standards change, requiring the development and/or extension of reticulated wastewater management schemes to currently un-serviced areas.

- Provision of funding for and consideration of cost-effective options to reticulate where there is an established scheme nearby e.g. Luggate and Kingston
- Consultation with the community on funding options where reticulation may be required

STORMWATER

Total	FY25-28	FY28-31	FY32-34
$159.3m	$41.3m	$67.8m	$50.2m



PROJECTS

Lakeview Development Servicing (close-out)

Kingston New Scheme (first stage)

Rockabilly Gully Erosion Protection

Remarkables Park Outlet

Stone Street Upgrades

Ladies Mile New Scheme (to Y8)

Major Improvements (to Y10)

Kingston New Scheme (future stage)

Renewals, Minor Improvements, Asset Management Planning, Masterplanning, Modelling, Compliance Plans

KEY STORMWATER RISKS & MITIGATIONS PLANNED IN THE LTP

INCREASING STANDARDS

Risk of being unable to comply with increased quality standards anticipated through the new ORC Land and Water Plan

- Development and maintenance of comprehensive Catchment Management Plans to inform the ongoing prioritisation of funding towards compliance and stormwater management needs
- Dedicated funding for the production of both Quality and Quantity Plans, including the anticipation of a shift to global discharge consents

ENVIRONMENTAL CONTAMINATION

Risk that urban areas contribute to environmental contamination

- Proposed major interventions funding anticipate addition of treatment to improve environmental outcomes

FLOODING

Risk that climate change results in more intense and variable rainfall

- Design standards reflect best practise around allowing for climate effects
- Proposed major interventions funding will enable QLDC to respond to one high risk stormwater issue per year

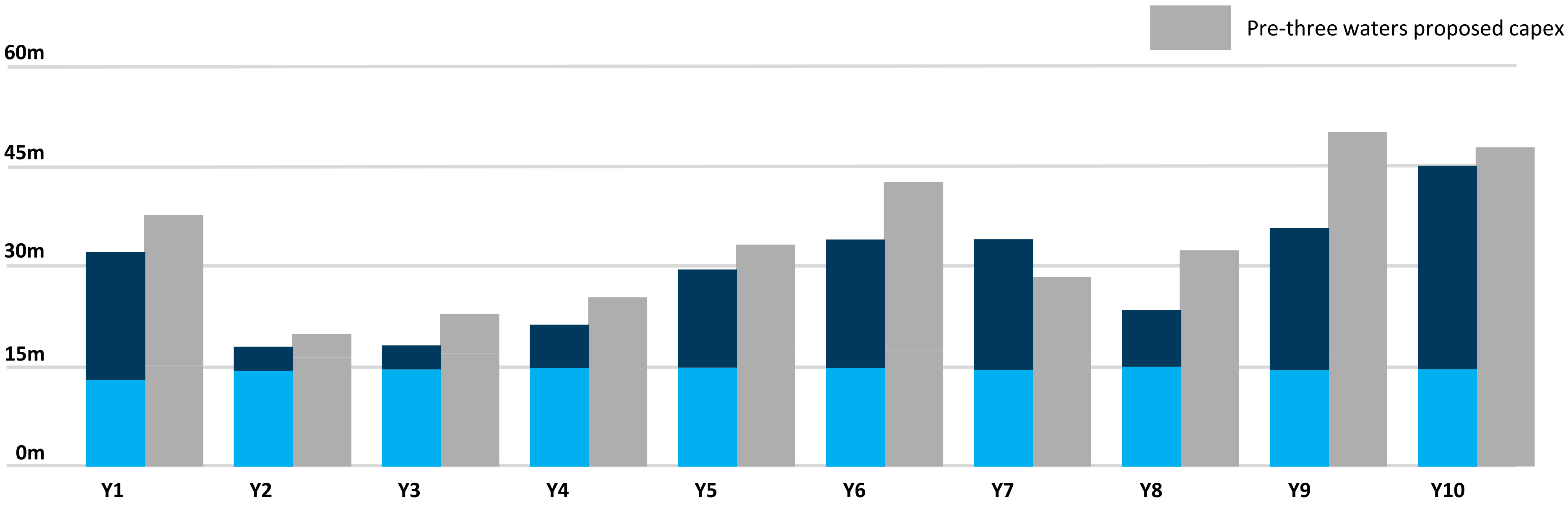
COMPLIANCE/ENFORCEMENT

Risk that Council fails to respond to current compliance issues resulting in regulatory action and public dissatisfaction

- Areas currently under enforcement action programmed for intervention early in the funding period

TRANSPORT

Total	FY25-28	FY28-31	FY32-34
$346.7m	$160.6m	$116.1m	$124.4m



PROJECTS

Arterial Stage 1 (FY25)
Cardrona Valley Rd Rehab (FY25)
Capell Ave Extension (FY26)
Shepherds Creek Bridge (FY27)
PT Interchange - Early Design (FY28)
Fernhill Rd Rehab & Active Travel (FY28)

Arthurs Point Bridge
Quail Rise to Hawthorne Link
Butlers Green Retaining Wall
Ardmore St Rehabilitation
Additional Wanaka Street Lighting
PT Network Optimisation (to Y10)

