

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

Volume 2

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# OUR DECISION MAKING PROCESS

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# OUR PARTNERSHIP WITH MĀORI

Formal consultation with Māori is a valuable and important part of the decision making process at the Council. The Local Government Act 2002 supports this approach, in providing principles and requirements that are intended to enable participation by Māori in local authority decision-making processes and facilitate formal consultation. This recognises and respects the Crown's responsibilities in the Treaty of Waitangi and maintains and improves opportunities for Māori to actively contribute.

The Council will take into account the relationship of Māori culture and traditions with its ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga when making significant decisions about a body of water or land. We will always provide opportunities for Māori to contribute to and be involved in the decision making process as follows:

- > Provision of an effective and efficient consultation process to develop relationships, strategies, policies, processes and plans that relate to local government and resource management issues;
- > Application of Te Tangi a Tauira 2008, the Resource and Environmental Management Plan agreed with Ngāi Tahu ki Murihiku; and
- > Provision of support for projects initiated by Māori that involve direct management of the region's natural resources.

The Council also works to help create opportunities and capacity for contribution to the decision making process directly, by undertaking the following:

- > Provision of clear information to all Māori about opportunities to contribute;
- > Provision of resources to support consultation, such as maps and GIS services;
- > Relationship building with Māori through official hui, informal meetings and broader practicable community exercises in capacity building; and
- > Potential support for training, engagement and promotion of matters that are of mutual benefit to the Council and Māori.

In order to ensure that the Council fully understands the needs and expectation of Māori in relation to the Local Government Act 2002 and the Resource Management Act 1991, the organization will support all staff and elected members in developing skills and capabilities in Māoritanga, Tikanga Māori and Te Reo Māori.

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# FINANCIAL AND INFRASTRUCTURE ASSET MANAGEMENT STRATEGIES

Key to this Ten Year Plan are the Financial Strategy and the Infrastructure Asset Management Strategy. These strategies are aligned to provide the strategic direction and context for this Ten Year Plan. They lay the foundations that support prudent financial management and efficient asset management over the long-term.

Both strategies contribute to a broad range of community outcomes, as they are integral to the way we work. However, they are most closely associated with:



**Demonstrates leadership**



**An organisation that consults effectively and makes sound decisions**



**Effective and efficient Infrastructure**

## Financial Strategy

The Financial Strategy describes the challenges that will impact the district over the next ten years, and how the Council will respond in a responsible and affordable way.

## Infrastructure Asset Management Strategy

The infrastructure asset management strategy details the challenges that will impact the district over the next 30 years, as they relate to transport, water, wastewater, stormwater and solid waste. By covering 30 years the strategy aims to accommodate both the needs of current and future generations by providing good quality, cost effective infrastructure.

# FINANCIAL STRATEGY

## Strategic Destination

The Council's Financial Strategy is aimed at responding to the needs of our district today and into the future in a responsible and affordable way.

It is important that the costs of providing facilities with long lives are shared between today's ratepayers and those in the future. It is also critical that an alternative funding mechanism to support the continued investment in tourism-related infrastructure is agreed with central government. It is unreasonable to expect local ratepayers to fund tourism-related infrastructure where it can be demonstrated that the main beneficiaries are visitors to the district, the wider region and New Zealand as a whole.

If this aim is successfully realised, the following outcomes should be achieved:

- > a prioritised capital programme, delivering the 'right' projects ahead of growth so that development is supported in the appropriate areas;
- > rates increases (subject to changes in growth forecasts) are set at maximum of 10.8% gross (7% net) per annum for the first three years and 9.0% gross (5.5% net) per annum for years four to ten;
- > debt levels maintained at affordable levels (i.e. within borrowing limits);
- > debt levels at the end of the ten year period have stabilised and sufficient headroom exists to provide financing flexibility for future councils; and
- > excellent service continued to be provided within financial constraints.

## Purpose

The financial strategy is a requirement for the Ten Year Plan as per section 101A of the Local Government Act 2002.

The purpose of the financial strategy is to:

- 1 facilitate prudent financial management by the local authority by providing a guide for the local authority against which to consider proposals for funding and expenditure; and
- 2 provide a context for consultation on the local authority's proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority's services, rates, debt and investments.

The financial strategy is also required to provide additional information to allow ratepayers to understand the Council's overall financial position and the main issues or factors that have a significant impact in this area.

Many of the elements of the Council's financial strategy are included in the various funding and financial policies required under Section 102 of the Local Government Act 2002. As such this financial strategy will not attempt to replicate the detail contained within these policies, but rather will summarise the important principles.

## Significant Factors

There are several factors that are expected to have a significant impact on the district for the 2018 to 2028 period. Each of the factors is discussed in more detail in the following sections:

- > **Growth and changes in land use** – the district is expected to continue to show both strong population and visitor growth which significantly impacts capital expenditure and creates funding challenges.
- > **Capital expenditure to maintain levels of service** – a large proportion of the capital programme is required for core infrastructure: roading; water supply; wastewater and stormwater.
- > **Capital expenditure to improve current levels of service** – there are several large programmes which are driven by community desire for service improvements (Queenstown town centre arterials; Queenstown parking improvements; public transport; water treatment plants; Wanaka lakefront development; Coronet forest revegetation).

Capital expenditure over the next ten years is much higher than previously forecast. It amounts to \$990m (2015: \$380m) which represents an increase of \$610m or 161% more than the 2015 Ten Year Plan. The capital expenditure programs reflect a major change of approach for infrastructure delivery; moving from a reactive "just in time" provision to a more proactive and planned approach. The 2018-28 capital programmes have been derived from revised asset management plans that include the latest growth projections and which incorporate the Integrated Transport Masterplans for Queenstown.

## CAPITAL EXPENDITURE (\$000)

DESCRIPTION	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
Significant Projects - Gross Cost (inflation adjusted)											
Community Services and Facilities											
Coronet Forest revegetation	70	664	675	1,183	3,543	2,290	454	386	395	404	10,064
Wanaka lakefront development plan	2,529	1,992	993	243	247	253					6,257
Queenstown Events Centre two new courts	920	3,508	3,805								8,233
Wakatipu library service update	250	1,002	3,815								5,067
Balance of projects less than \$5m	8,923	8,925	9,025	6,802	5,708	4,233	3,044	4,194	2,884	3,439	57,177
Water Supply											
Kingston new water scheme, housing infrastructure funding	1,630	5,507	707								7,844
Ladies Mile and Lake Hayes new reservoir	200		1,188	2,222	3,363						6,973
New Two Mile water treatment plant	500		500	1,527	6,509	6,663					15,699
Queenstown renewals	1,148	1,149	1,176	1,205	1,232	1,261	1,292	1,325	1,358	1,394	12,540
New Shotover Country water treatment plant	1,790							505	1,457	6,266	10,018
Design and construct new Beacon Point water treatment plant	660	2,026	8,659	8,875							20,220
Design and construction new (second) Beacon Point reservoir	3,110	4,734									7,844
Wanaka renewals	702	714	731	750	767	785	804	824	845	866	7,788
Wanaka transmission pipeline, stage one		977	2,834	1,709							5,520
Balance of projects less than \$5m	12,446	15,357	10,546	10,470	4,539	2,195	2,505	5,309	4,437	5,559	73,363
Wastewater											
Kingston treatment plant and reticulation, design and construction, housing infrastructure funding	1,583	6,108	6,252	2,136	370	8,144	1,274				25,867
Queenstown reticulation, central business district to Frankton				820	4,659	4,770					10,249
Queenstown renewals	377	428	526	629	735	760	786	814	844	875	6,774
Rata Street, construction of new pump station		863	1,626	2,999	668						6,156
Project Pure treatment upgrade	416	540	2,485	2,547							5,988
Balance of projects less than \$5m	14,309	13,791	6,995	1,934	5,488	2,016	962	1,376	1,475	1,542	49,888
Stormwater											
Kingston new development (housing infrastructure funding)	3,402	261			1,244	1,791	309				7,007
North East Frankton Flats, new stormwater system	7,000										7,000
Wakatipu renewals	376	417	471	518	529	542	555	577	599	623	5,207
Balance of projects less than \$5m	2,971	2,929	2,961	5,049	3,076	4,932	713	1,675	4,025	8,816	37,147