Road 10 Formation (Frankton)
Gorge Rd/Robins Rd Active Travel
Additional Wanaka Street Lighting

Continuing beyond Y10:

Network Optimisations – Wanaka, Hāwea, Eastern & Southern Cdrs
PT Interchange – land purchase
Arterial Stages 2 & 3 – early design & some land purchase
Wanaka Primary Cycle Network

Renewals, Minor Improvements, Resilience, TDM, Strategic Planning, Network Planning, LCLR

KEY CHANGES FROM PREVIOUS DRAFT

- Increased proposed budget for Arthurs Point Bridge Crossing and brought forward seed funding to enable consenting to start earlier.
- Delayed most Active Travel interventions (both Wanaka and Whakatipu), meaning these networks will not be completed within the ten-year window.
- Delayed start date of Butlers Green Retaining Wall, and increased proposed budget.
- Delayed start date for Wanaka Transport Network Optimisation.
- Brought forward start dates for priority growth area network optimisations (Ladies Mile, Southern Corridor, Hāwea), and reduced funding within the ten year period to align with revised cost estimate.

KEY TRANSPORT RISKS & MITIGATIONS PLANNED IN THE LTP

NETWORK RESILIENCE

Risk of major network outage event due to hazard event and/or insufficient funding to respond to emerging risks.

- Ongoing network investigations to increase understanding of risks
- Investment in known vulnerabilities (e.g. Edith Cavell Bridge, Crown Range stability)
- Ongoing budget reviews to ensure funding remains responsive to known risk

NATIONAL ALIGNMENT

Risk that our LTP24/local priorities become misaligned with changing government priorities, compromising funding assistance.

- Transport team continually monitors strategic environment and routinely engages with Waka Kotahi
- Periodic adjustment of local funding via LTP, RLTP, and NLTP cycles
- Some unsubsidised (i.e. 100% local funding) to advance initiatives important to QLDC
- Deferral of previously proposed investment in active travel in anticipation of national funding prioritisation process

PUBLIC TRANSPORT

Risk that ORC does not prioritise investment in PT services at levels required to meet our district's needs.

- Close working relationship with ORC via Way to Go
- Ongoing roll out of supporting PT assets (e.g. bus stops)
- Identify & respond to pinch points in existing network to improve PT effectiveness
- Advance planning for future PT Hub & Arterial route
- Participate in & advocate for broader PT planning

MAINTAINING EXISTING ASSETS

Risk of deteriorating service levels, increased reactive maintenance, and premature asset failure due to insufficient asset maintenance expenditure.

- Increased funding in some asset classes (e.g. rehabs), offset by some reductions elsewhere in the renewals programme
- Continue to be responsible steward of our assets (e.g. enhanced capacity modelling, ongoing deterioration modelling, emissions reduction planning, regular renewals, etc.)
- Ongoing asset performance monitoring – budgets to be recommended for readjusted if required

DEMAND GROWTH

Risk that congestion, delays, and emissions may worsen as demand on network increases ahead of interventions.

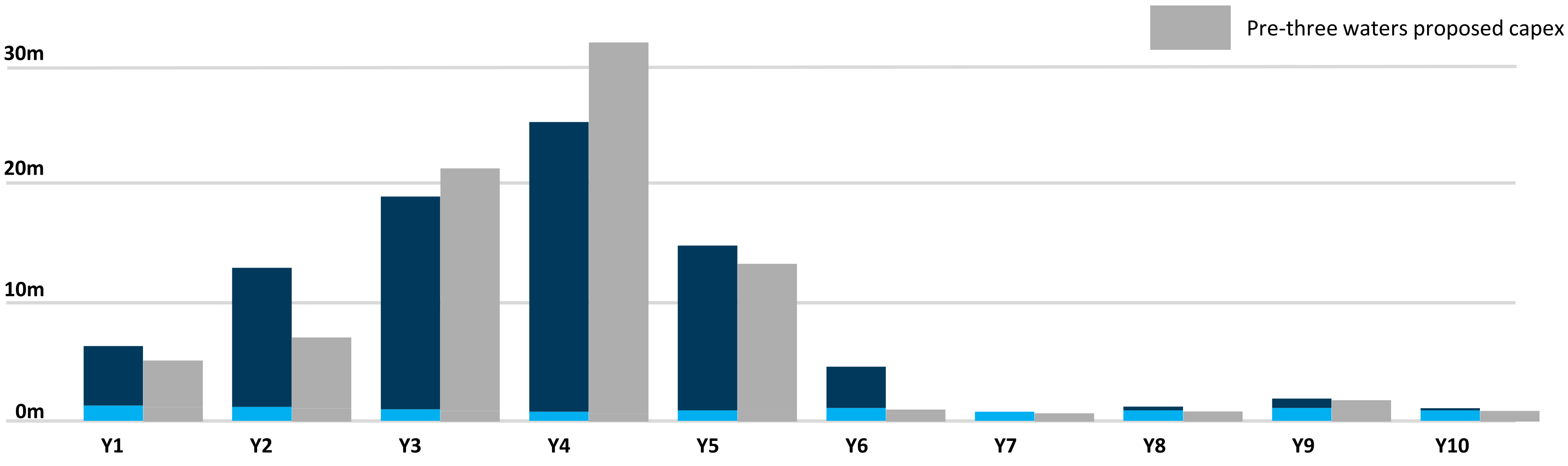
- Behaviour change initiative to influence usage patterns
- Advancing major urban interventions (e.g. bypass and freight routes for Wanaka, Queenstown Arterial, PT Hub)

Risk that we miss opportunities to protect land for future transport needs and/or to leverage alternative funding and delivery solutions.