## CAPITAL EXPENDITURE (\$000)

DESCRIPTION	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
<b>Transport, including roading, parking and footpaths</b>											
Queenstown town centre arterial	250	19,044	35,822	25,560	35,483	32,643					148,802
Queenstown town centre pedestrianisation	4,940		9,559	1,001	12,258	1,803	16,650	3,248			49,459
Queenstown parking improvements	10,249	11,870	24,187	544	690	454					47,994
Public transport improvements, Stage 2, public transport hubs		5,324		1,474	18,652						25,450
Ladies Mile development (Housing infrastructure funding)	500	1,427	4,368								6,295
Public realm upgrades			797	5,427							6,224
Water taxi/ferry network infrastructure	359	1,003	317	1,837	272	1,338	988				6,114
Civic heart development	500	2,792	7,634								10,926
Lakeview development, road and public realm	391	2,178	2,223	1,136							5,928
Travel management Queenstown	1,931	1,808	703	352	360	368					5,522
Wakatipu sealed road resurfacing	952	999	1,065	1,089	1,112	1,138	1,165	1,193	1,223	1,256	11,192
Wakatipu unsealed road metaling	748	785	837	856	874	894	915	938	961	987	8,795
Wakatipu minor improvements	787	828	899	478	509	542	576	613	651	692	6,575
Wakatipu sealed road pavement rehabilitation	464	487	519	530	542	554	567	581	596	611	5,451
Wakatipu walking and cycling improvements	1,242	7,803	1,325	2,584	3,800	9,248					26,002
Wanaka parking improvements		102	208	532	4,887	5,555					11,284
Wanaka minor improvements	937	1,949	1,783	807	787	433	461	490	521	554	8,722
Wanaka sealed road resurfacing	634	666	710	726	742	759	776	796	815	837	7,461
Wanaka unsealed road metaling	499	523	558	570	583	596	610	625	641	658	5,863
Balance of projects less than \$5m	10,942	13,851	15,049	12,033	3,644	3,726	4,168	4,057	5,756	9,463	82,689
<b>Waste Management</b>											
Wakatipu transfer station upgrades	500	2,545		3,285	3,358						9,688
Balance of projects less than \$5m	1,871	3,267	3,893	1,816	3,547	892	855	864	474	487	17,966
<b>Economy</b>											
Projects less than \$5m	2,921	2,761	63	64	66	67	69	70	71	74	6,226
<b>Regulatory Functions and Services</b>											
Projects less than \$5m	61	20	42	61	544	32	5	43		5	813
<b>Local Democracy</b>											
Projects less than \$5m	4	1	1	4	1	1	4	1	1	2	20
<b>Finance and Support Services</b>											
Queenstown one office (Project Connect)	5,729	21,798	14,775								42,302
Balance of projects less than \$5m	1,877	1,645	1,460	743	549	633	733	803	769	788	10,000
<b>TOTAL</b>	<b>114,600</b>	<b>177,368</b>	<b>194,767</b>	<b>115,127</b>	<b>135,937</b>	<b>102,311</b>	<b>41,240</b>	<b>31,307</b>	<b>30,798</b>	<b>46,198</b>	<b>989,653</b>

## A. GROWTH AND CHANGES IN LAND USE

The Council has completed detailed population projections for the district as part of the long term planning process. This information is updated annually and considers growth in ratepayers (usually resident), as well as visitors which contribute to peak day figures. The district-wide results are summarised below:

**Usually Resident** – increase of 29.5% from 38,048 (2018) to 49,277 (2028)

**Average Day** – increase of 28.4% from 62,909 (2018) to 80,765 (2028)

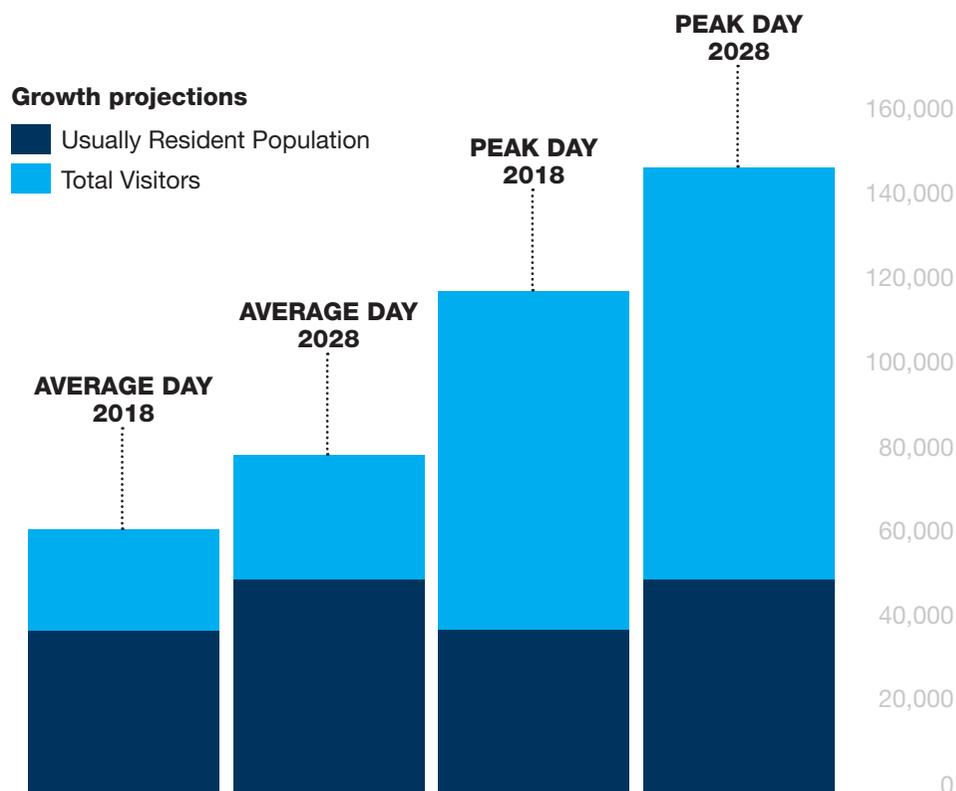
**Peak Day** – increase of 27.0% from 117,349 (2018) to 149,024 (2028)

The growth in the usually resident population is assumed to occur in areas which can provide additional capacity based on proposed district plan zoning rules. The Council’s dwelling capacity model and historic growth rates have been used to apportion the expected growth into each census area unit.

The cost impacts of growth in population have been assessed for the next ten years. Just under 33% or \$326m (2015: 35%) of the total capital expenditure is required to provide infrastructure to meet the demands of future growth.

A large proportion of this growth is associated with an increase in visitors to the district. The Council is engaging with central government to explore an alternative funding mechanism to support the continued investment in tourism-related infrastructure. It is unreasonable to expect local ratepayers to fund tourism-related infrastructure where it can be demonstrated that visitors to the district benefit the wider region and New Zealand as a whole. The Council has prepared a business case for consideration by Central Government which seeks additional funding for tourism-related infrastructure investment in order to maintain visitor experience and sustain tourism growth.

The 2018-28 capital programme is large but is fundable and deliverable with the continued assistance of our investment partners, particularly NZTA. Over the ten years we have assumed \$242m of capital subsidies to be available primarily through NZTA for improvements to transport infrastructure.



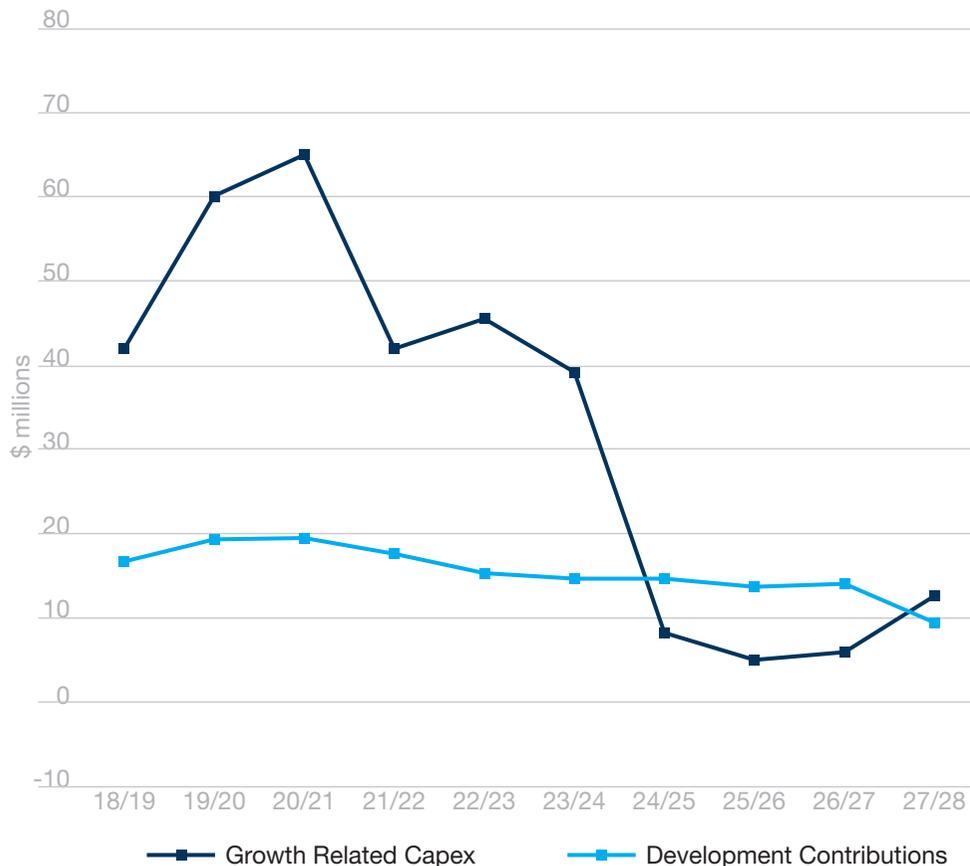
SOURCE: RATIONALE 2017

The Council was successful with three applications to the Housing Infrastructure Fund (HIF) which is a central government initiative to provide interest free funding to support housing development in local authorities that are experiencing high growth. This HIF funding of \$50m is repayable after ten years and will be repaid via development contributions and/or targeted rates.

### Growth Related Capex (excluding Vested Assets) vs Development Contributions

The Council is subject to debt constraints based on a proportion of revenue. This results in funding issues particularly when the timing of growth is uncertain. In time, most of this expenditure will be recovered from developers through the charging of development contributions, however in the interim a large proportion of this cost must be borrowed. This is illustrated in the graph below:

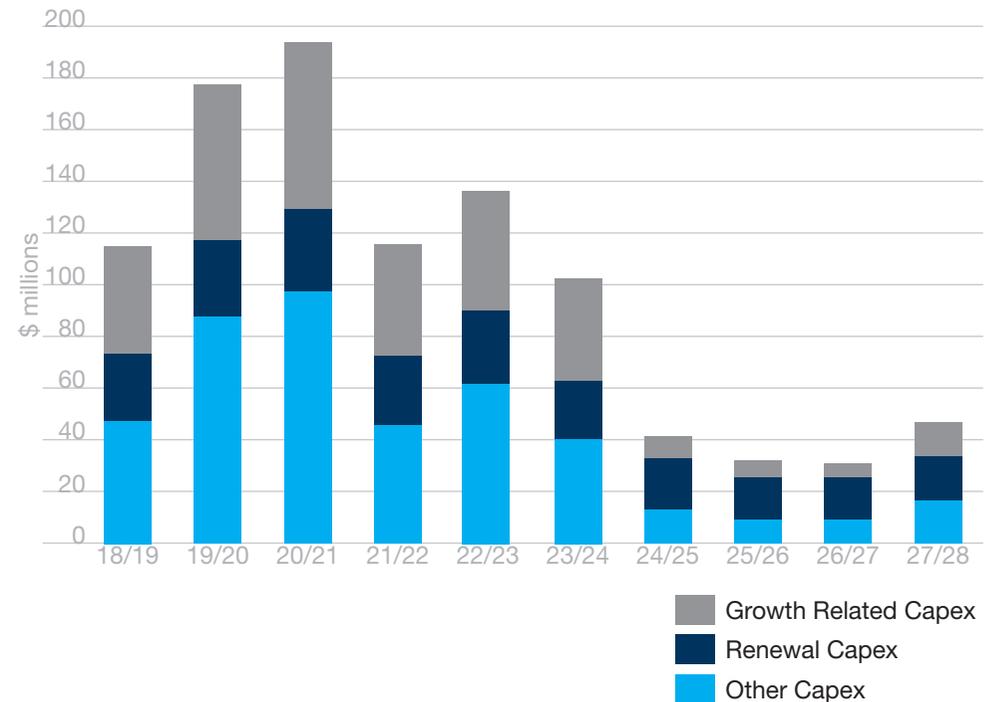
#### Ten Year Financial Analysis Growth Related Capex vs Development Contributions



Of the total capital cost of \$990m for the period, \$326m (33%) is required due to expected growth. Not included in this figure is \$114m of vested assets (infrastructural assets transferred to the Council through the subdivision approval process). Around 24% of the total capital expenditure is required to renew or replace existing assets and around 43% is required to provide increased levels of service.

In terms of operating expenditure, growth does have a direct impact on many expenses. As the population grows and more land is developed to accommodate the new arrivals, costs increase as there are more roads and footpaths to maintain or reserves to mow. It is estimated that growth accounts for approximately 10% of the increase in operating costs over the period. The total increase in operating costs is \$70.0m or 51% over the ten years.

#### Capital Expenditure by Cost Driver Whole Council (Physical Works only)



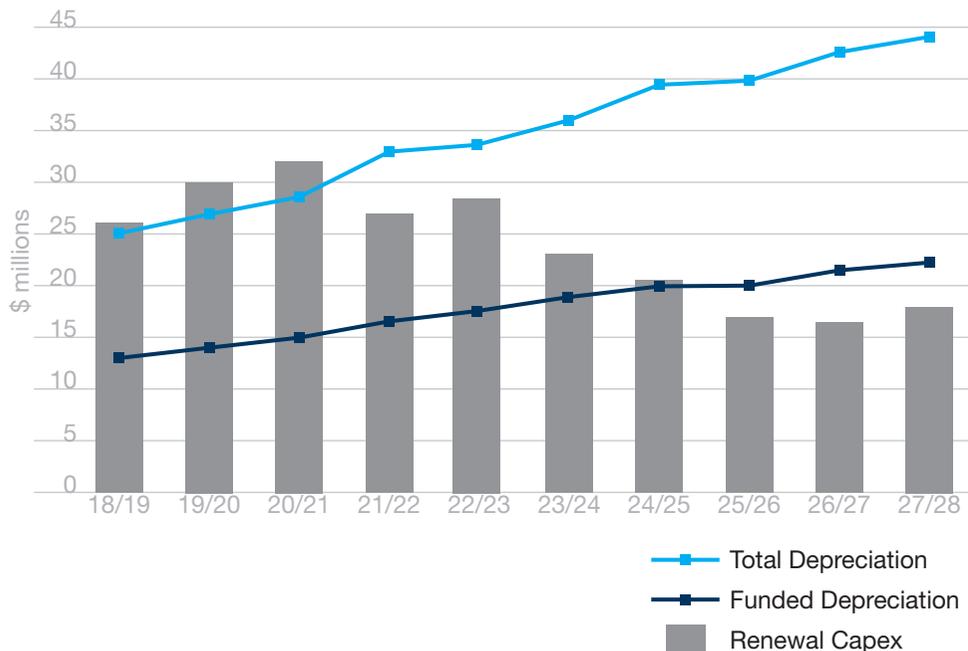
In periods of slow growth or where growth is less than forecast, it is recognised that development contribution income will not be sufficient to fund the full cost of servicing ‘growth’ loans. In these circumstances, the Council will fund the shortfall by a combination of:

- > Additional internal loans (repayments funded by general rates);
- > Utilising the Housing Infrastructure Fund available via the central government; and
- > Utilising ‘excess’ depreciation funds (especially roading).

### B. CAPITAL EXPENDITURE TO MAINTAIN EXISTING LEVELS OF SERVICE

The cost impacts of renewing or replacing existing assets have been assessed for the next ten years. Of the total capital cost of \$990m for the period, \$239m (24%) is required due to renewals.

#### Ten Year Financial Analysis Renewals vs Depreciation



Most of the renewal expenditure is funded from rates or debt. The graph demonstrates that around 48% of the depreciation expense is provided for in the rates levied on properties in the district. This is discussed further in the following section, Balancing the Budget.

The largest portion of renewal expenditure is providing for certain core infrastructure totalling \$184m. This is spread across the relevant core activities as follows:

- > Roothing \$120m
- > Water supply \$44m
- > Wastewater \$20m

This amounts to 77% of the total renewal expenditure over the ten year period (\$239m).

### C. CAPITAL EXPENDITURE TO IMPROVE EXISTING LEVELS OF SERVICE

The cost impacts of capital expenditure to improve existing levels of service have been assessed for the next ten years. Of the total capital cost of \$990m for the period, \$425m (43%) is required for this purpose. It is not uncommon for a capital project to have a mixture of reasons for construction (known as cost drivers). A large project like Queenstown town centre arterials (\$148.8m) (new Queenstown bypass) is a good example. The project provides additional capacity for the future; so is partly required to be funded from growth sources (loans and development contributions). There is also a large component which clearly provides an enhanced level of service. The new road will provide for reduced congestion and faster trips and as such around 45% of the cost of the project has been attributed to increased level of service.