- Long-term planning and early design for Wanaka's network underway now – LTP24 includes funding to advance priority interventions
- Dedicated optimisation budgets for key growth areas of Hāwea and Queenstown's Eastern/Southern corridors – timing of these to be regularly reviewed
- FDS to provide greater clarity and control over when/how development occurs

WASTE

Total	FY25-28	FY28-31	FY32-34	LTP21
$87.9m	$63.5m	$20.2m	$4.2m	**$53.1m**



PROJECTS

Wanaka Waste Facilities

Food & Green Waste Kerbside Collection

New Materials Recovery Facility & Transfer Station (design, planning permissions, construction underway)

New Materials Recovery Facility & Transfer Station (completion)

Luggate Closed Landfill

Existing Site Consenting

Product Stewardship

Renewals, Asset Management Planning, Zero Waste District Programme, Existing Site Consents

KEY CHANGES FROM PREVIOUS DRAFT

- Increased proposed budget for Wanaka Waste Facilities
- Reduced proposed budget for the new Food & Green Waste Kerbside collection to align with Council’s February 2024 approval
- Delayed proposed expenditure for Product Stewardship

KEY WASTE RISKS & MITIGATIONS PLANNED IN THE LTP

DIVERSION TARGETS

Risk that QLDC does not meet the diversion targets set through Te rautaki para (Waste strategy), resulting in the loss of the waste levy payment.

- Funding prioritised for new kerbside organics collection service
- Continued education & awareness, including competitive fund for community-led initiatives
- New Waste Minimisation and Management Plan to be developed that aligns with Te rautaki para

MRF & TRANSFER STATION

Risk that the district's MRF or Transfer Station experience a major failure event due to facilities being at capacity and end of life, interrupting services and requiring expensive repairs.

- Replacement MRF & Transfer Station facilities budgeted in the LTP24
- Work currently underway to identify potential sites and understand necessary planning permissions
- Acquisition of strategic site on Ballantyne Road

LANDFILL

Risk that existing landfill cannot be reconsented (due to expire in 2032)

- Commence consenting process early (planned to begin 2024)

Risk that existing landfill capacity is exhausted and a new site cannot be secured

- Sustained focus on diversion opportunities to maximise useful life of landfill

ORGANIC WASTE PROCESSING

Risk that CODC does not develop an organic waste processing facility, requiring QLDC to invest in a local facility at considerable capital expense.

- Ongoing talks with CODC to ensure capacity for QLDC organic waste can be received
- Business case for collection service approaching completion

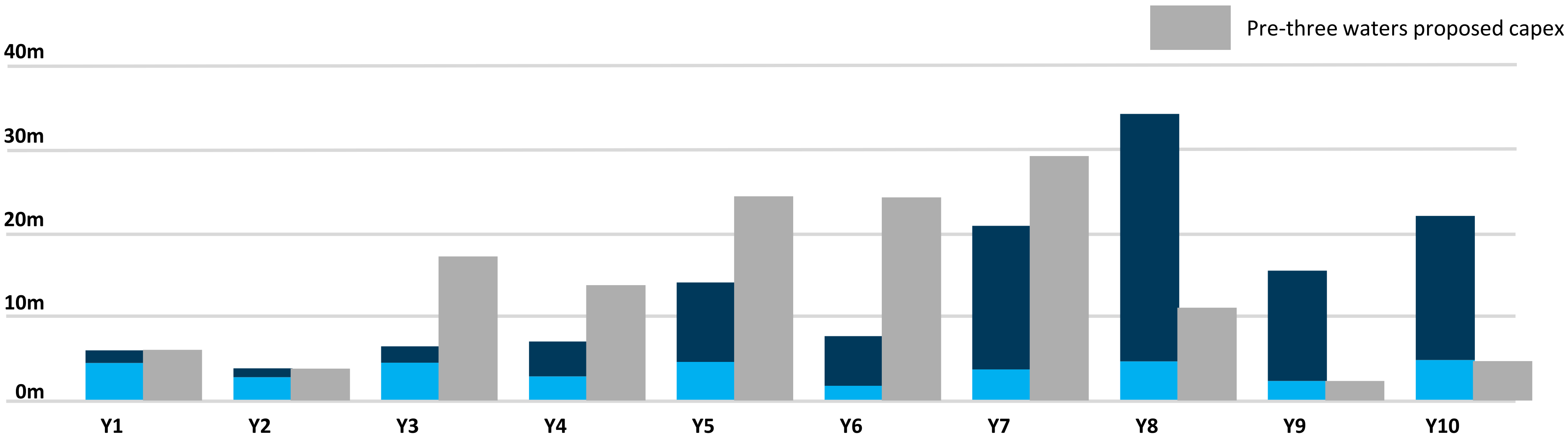
GREENHOUSE GAS EMISSIONS

Risk that QLDC does not meet its greenhouse gas emissions targets in the Climate and Biodiversity Plan