The largest portion of capital expenditure due to increased levels of service totals \$340.3m and relates to the following activities in the Ten Year Plan:

- > Roothing \$203.2m
- > Community \$41.9m
- > Water supply \$58.0m
- > Wastewater \$37.2m

This amounts to 80% of the total of \$424.8m for this category over the ten year period. The main projects in Community which are providing increased levels of service are the Coronet Forest revegetation (\$10.1m); Wanaka Recreation Centre extensions (\$3.7m) and the Queenstown Events Centre extensions (\$8.2m).

The water supply projects include proposals to provide improved treatment facilities in various schemes as well as a new scheme in Kingston. The wastewater projects include upgrades to both Wanaka and Queenstown wastewater disposal plants, as well as a new scheme in Kingston. The roading projects total includes the Integrated Transport Masterplans for Queenstown (Queenstown town centre arterials; Queenstown parking improvements; public transport) and also represents the portion of overall capital expenditure not attributable to growth or renewal. Often this reflects an improvement made to enhance the road or footpath, for example widening or improved surface.

## Balancing the Budget

The Local Government Act 2002 (the Act) contains a requirement to balance the budget. Section 100 states:

- 1 A local authority must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses.
- 2 Despite subsection (1), a local authority may set projected operating revenues at a different level from that required by that subsection if the local authority resolves that it is financially prudent to do so, having regard to:

- a The estimated expenses of achieving and maintaining the predicted levels of service provision set out in the long term Council community plan, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life.
- b The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity to assets throughout their useful life.
- c The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life.
- d The funding and financial policies adopted under section 102.

The Council meets these requirements over the timeframe of the plan based on key assumptions around external funding sources. The forecast Statement of Financial Performance over the next ten years shows consistent operating surpluses, which demonstrates the Council is balancing its budget requirements.

## FUNDING OF DEPRECIATION

The funding of depreciation is an implied requirement of the "balanced budget" provision. It requires that the Council fully fund all operating costs, including reductions in the useful life or quality of assets. The requirement arises from Government concern that some local authorities were not adequately maintaining infrastructural assets. In instances where this occurred, current ratepayers were paying too little and leaving a major financial burden for future generations. The Council has provided adequately for asset renewal in recent years. A major effort has been made over the past decade or so to address deferred maintenance and the budgets have provided appropriately for the renewal of infrastructure.

The Council now has far more reliable asset information and a much better understanding of the life cycle of its assets. The Act provides a more flexible approach in the requirement to fully fund depreciation. This has allowed some flexibility which the Council has taken advantage of in four key areas in preparing the Ten Year Plan:

- i The Council needs to fund depreciation only on its share of roading expenditure. The component attributable to NZTA should not be funded as the NZTA subsidy funds this. Allowing for all subsidisable costs 53% of roading depreciation will be funded in 2018/19 (2015/16 - 54%). There is no impact on current levels of service from this approach.
- ii Depreciation on community facilities may not need to be funded as they are often funded by non-Council sources and are not expected to be replaced in the same form at the end of their useful life. Depreciation on buildings such as halls, libraries, and other facilities (including the Queenstown Events Centre and Wanaka Recreation Centre) will therefore not be funded.
- iii The Council accepts that it is unreasonable to fund depreciation where a community has funded a water or sewerage scheme by lump sum contributions or loan charges as that community ends up paying twice – for loan charges and depreciation.
- iv As we have generally maintained the value of our infrastructure, the Council will use funded depreciation to finance renewal projects and repay loans. It will not be used to fund new assets or asset improvements.

The impact of the above approach has led to the following depreciation amounts not being funded:

	Total Depreciation 2018/19 \$ 000's	Depreciation not funded 2018/19 \$ 000's
Roading	9,271	4,365
Wastewater	5,209	2,448
Water Supply	3,340	1,357
Stormwater	2,369	897
Community/Other	4,959	3,145
<b>Total</b>	<b>25,148</b>	<b>12,212</b>

## Revenue and Financing

Section 103 of the Act outlines that the revenue and financing policy must state the Council's policies in respect of the funding of both operating expenses and capital expenditure.

### FUNDING SOURCES – OPERATIONAL EXPENDITURE

The 'revenue' part of the title 'revenue and financing policy' relates to funding of operating expenditure. The following sources of income are recognised by the Council:

#### Rates

A number of the Council activities are funded by a combination of revenue types. The Council practice is to initially account for income from fees and charges, grants and subsidies or other income sources. If the activity still requires additional funding, the remaining balance is usually funded by way of a rate which is applied to relevant properties within the district.

The Council uses a capital value rating system across the district. Capital value is preferred to land value as the Council believes that it generally provides a better method for the fair allocation of cost for the Council services. Rates are generally used where it is economically impractical to use fees and charges.

There are two classification types for rates:

- > General rates - include uniform annual general charge (UAGC) and capital valued based rate.
- > Targeted rates - include capital valued based roading rate, tourism promotion rate, governance rate, recreation and events rate, regulatory rate, water supply rate and stormwater rate; fixed annual charges for sewerage, water supply, waste management, recreation and events, governance and regulatory, Queenstown aquatic centre, Wanaka aquatic centre and sports, halls and libraries; and proposed capital value based transport improvements rate.

Generally, the policy indicates that where a private benefit exists, the cost of this should be recovered by user fees or a targeted rate. The cost of public benefits is usually general rate funded, with the capital value rate used to fund 'property' related activities and the UAGC used to fund 'people' related activities.

### **Fees and Charges**

There is a wide range of revenue in this category. Generally, the Council will look to user fees and charges to recover the 'private benefit' costs of a particular activity if it is economically viable to do so.

### **Grants and Subsidies**

Some of the Council activities qualify for a grant or subsidy from the Crown. In particular, the Council receives a subsidy from NZTA for qualifying roading expenditure. Other smaller grants are also received from the Crown, e.g. Creative NZ.

### **Interest and Dividends from Investments**

Interest income is recognised from all investment sources but is very minor. The majority of investment income is used to offset rates.

The Council receives a regular dividend from Queenstown Airport Corporation (QAC) via its 75.01% ownership stake. It is proposed to continue to utilise forecast dividends from QAC to repay generally funded debt.

### **Other Sources of Income**

Other sources of income include parking infringement fines, petrol tax, rates penalties and concession income. This is a catch-all classification and the income is treated in the same way as fees and charges.

## **FUNDING SOURCES - CAPITAL EXPENDITURE**

Funding to pay for new assets will come from a mix of borrowing, development contributions, grants and subsidies, capital revenue, reserves and asset sales. Generally the costs of new assets will not be met from rates; however a portion of the costs of servicing loans will be funded by rates.

Funding for new capital works will depend on the nature of the work, in particular the reasons (cost drivers) which have made the work necessary. There are three main cost drivers recognised by the Council:

- > Growth
- > Level of service shift
- > Renewal

### **Capital Expenditure Due to Growth**

The Queenstown Lakes District has experienced significant growth in its resident population, visitors, housing and commercial development and the local economy. This growth generates high levels of subdivision and development activity which places increasing pressure on the assets and services provided by the Council. Significant investment in additional assets and services is therefore required to meet the demands of growth. The Council intends to fund the portion of capital expenditure that is attributable to growth from development contributions wherever it is reasonable to do so.

The Council considers that development contributions are the best mechanism available to ensure the cost of growth (net of any external funding) is funded by those who have created the need for that cost. The Council considers it inappropriate to burden the community as a whole, by way of rating or other payment means, to meet the cost of growth. The Council has adopted a Policy on Development Contributions (DC Policy) as part of the Ten Year Plan since 2004. This is updated on an annual basis.

Types of assets included in the DC Policy are:

- > Network infrastructure for water supplies, wastewater, stormwater and roading; and
- > Community infrastructure including the development and acquisition of reserve land to use as reserve and facilities needed on that reserve and other public amenities such as halls, libraries, public toilets, parking facilities and the like.

Funding sources for growth capital expenditure in order of priority:

- i Vested assets
- ii Development contributions
- iii Capital grants and subsidies attributable to growth portion
- iv Borrowing

### **Capital Expenditure Due to Renewals**

Renewal works are those capital expenditure costs that are incurred in restoring an asset to previous service levels, usually reflected in the amount that an asset has depreciated. Therefore, by using depreciation funds, the Council will be maintaining infrastructural networks to at least their existing service level. The funding of depreciation is an implied requirement of the 'balanced budget' provision of the Act (see above). It requires that the Council fully fund all operating costs.

Funding sources for renewal capital expenditure in order of priority:

- > Depreciation reserves
- > Borrowing
- > Rates

### **Capital Expenditure Due to Shifts in Levels of Service, Statutory Requirements or Other Reasons, but not including Growth or Renewals**

The cost driver for some of the capital works within the Queenstown Lakes District relates to increasing levels of service for the community. Sometimes these improvements to levels of service are required because of changes to legislation or resource consent conditions, which means that there is often little discretion with regard to the decision. An example of this would be the requirement to provide additional water treatment facilities as a result of the introduction of new Water Treatment Standards.

In other cases, the increase in level of service is a community driven decision. An example of this would be the construction of Aquatic Centres. The Council's approach to funding for this type of capital expenditure is to apply for grants from national and local funding organisations initially and to apply the proceeds of land sales from the Commonage in Queenstown or Scurr Heights in Wanaka.

Funding from the Commonage in Queenstown is restricted by statute to be applied for the benefit of the Old Queenstown Borough for the purposes of water and sewerage upgrades. Proceeds from Scurr Heights land in Wanaka is restricted for use to the Wanaka ward and can be applied to a variety of infrastructure purposes including water, wastewater, roading or community (recreational) purposes.

Funding sources for other capital expenditure in order of priority:

- > Capital grants and subsidies
- > Capital revenues and asset sale proceeds
- > Capital reserves
- > Borrowing
- > Rates

## **Quantified Limits On Borrowing**

In order to deliver the substantial capital programme included in this plan, the Council will need to rely on borrowing. The amount of borrowing required is significantly above the amount anticipated in the 2015 plan. The Council has obtained a credit rating of AA- which will facilitate a higher borrowing limit and 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 because of funding and financing constraints. It is expected that by the end of year six, external debt will have risen to \$441m (2015: \$169m) and by the end of the ten year period it will have declined to \$323m (2015: \$134m).

The growth portion of the capital programme (some \$326m) 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 the Council to prepare for anticipated growth and to direct development activities in specific areas. This allows for the Council to spread the cost of large infrastructural projects over the expected life of the asset.

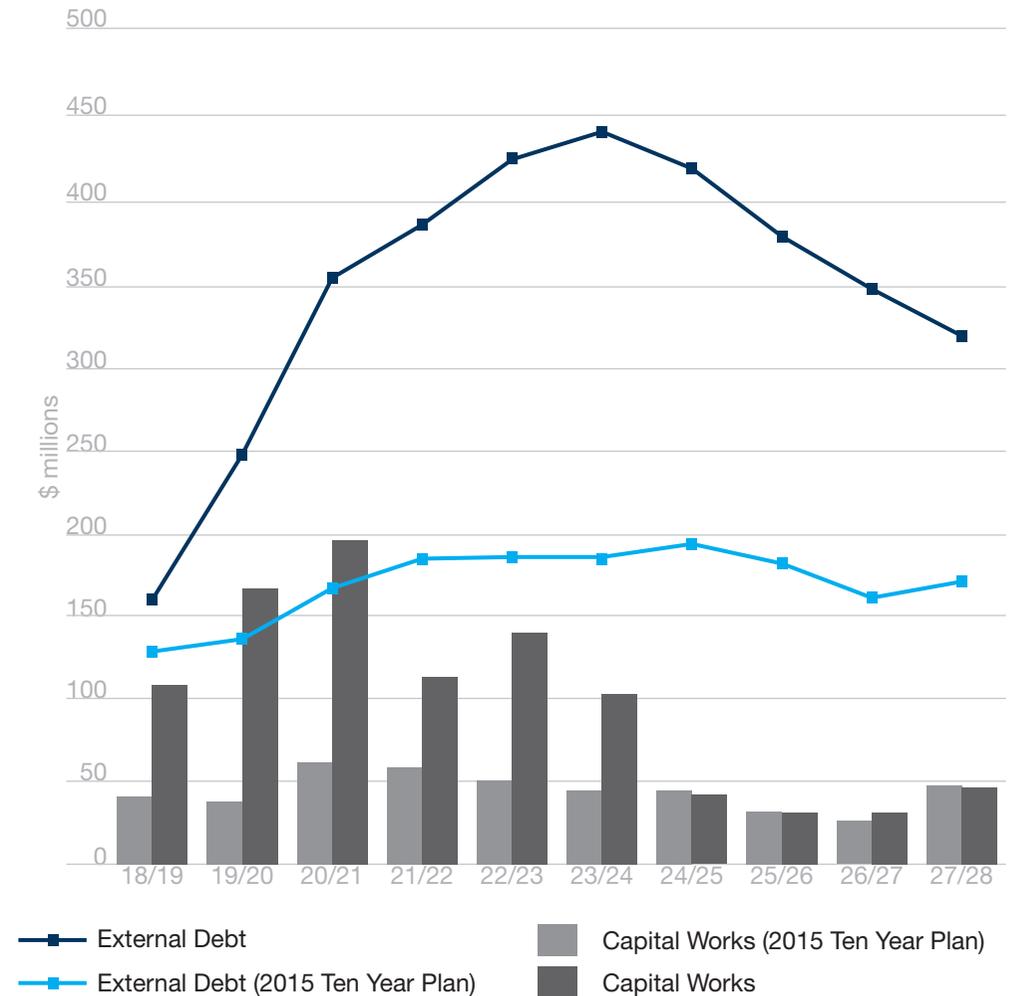
Using debt in this way means that future residents and ratepayers contribute a fair share to the use they make of a facility. The proposed level of borrowing is within the debt parameters in the Council's Liability Management Policy. The borrowing limits have increased as a result of the successful credit rating process.

Borrowing Limit	30 June 2019	30 June 2020	30 June 2021	30 June 2028
Interest expense / rates <30%	9.1%	12.6%	16.9%	13.5%
Interest expense / total revenue <20%	4.0%	5.7%	7.5%	7.5%
Net debt / total revenue <250%	94.8%	137.3%	180.6%	145.4%

The Council is within all of the debt parameters, which means that the affordability of the Ten Year Plan can be demonstrated. The Council is within all of the debt limits provided by the LGFA 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.

The following graph shows a comparison of the 2018 Ten Year Plan to the 2015 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 \$165m.

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



### Security for Borrowing

The Council generally does not offer assets other than a charge over rates or rate revenue as security for general borrowing. This is achieved through a debenture trust deed which is a legal mechanism that provides assurance to lenders and is administered by an independent trustee.

### Quantified Limits on Rates

Operating expenditure (excluding interest and depreciation) is shown to increase over the ten year period by an average of 4.9% (2015: 5.1%) per annum. The forecasts do include a provision for inflation after the first year as well as increases as a result of projected growth within the district. Operating revenue for the same period increases by an average of 2.7% (2015: 3.5%) per annum. With the significant increase in capital expenditure and debt, forecast rates increases are also higher. The average net annual increase over the ten years (after allowing for growth) is now 3.4% up from 2.8% (2015).

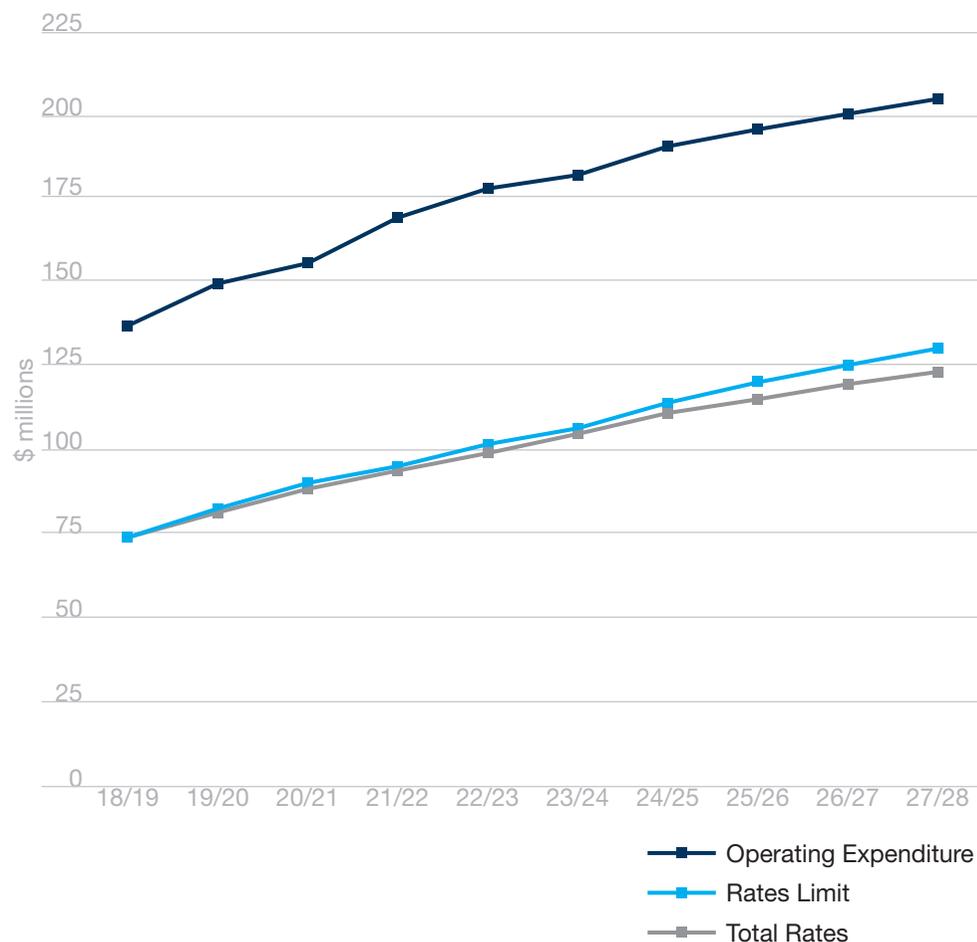
The graph to the right shows that rates are increasing at a lower rate than operating costs over the ten year period. As discussed earlier, rates are influenced by a number of factors including core recurring operating costs; growth in the district; inflation and the capital programme. The capital expenditure in previous years will affect rates through the impact of depreciation and interest costs.