- Funding prioritised for new kerbside organics collection service
- Continued education & awareness, including competitive fund for community-led initiatives
- Monitor performance against emissions targets, and consider acceleration of/new diversion opportunities

PROPERTY

Total	FY25-28	FY28-31	FY32-34
$136.1m	$22.8m	$42.1m	$71.2m



PROJECTS

EV Charging Stations (for QLDC fleet) Wanaka Airport Compliance Queenstown Dog Pound Seismic Strengthening (minor works) Campground Building Compliance Queenstown Bay Masterplan Wanaka Airport Masterplan	Jetty & Wharf Refurbishments Wanaka Airport Upgrades Emergency Operations Centre	Civic Administration Building Eely Point Jetty/Ramp Jetty Refurbishments (cont.) Campground Upgrades Strategic Land Acquisition

Asset Renewals, Minor Improvements, Asset Management Planning

KEY CHANGES FROM PREVIOUS DRAFT

- Delayed start date for the Civic Administration Building
- Reduced proposed budget for Strategic Land Acquisition
- Delayed start date for Eely Point Jetty
- Delayed Campground Upgrades
- Delayed start date for Jetty Refurbishments, and rephased expenditure over a longer period
- Some expenditure reclassified as Community Services

KEY PROPERTY RISKS & MITIGATIONS PLANNED IN THE LTP

LEASE REVENUE

Risk that tenants dispute and delay the review of rental rates as these are realigned to market value.

- Review of Community Facility Funding Policy to clarify market rates for commercial leasing
- Updated market valuations to inform QLDC's position and ensure changes are defensible
- Implementing changes as opportunity arises through standard lease review process as provided for through the lease provisions

WATERWAYS STRUCTURES

Risk that, without investment, the condition of our jetties cause a health & safety event and/or deteriorate beyond repair.

- Structures condition review completed
- LTP24 includes a staged capital investment budget to implement a prioritised programme of jetty refurbishments in line with expert advice – including major upgrades to Kingston wharf and Glenorchy

STAFF ACCOMODATION

Risk that the current approach, of being split over multiple locations, will result in increasing staff inefficiencies, customer confusion and costs as existing space is upgraded to meet current needs.

- Recommended solution is to co-locate all Queenstown functions in one building.
- Delays in implementation of an agreed solution will impact on cost, current leasing arrangements and interim accommodation solutions.

WANAKA AIRPORT COMPLIANCE

Risk that CAA as the regulator will require Wanaka Airport to become qualifying aerodrome (CAR Part 139), resulting in additional expenditure requirements and/or significant limitations to the Airport's operations.

- Development of capital investment plan and functional strategy to fund required works
- Proactive ongoing engagement with user groups
- Funding provisioned in LTP24 for physical improvements required to comply with CAA rules.

In addition, we plan to invest in renewal and targeted improvement to existing facilities and infrastructure to ensure they remain fit-for-purpose.

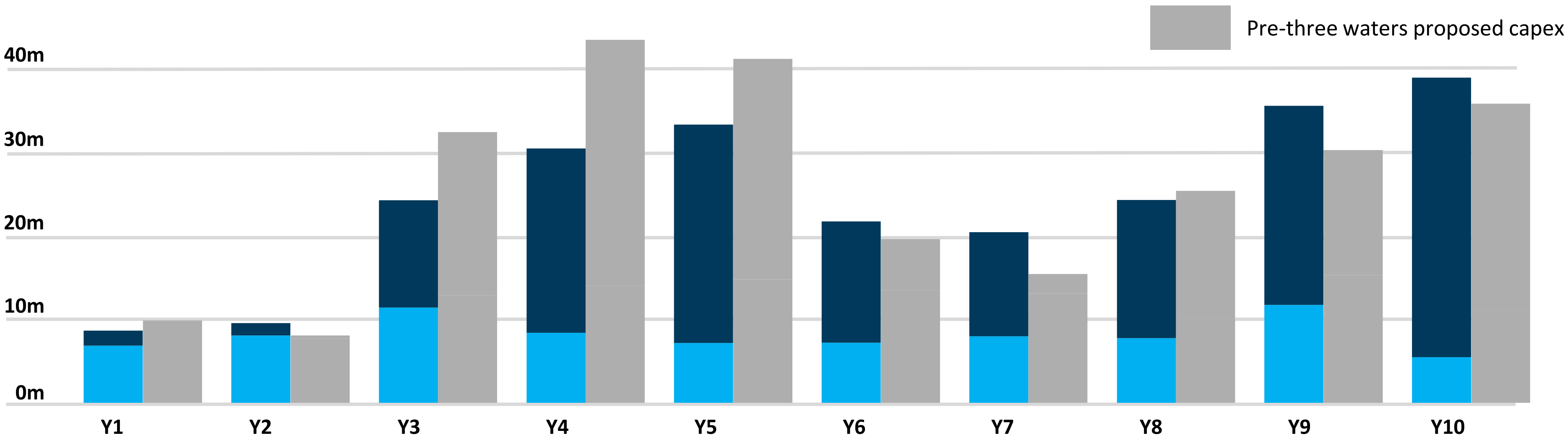
BUILDING CONDITION

Risk that additional maintenance, renewal, or replacement works will be required as knowledge around asset condition develops.