Rates can also be affected if the community demands or central government requires an improvement in levels of service for a particular activity. Where there is a significant rates impact for a proposal of this nature (i.e. water treatment and Queenstown transportation improvements), the Council will disclose the rating impact as part of the consultation process.

In order to determine a sensible quantified limit on rates, it is necessary to take account of the various influences on rating levels. The following graph shows that rates are increasing by an average of 6.6% (gross) over the ten years. This increase is not even however, as the impact of increased costs associated with new facilities is recognised. The forecast gross rates increases for 2018/19 and 2019/20 are the highest (10.6% and 9.7%) as they reflect the increased costs of increased levels of service.

It is proposed therefore 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.

### Operating Expenditure and Rates Revenue



## Financial Investments and Equity Securities

The Council holds very few financial investments as we are a net borrower. Surplus cash will be invested for short periods from time to time in line with the Council's Investment Policy.

The Council does hold equity securities (shares) in several controlled entities. These Council Controlled Organisations (CCOs) exist or have been established to perform specific important functions within our community. Shares are held in the following entities:

<b>Name</b>	<b>Ownership Interest</b>
Queenstown Airport Corporation	75.01%
Lakes Combined Forestry Committee	75.00%

The Forestry Committee is an unincorporated entity which jointly owns the forest at Coronet Peak, the value of which was \$1.8m at the end of 2017. It is anticipated that this forest will be harvested early with a significant re-planting programmed included in the Ten Year Plan.

The shareholding in Queenstown Airport Corporation is both commercially and community oriented. The Council continues to hold a controlling interest in QAC as the airport is seen as a critical piece of local tourism infrastructure. The airport is the fastest growing in Australasia and it is seen as essential that it remain under community control to ensure that it continues to make decisions in the best interests of the district. Until 2010, the Council was the sole shareholder but with the equity investment from Auckland International Airport Ltd, regular dividends are now being paid.

Over the next ten years, \$71m of dividend income is forecast to be received. The Council intends to use this income to repay existing debt.

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# INFRASTRUCTURE ASSET MANAGEMENT STRATEGY

Queenstown Lakes District Council  
2018-2048

## Foreword

This Infrastructure Strategy documents a second generation of Queenstown Lakes District Council's understanding and approach to tackling the strategic issues facing our region's core infrastructure. It is particularly rewarding as the General Manager who oversees infrastructure, to know that like the first generation, our internal staff prepared this second generation. What has made this process even more satisfying is that Queenstown Lakes District Council staff had the opportunity to work with and learn from other councils in New Zealand and Australia in the development and refinement of this strategy. It is through collaboration and sharing of knowledge that our sector can best respond to the needs of the communities we serve.

This version of the strategy is the first time we have sought to integrate our Local Government Act requirements with our ISO55000 asset management requirements. This integration has seen the bringing together of our previous Infrastructure Strategy with our Asset Management Strategy. This process has improved our understanding of some real and practical issues. Issues that need to be faced by our policy-makers, planners, engineers and – crucially – our community. Our district needs to address these strategic issues in order to ensure; our economy remains strong and diversified, our environment remains clean and healthy, and communities and visitors both enjoy a high quality of life.

In particular, we need to understand how weather patterns and climate change will affect the performance of infrastructure over the medium and longer term. In addition, how climate change might affect our customers' usage of core infrastructure services. Providing education and quality alternatives that encourage positive behaviour changes will be a fundamental part of any future approach. Transport mode shifts away from sole passenger, private vehicles, along with water metering and charges will be a particular challenge to historic beliefs as we continue to transition to be a metropolitan centre.

This strategy continues the increased focus in infrastructure planning, and signals increased capital investment and demand management activities. On the surface, this may appear challenging and there are practical issues to be considered. However, setting out the long-term needs and responses in this strategy, supported by robust evidence, represents an important step in providing the information to engage residents and businesses of our community for the next stages.

Ultimately – of course – planning can only go so far. The next important stage of the strategy is a phased and agile implementation. We will all have our part to play in our district's positive future.

**Peter Hansby**

General Manager, Property and Infrastructure  
Queenstown Lakes District Council

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## 1.0 Executive Summary

The vision for Queenstown Lakes District, as stated in the Ten Year Plan, is: Vibrant Communities, Enduring Landscapes, Bold Leadership. Flowing from these are a series of specific outcomes.

Under 'Enduring Landscapes' the outcomes that relate to infrastructure management are:

- > efficient and effective infrastructure;
- > world class landscapes are protected; and
- > environmental sustainability and low-impact living is highly valued.

The core infrastructures activities to support these outcomes are:

- > land transportation;
- > water supply, wastewater and stormwater (three waters); and
- > solid waste management.

This Infrastructure Asset Management Strategy (IAMS) outlines the strategic issues facing Queenstown Lakes District Council (QLDC) as they relate to core infrastructure over the next thirty years.

As part of meeting the requirements of section 101B of the Local Government Act, this 30-year infrastructure strategy not only sets out the strategic issues, it also identifies the interventions available to QLDC and outlines the preferred intervention strategy. The Ten Year Plan, sets out the first ten years of investment plans to deliver these interventions in addressing the strategic issues.

QLDC has completed a three-year programme into improving its asset management systems. As such, QLDC has a sound understanding of the issues facing the district, with an evidence base, concerning the provision of three-waters, solid waste management and transportation infrastructures. These new asset management systems are based on the International Asset Management Standard (ISO55000) and are supported by a continuous improvement programme,

assessed annually against the International Infrastructure Management Manual (IIMM). QLDC has also sought to further improve community confidence in its infrastructure management by proactively undertaking Treasury's Investor Confidence Rating process. QLDC has an unqualified rating of "C".

There is an ongoing need to progressively improve customer engagement supported by improved descriptions and measurement of levels of service. This will better enable investment programmes that best balance customer needs and affordability.

The three-waters and transportation activities are well engaged with asset planning, with a number of key master-planning documents produced in recent years, along with a full suite of Asset/Activity Management Plans being produced in late 2017. These plans are underpinned by the Asset Planning Team who have a commitment to continuously mature asset management practices, asset data records (i.e. age and condition) and management of asset life cycles, including investment programming.

The significant challenges facing QLDC infrastructure over the next thirty years include (detailed in section 6):

- > demanding natural environment - understanding and responding to changes in our natural and climatic environments to ensure water supplies and sanitary services are healthy, safe and reliable;
- > growth in population and visitor numbers - transition from a decentralised 'holiday house' services model to an optimised 'metro' services model;
- > complexity of the built environment - implementing waste minimisation (paramount is costs and consents to landfill expiring);
- > challenging economy - delivering the substantial capital works programme, both financially and at a resourcing capacity level to address the step change in the level of service bought about by the rapid level growth; and
- > legislative changes - understanding stormwater quality and developing a strategy to comply with the proposed Otago Regional Councils Plan 6a.

Refer to the QLDC website for all completed strategies, business cases and asset/activity management plans.

# ENDURING LANDSCAPES TOITŪ TE WHENUA



Environmental sustainability and low impact living is highly valued



Efficient and effective infrastructure

World class landscapes are protected



## 2.0 Purpose

The purpose of the IAMS is to give effect to QLDC’s Asset Management Policy. This document is designed to meet the requirements of section 101B of the Local Government Act 2002.

## 3.0 Governing Best Practice

A fundamental aspect of asset management is that it must align with the legislation and industry guidance. Figure 1 illustrates QLDC’s hierarchy of asset management.

**FIGURE 1 GOVERNING FRAMEWORK**



## 3.1 LOCAL GOVERNMENT ACT

Local Government in New Zealand is defined and administered under the Local Government Act 2002 (LGA). The LGA provides a framework for the establishment, functions and operation of local councils. Specifically, the purpose of Local Government infrastructure and services is set out in Section 10A as:

*“To meet the current and future needs of communities for good-quality local infrastructure and local public services in a way that is most cost-effective for households and businesses.”*

Where ‘good-quality’ means that infrastructure and services are efficient, effective and appropriate to present and anticipated future circumstances.