- Ongoing investigations (structural condition, hazardous materials, etc)
- Funding for seismic condition review and any arising minor improvements required
- Recommended renewals budgets aligned to findings of recent comprehensive SPM asset survey, reflected through staged increases to expenditure over time

COMMUNITY SERVICES

Total	FY25-28	FY28-31	FY32-34
$251m	$74m	$77m	$100m



PROJECTS

516 Ladies Mile Stage 1
Coronet Forest Revegetation
Rockfall Mitigation
New Sportsfields - Upper Clutha
Hāwea/Glenorchy Playgrounds
QEC Outdoor Courts resurface
Community Initiatives

QEC Indoor Courts, Carpark, Sports Field
QEC Shared Clubrooms & Fitness Centre Expansion
Ballantyne Rd Site Remediation
Lakeview Plaza
New Sportsfields - Whakatipu
New Sportsfields – Upper Clutha
Community Initiatives

Community Facility Energy Upgrades
Community Facility Solar Conversion
Ballantyne Rd Sports Hub Stages 1&2
Arrowtown Skatepark
Wānaka Recreation Centre Masterplan
Wānaka Leisure Pool Extension
Wānaka Lakefront Stage 4
Queenstown Gardens Redevelopment
New Sportsfields - Whakatipu
New Sportsfields – Upper Clutha
Community Initiatives

Facility Asset Renewals, Reserve Management Planning, Asset Management Planning, Minor Improvement Plans, New Playgrounds, New Public Toilets

KEY CHANGES FROM PREVIOUS DRAFT

- Delayed LPG replacement for pool facilities.
- Delayed solar conversion for community facilities.
- Delayed development of Wānaka's Ballantyne Rd site into a multipurpose sports hub.
- Delayed the start of the rolling sportsfield programme for Whakatipu.
- Costs for Coronet Forest Revegetation reduced and rephased in line with agreed contract.
- Costs for wildfire mitigation reduced and rephased.
- Delayed the Wanaka Pool leisure extension upgrade

KEY COMMUNITY SERVICES RISKS & MITIGATIONS PLANNED IN THE LTP

EMISSIONS REDUCTION

QLDC may not meet its emission reductions targets within the planned timeframes.

- Use of LPG for swimming pool heating is the major contributor to QLDC's emissions.
- Energy conversion projects are scheduled to be delivered outside the period we committed to reduce our emissions within.
- Council is actively pursuing available alternative funding methods to deliver these projects earlier.

EVENT HOSTING

QLDC may not be able to host major regional, national and international events due to insufficient facilities, limiting sport participation and revenue opportunities for QLDC and the district.

- QEC indoor courts expansion will meet our aspirations under the sub-regional sport strategy and enable hosting of larger events but isn't planned to be delivered until 2030.

DECREASING SATISFACTION

Investment in expansion of sports facilities doesn't keep pace with a growing community resulting in demand exceeding capacity and limiting participation.

- Reduced access to facilities will impact community satisfaction.
- Delivery of increased capacity for indoor and outdoor sport is planned to address this, but not until 2029.
- As alternative funding is identified for e.g. three waters infrastructure, there may be funding capacity released to progress these projects earlier.

NATURAL HAZARDS

QLDC may not sufficiently fund mitigation of natural hazard risks, particularly those likely to exacerbated by climate change e.g. wildfire, storm damage, rockfall.

- Funding has been included in the LTP for mitigation activities where these are known, and responsibilities agreed.
- Funding has also been included to continue investigations in those areas where further information is required e.g. Glenorchy head of the lake project. Results of these investigations will be incorporated in future LTPs or Annual Plans.

REVENUE GROWTH

There is a risk that revenue growth opportunities are limited in the short term due to insufficient investment into facility space.

- Investment in facilities such as the QEC Fitness extension, shared clubrooms, upgrade of the Frankton golf centre, are either planned for later, or are outside the TYP period.

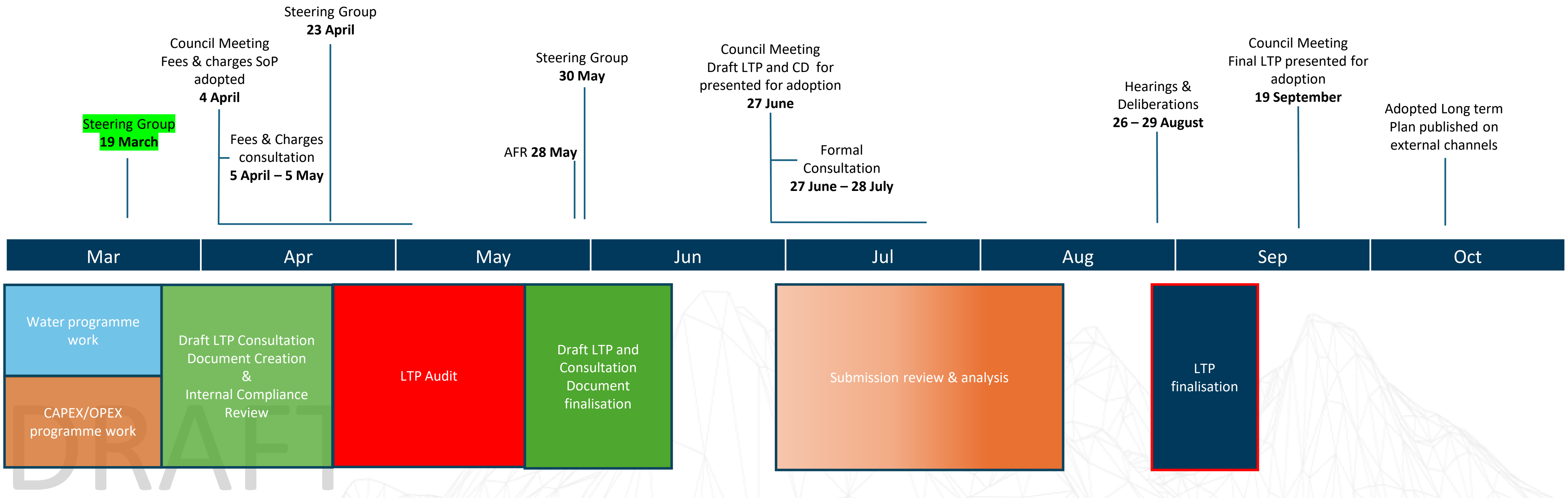
Elected Member Discussion

Next Steps

LTP24 Work Programme

Upcoming Steering Groups

- 23 April: LTP CAPEX/OPEX draft for community consultation, Big Issues, Key Messages
- 30 May: Consultation, Comms & Engagement Plan, PowerBI tool



Agenda

1) Recap – How we built the capital programme

2) Revised Capital Programme – Financial Analysis

3) Revised Capital programme, impact of adding three waters

4) Next steps

Total time = 2.5hrs

High Level Options for Incorporating full 3W Capex Programme into existing Draft LTP

Commentary

Following the ministerial advice, all councils are now required to add 3W capex/opex to their draft 24/34 LTPs for years 3 to 10. Following the SG session in February it was agreed that Scenario 4 be used as a template for the Capital programme structure.

The make up of the revised draft Capital Programme will be the subject of a separate presentation but it is important that the following points are noted:

1. Total 10 Year Gross Capex - $2.068bn (uninflated) – compared to $2.073bn (uninflated) from Dec 23. Decrease of $5m
2. Total 10 Year Gross 3W Capex - $1.230bn (uninflated) – compared to $1.179bn (uninflated) from Dec 23. Increase of $51m.

3. Total 10 Year Gross Capex $2.447bn (inflated) – basis of analysis below
4. Total 10 Year Gross 3W Capex $1.482bn (inflated) – 60% of total
5. Included in #2 is Growth Servicing Gross 3W Capex $251.7m (inflated) – both Ladies Mile ($101.8m) & Southern Corridor ($149.9m)
6. All other pre-existing baseline & non-baseline capex is assumed to be retained $965m.

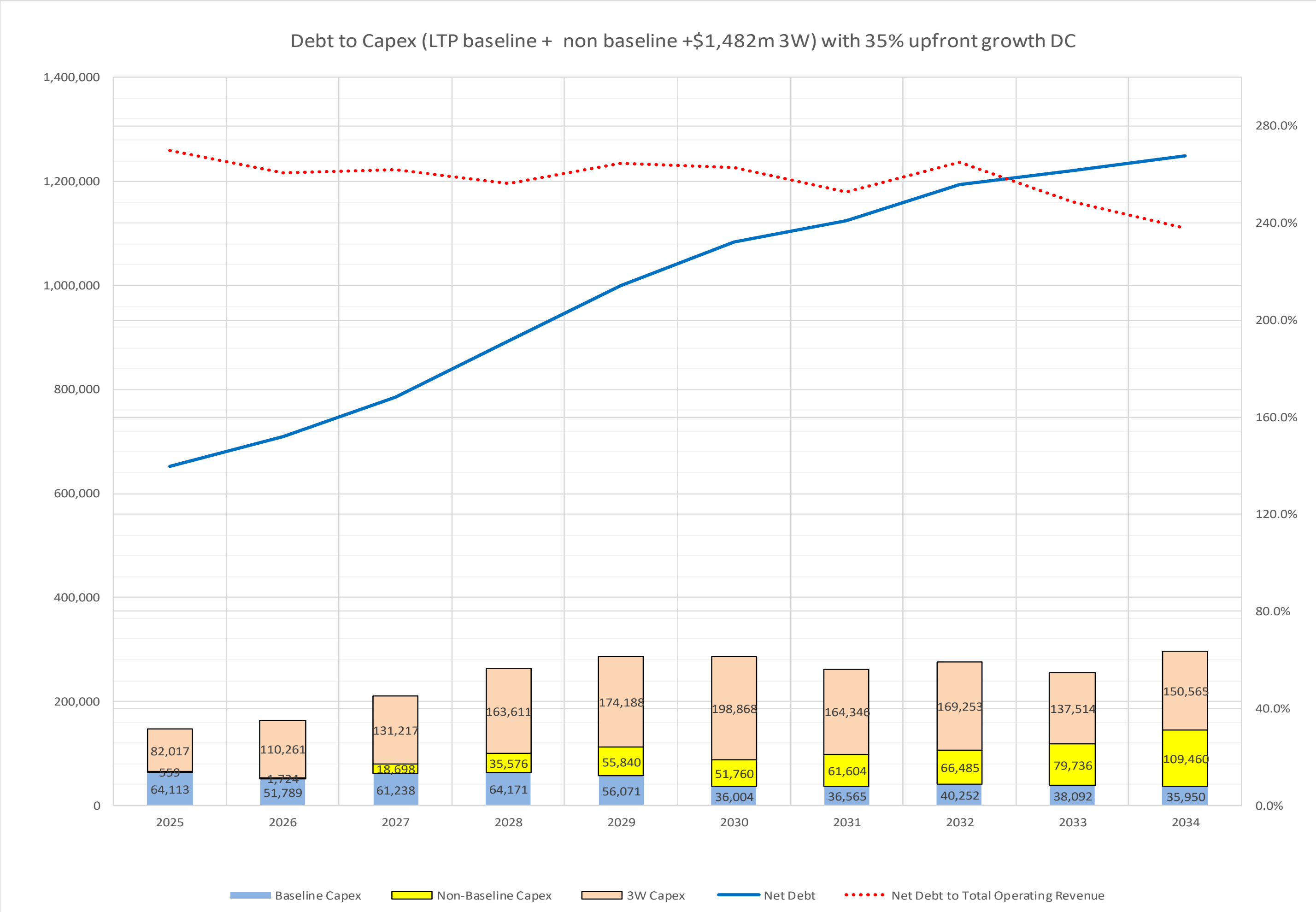
The analysis below includes the updated detailed financial analysis for Yrs 1, 2 & 3 with the latest projected rates increases of 15.3% for Yr 1; 12.5% for Yr 2 & 14.9% for Yr 3.