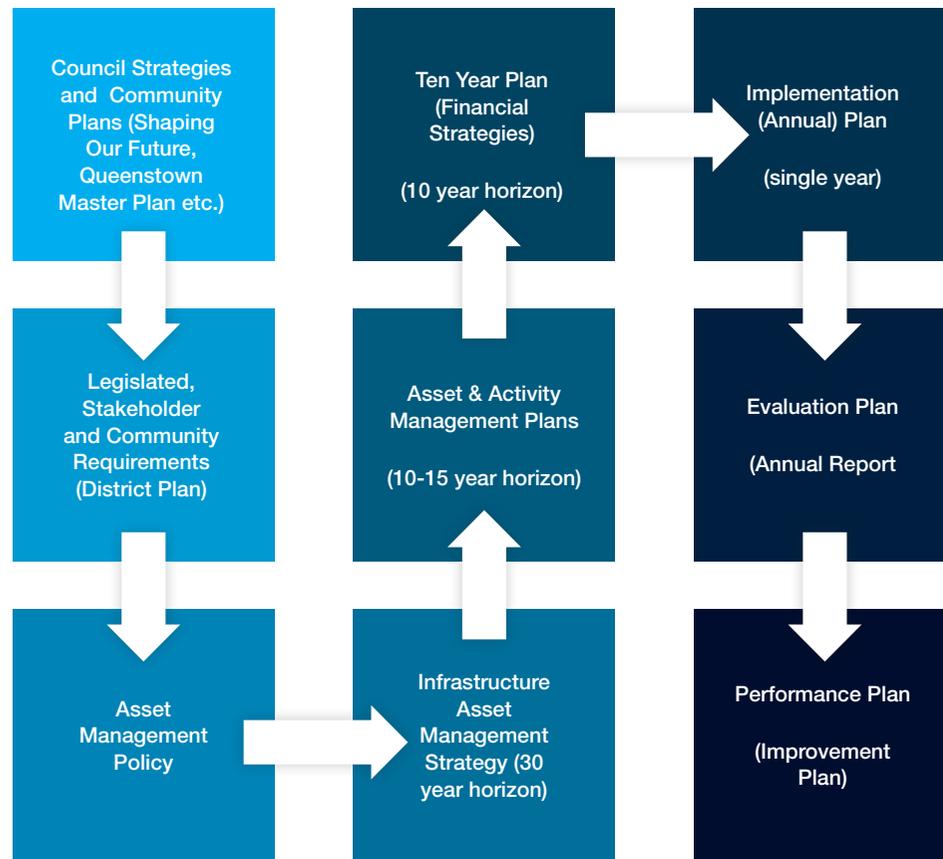
The LGA sets out in Section 11A that these requirements apply to: network infrastructure (i.e. roads, and three waters services); solid waste collection and disposal (including recycling); and the avoidance or mitigation of natural hazards.

In addition, Section 101 requires local authorities to move away from short-term thinking in favour of longer-term approaches, more consistent with the life cycles of community infrastructure. Section 101 is complimented with a new Section 17A, which requires councils to look beyond their geographic boundaries for more cost effective methods of delivering their services.

## 4.0 Asset Management Framework

QLDC's approach to implementing the governing framework in Figure 1 is illustrated in Figure 2 below.

**FIGURE 2 ASSET MANAGEMENT FRAMEWORK**



This approach has been developed to meet key legislative requirements and support robust asset management practice. Legislated, stakeholder and community requirements, along with business performance information inform the QLDC's Asset Management Policy and IAMS. The 30-year (design horizon) for the IAMS seeks to identify emerging issues for service delivery over the longer term. The strategic matters identified in the IAMS are identified, analysed and scoped using better business cases (BBC) before being programmed into the 15-year Asset/Activity Plans. Asset/Activity Plans are internal working documents and are reviewed and updated annually.

The first ten years of programmes from the Asset/Activity Plans are required to be consulted on with the community before being adopted into the Ten Year Plan (TYP). The last five years of programmes identified in the Asset/Activity Plans support a process to enable time for QLDC to investigate and gain an understanding of matters prior to community consultation before potential inclusion into the TYP.

The TYP sets out how QLDC and the community intend to balance competing priorities whilst delivering desired community benefits. The TYP is reviewed on a three-year cycle but can be 'tweaked' annually through a legislated consultation process.

Each year of the TYP is implemented following further consultation; this is known as the Annual Plan.

QLDC reports on the progress and success of its investment and service delivery annually in its Evaluation Plan (Annual Report), which is published in the last quarter of each calendar year. Improvement opportunities identified through all aspects of this process are captured in the Performance Plan and are used to inform programmed continuous improvement actions within the asset management activities. The Performance Plan is monitored and reported to Senior Management on a quarterly basis.

## 5.0 Asset Management Objectives

Within the context of the Ten Year Plan and legislative requirements, the aim of asset management is to:

*“To plan, acquire, operate, maintain, replace and dispose of assets over the long-term, to meet agreed service standards and the foreseeable future needs of our community in the most cost effective way.”*

This translates into specific objectives for asset management:

- > to deliver more efficient use and maintenance of existing infrastructure assets;
  - > to best manage demand for new assets with better integration with the District Plan, urban design and other non-infrastructure approaches;
  - > to regularly measure and advance the maturing of our AM practices;
  - > to continuously develop the capacity and capability of our staff in asset management and risk management; and
  - > to progressively improve the transparency and robustness (effectiveness) of investment decision making through evidence based investment (better business case approach).
- ### 5.1 KEY INFRASTRUCTURE UNCERTAINTIES
- This strategy is underpinned by a number of uncertainties, as noted in this section. These uncertainties are further developed in the context of the significant challenges detailed in section 6.
- > New assets and replacement of existing assets: With the exception of critical assets (as identified under the QLDC Risk Management Framework) all assets will be operated under a run to fail model as they can likely be replaced with generic or off the shelf replacement parts with only minor disruption to customer services.
  - > Response to growth (or decline) in the demand for services: QLDC will measure, update and confirm demand for services on an annual basis to ensure future projections for services are based on best available information, and is able to take into account effectiveness of any demand management programmes.
  - > Allowance for planned increases (or decreases) in service levels: QLDC will research, test and engage on the setting of service levels to best balance service efficiency and effectiveness, customer expectations, legal requirements and community affordability. Any significant service level change will be consulted on through the provisions of the Local Government Act 2002.
  - > Maintain or improve public health and environmental outcomes or mitigate adverse effects: QLDC holds resource consents for parts of its business operations as required under the Resource Management Act 1991. QLDC has an underlying approach that it will progressively seek to improve public and environmental health outcomes, as regulations require in the most affordable manner.
  - > Provision of resilience of infrastructure assets by identifying and managing risks: As outlined in the National Infrastructure Plan, QLDC has completed a natural hazard assessment across the district, initially focusing on three waters reticulation with a view to expanding this across other asset classes. This has been combined with latest generation asset criticality assessments. QLDC has a balanced programme of asset reinforcement, relocation and de-risking to support its insurance and other financial provisions for risk management.
  - > Actual asset life is shorter than designed asset life: As much as practicable, do not over stress the assets and seek to optimise and extend the effective life / capacity of existing infrastructure to reduce investment in new infrastructure (i.e. make best use of what is already in place).
  - > Reduce the adverse effects of wastewater: operate within resource consents and progressively rationalise wastewater treatment plants and progressively upgrade treatment capacity and technology (i.e. have fewer, better treatment plants than many, less well-operated plants).
  - > Reduce the likelihood of polluting high contact recreation areas: Seek and operate within resource consents. Actively monitor and invest in the wastewater networks to reduce the adverse effects of wastewater contamination at these key sites (i.e. do not have large wastewater facilities that could pollute the beaches and areas where people are most likely to have contact/recreational activities).

6.0 Strategic Assessment

VIBRANT  
COMMUNITIES  
TE ORAKA  
HAPORI

BOLD  
LEADERSHIP  
TE AMORAKI

ENDURING  
LANDSCAPES  
TOITŪ TE  
WHENUA

COMMUNITY  
SERVICES  
& FACILITIES

INFRASTRUCTURE

WASTE  
MANAGEMENT

ENVIRONMENT

ECONOMY

REGULATORY  
FUNCTIONS  
& SERVICES

FINANCE  
& SUPPORT  
SERVICES

LOCAL  
DEMOCRACY

It is QLDC's responsibility to manage the community infrastructure assets in an efficient and effective way to best support a resilient community where environmental sustainability and low impact living is highly valued. Good custodianship of these assets requires that QLDC monitors and understands implications of changes in its business-operating environment.