The forecast increases in rates for Yrs 4 to 10 are indicative and do not yet include adjustments for opex increases related to 3W capex. Growth assumptions for Yrs 4 to 10 will need to be refined for both rating & DC calculation purposes. The forecast DC revenue will be recalculated which will increase from the original budgets.

The main difference between the 2 options is that Option 1 incorporates an upfront developer contribution of 35% of the gross growth servicing costs in #3 above. This equates to $88m spread across years 4 to 7. It should be noted that the recommended position is that no physical work will commence in either Ladies Mile ($101.8m) or Southern Corridor ($149.9m) without at least a deposit 35% to be paid by developers. It should also be noted that Ladies Mile is a good candidate for IFF financing which would have the effect of taking the $100m debt off council's balance sheet.

Option 1 – Add 3W capex with 35% upfront capital contribution for growth servicing. (Illustrative Only – fiscally compliant)

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	LTP Total	LTP Avg
Net Debt	587,519	652,662	708,635	785,855	893,790	1,000,691	1,084,476	1,125,421	1,194,342	1,220,222	1,248,618		
Net Debt to Total Operating Revenue	257.5%	269.7%	260.6%	262.1%	256.4%	264.6%	263.1%	252.6%	265.0%	249.0%	237.9%		258.11%
Baseline Capex	193,127	64,113	51,789	61,238	64,171	56,071	36,004	36,565	40,252	38,092	35,950	484,245	
Non-Baseline Capex	0	559	1,724	18,698	35,576	55,840	51,760	61,604	66,485	79,736	109,460	481,442	
3W Capex	0	82,017	110,261	131,217	163,611	174,188	198,868	164,346	169,253	137,514	150,565	1,481,840	
Total Capex	193,127	146,689	163,774	211,153	263,358	286,099	286,632	262,515	275,990	255,342	295,975	2,447,527	
Capex Adjustment required - 50% to non baseline; 50% to 3W	0	0	0	0	0	0	0	0	0	0	0	0	
Headroom by Year	0	38,000	52,000	54,000	87,000	62,000	73,000	128,000	72,000	160,000	234,000		
Rates Increase (after growth)	14.2%	15.5%	12.5%	14.9%	12.4%	12.5%	11.2%	10.5%	10.6%	7.3%	6.8%		11.43%



Debt Impact – no D/R ratio breaches - all years below 270%. Most below 265%. Headroom – above $38m all years. Average $96m. Closing debt $1.248bn

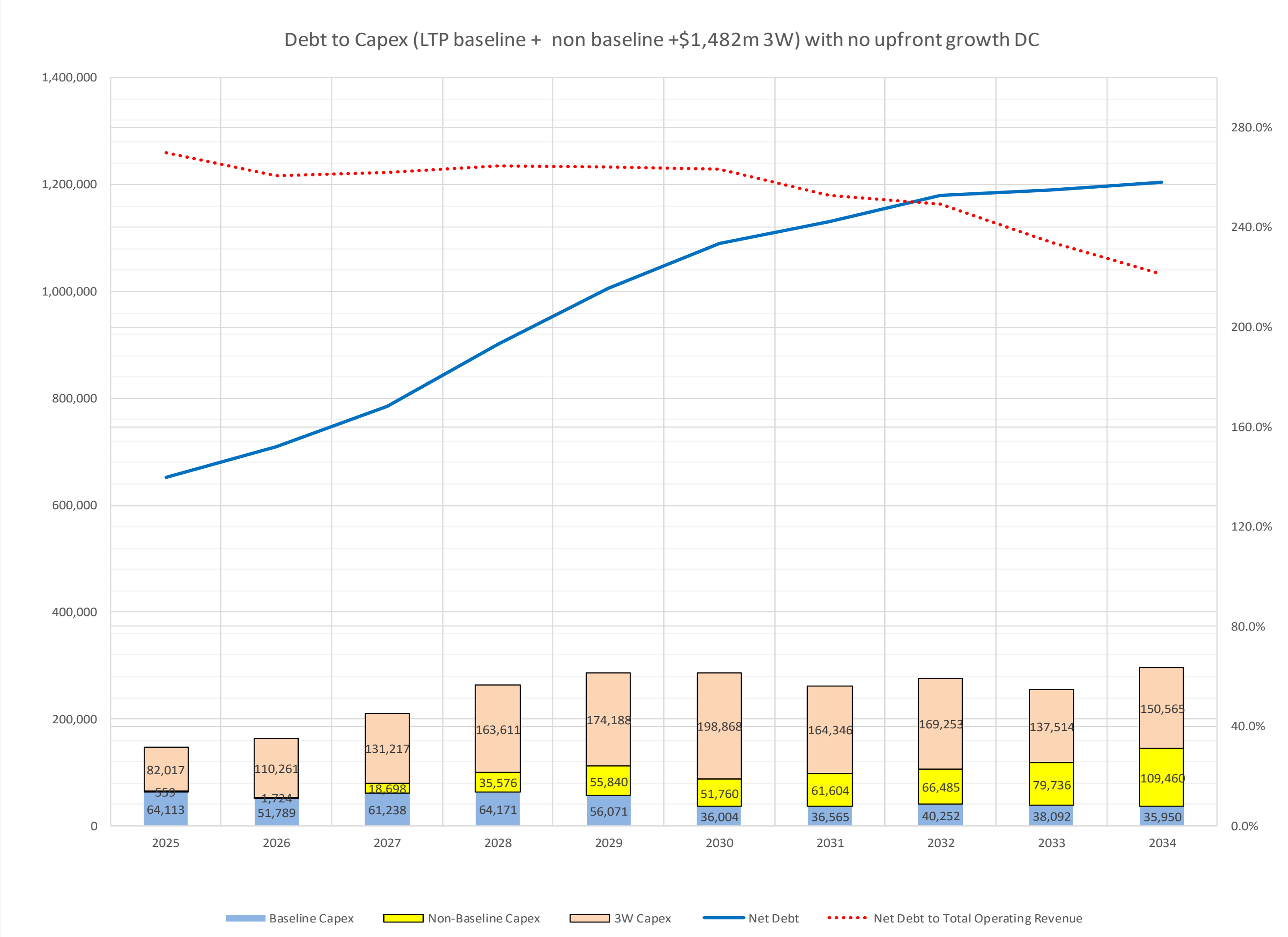
Rates Impact - First 5 yr average increase 13.6%. 10 Yr average 11.4%.

Capex Impact – programme growth in Yrs 4 to 7 is challenging. Includes commencement of growth servicing capex – assumes 35% upfront payment- $88m over years 4 t0 7.

NB this capex would not commence without at least 35% “deposit” from developers. Ladies Mile could also be candidate for IFF funding.

Option 2 – Add 3W capex with no upfront capital contribution for growth servicing. (Illustrative Only – fiscally compliant)

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	LTP Total	LTP Avg
Net Debt	587,519	652,662	708,635	785,855	901,618	1,006,596	1,090,408	1,131,380	1,180,801	1,191,082	1,203,877		
Net Debt to Total Operating Revenue	257.5%	269.7%	260.6%	262.1%	264.7%	264.3%	263.6%	252.6%	249.3%	234.0%	221.3%		254.21%
Baseline Capex	193,127	64,113	51,789	61,238	64,171	56,071	36,004	36,565	40,252	38,092	35,950	484,245	
Non-Baseline Capex	0	559	1,724	18,698	35,576	55,840	51,760	61,604	66,485	79,736	109,460	481,442	
3W Capex	0	82,017	110,261	131,217	163,611	174,188	198,868	164,346	169,253	137,514	150,565	1,481,840	
Total Capex	193,127	146,689	163,774	211,153	263,358	286,099	286,632	262,515	275,990	255,342	295,975	2,447,527	
Capex Adjustment required - 50% to non baseline; 50% to 3W	0	0	0	0	0	0	0	0	0	0	0	0	
Headroom by Year	0	38,000	52,000	54,000	55,000	63,000	71,000	130,000	154,000	248,000	340,000		
Rates Increase (after growth)	14.2%	15.5%	12.5%	14.9%	19.2%	16.0%	9.8%	10.0%	9.4%	5.8%	6.4%		11.96%



Debt Impact – no D/R ratio breaches - all years below 270%. Most below 265%. Headroom – above $38m all years. Average $120m. Closing debt $1.203bn

Rates Impact - First 5 yr average increase 15.6% 10 Yr average 12.0%. Yr 4 19.2% Yr 5 16.0%

Total rates $149m more than Option #1

Capex Impact – programme growth in Yrs 4 to 7 is challenging. Includes commencement of growth servicing capex – assumes no upfront payment. This is not a recommended position.