The following have been identified as the most significant challenges affecting core infrastructure. Section 6.1 to 6.5 provides the evidence and also QLDC's assumptions of what we feel will take place:

- > Demanding natural environment
- > Growth
- > Complex built environment
- > Challenging economy
- > Variable legal / political

## 6.1 DEMANDING NATURAL ENVIRONMENT

The Queenstown Lakes District covers a total area of 9,357 km<sup>2</sup> and includes a number of significant lakes (Lake Hawea, Lake Wakatipu, and Lake Wanaka). The district is world-renown for its unspoiled natural environment and commerce-oriented tourism, especially adventure and ski tourism and has New Zealand's highest public sealed alpine pass. The natural environment of the district consists of a variety of systems including rivers, lakes, basins, wetlands, bush remnants, uplands and shorelines. During the peak periods of summer and winter, normal resident population of 38,048 can increase to 111,349 and 62,909 people respectively.

Queenstown (Tahuna) is the largest town in the district, and the second largest town in Otago after Dunedin. It is situated on the eastern side of Lake Wakatipu near the outlet of the Kawarau River. Using QLDC Growth Projections to 2058, the resident population of the Queenstown urban area is 22,081.

Wanaka is the second largest town in the district with an urban resident population of 11,986. It is situated at the southern end of Lake Wanaka, adjacent to the outflow of the lake to the Clutha River.

Other towns in the district include Arrowtown, Kingston, Glenorchy, Lake Hawea, Cardrona, Makarora and Luggate.

The district's lakes and groundwater resources are its raw water supplies. The quality of this water can affect the quality of drinking water provided. The quality of the lakes can be affected in a number of ways including, increases in turbidity and discharges of contaminants such as road runoff.

The district is a geologically unstable area given the proximity to the Alpine Fault and various other (moderate) faults through the district situated within the Southern Alps, part of the Pacific Ring of Fire. Uplift has been most rapid during the last five million years, and the mountains continue to be raised today by tectonic pressure, causing earthquakes on the Alpine Fault and other nearby faults.

The district is one of the coldest places in New Zealand with an average temperature of 11°C ranging from - 10°C to 35°C with ground frosts over 130 days per year. The clear winter days have a low average rainfall of 636mm per year and create a unique climate within New Zealand. It is expected the climate will become less predictable. The district is semiarid (all day sun and good drainage) to lake side/swamp (damp, poor drainage, little sun and heavy frosts).

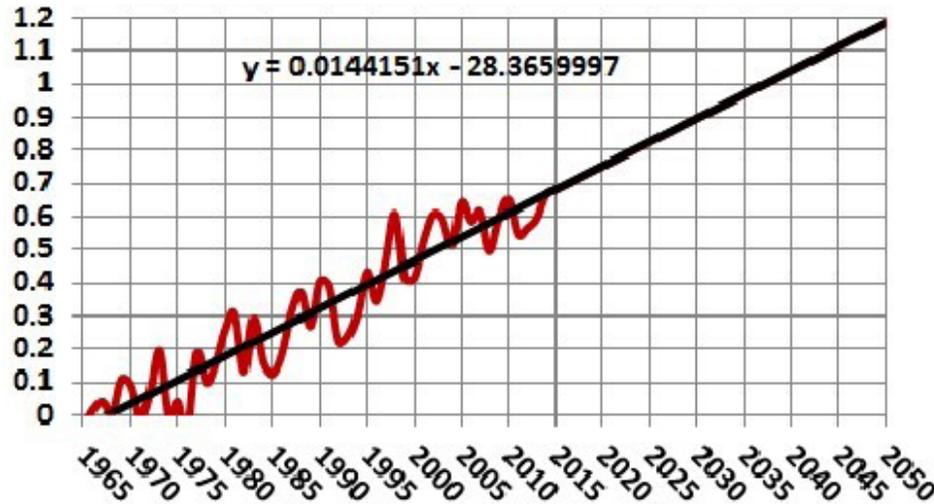
The Ministry for the Environment\* predicts the following longer-term changes in the district's climate over the next 100 years when compared to 1990 levels:

- > temperatures are likely to be around 0.9°C warmer by 2045;
- > Otago is expected to become wetter, particularly in winter and spring where average annual rainfall is likely to increase by 12% by 2090 with winter rainfall predicted to increase by 29% by the same time;
- > the number and intensity of storms is expected to increase in winter and decrease in summer;
- > the frequency of extreme winds is likely to increase by between 2% and 5% in almost all regions of New Zealand in winter, and decrease by a similar amount in summer; and
- > significant decreases in seasonal snow are projected for the Otago region. The duration of snow cover is also likely to decrease, particularly at lower elevations. QLDC is likely to see a shift towards increasing rainfall instead of snowfall as snowlines rise to higher elevations due to rising temperatures.

\* Reference: <http://www.mfe.govt.nz/climate-change/how-climate-change-affects-nz/how-might-climate-change-affect-my-region/otago>  
\*\* Reference: [http://www.roperfd.com/science/globaltemperature\\_globalwarming.htm](http://www.roperfd.com/science/globaltemperature_globalwarming.htm)

Average temperatures have increased by 0.7°C over the past 50 years (refer Figure 3) and are expected to increase by 0.9°C within the next 30 years. It is expected that soils will dry out (as above) and irrigation will be less effective.

**FIGURE 4 GLOBAL TEMPERATURE INDEX PROJECTED\*\***



The actual extent and severity of these changes will be investigated progressively over the term of this plan in order to best manage existing infrastructure, plan and phase new infrastructure to ensure good quality services are affordable to the community.

### Climate Change

QLDC is currently developing its first generation Climate Change Strategy – this strategy intends to broadly line up with the recent LGNZ Climate Change Programme – New Zealand’s commitment to the Paris Agreement.

There are two streams to this strategy, the first being emissions reduction. Identifying projects that reduce Councils and the Community’s emissions i.e. public transport, energy efficiency on large items such as swimming pools and pumping costs for three waters. Other initiatives currently underway include measuring the emissions base-

line for Council, i.e. what do we emit today, this will allow us to measure and report our future performance.

The second stream is about resilience and climate change, i.e. exploration of vulnerabilities and mitigation of the effects. If the future will be characterised by stormy and warmer weather, what is our exposure to that as a district? It is about identifying what aspects of a changing climate will most need to be responded to and what are our responses i.e. the district’s natural hazards are flooding and storms, warming temperatures and wind erosion. Identifying and actively pursuing ways to improve the district’s resilience.

### Drinking Water Standards

QLDC has made a commitment to meet drinking water standards, on all Council water supplies, by 2028. As an interim measure to protect drinking water quality, and picking up one of the key recommendations of the Havelock Inquiry, QLDC has implemented temporary disinfection of its water networks. In addition, following advice from the Department of Internal Affairs, QLDC is looking at alternative delivery models by where it could meet drinking water standards within the next five years, or sooner. Refer to Appendix B for projects relating to drinking water standards.

### Assumptions and Uncertainty

Parts of the natural environment will deteriorate with increased urbanisation and population growth. Raw water quality will become more polluted, both naturally (lake snow/algae/turbidity) and with an increase in development and/or changes in urban run-off and other contaminants (metals – zinc, copper and hydrocarbons).

QLDC will need to increase its monitoring of the natural environment. The ability to predict and respond as to when a water treatment solution is no longer appropriate and public health maybe compromised is imperative.

The transportation network is vulnerable due to natural hazards such as the seismic activity from the Alpine Fault and land instability from landslides and rock falls. Physical restrictions of landscape due to mountains, valleys and lakes limits usable land and alternative routes are limited, with narrow lanes providing inadequate passing lanes/opportunities.

\*\*Reference: [http://www.roperid.com/science/globaltemperature\\_globalwarming.htm](http://www.roperid.com/science/globaltemperature_globalwarming.htm)

## Climate Change

The climate will become less predictable. An increase in wind will mean greater rates of evaporation, meaning irrigation will become less effective, this will lead to a potentially higher per capita consumption of water. High wind may result in the loss of topsoil and increased deposits in lakes and rivers, increasing turbidity and potential contamination.

Dryer conditions may result in higher risk for wild fire events. QLDC will review policies to understand and mitigate these risks which may involve policy change for example, scorched earth policies on verge maintenance, increased irrigation in parks and open spaces.

Lake level and valleys are prone to flooding and alluvial re-direction i.e. Kinloch.

The district has a number of dangerous trees, there are species chosen for their autumnal colours such as poplars; however, these are vulnerable to internal rot, not visible to the eye, and have a high risk of failure in high winds.

There is an increasing issue with discharge and contaminants resulting from road runoff into stormwater and potentially water supplies.

QLDC will continue to work with Central Government and Otago Regional Council to address the issues around Climate Change and will commit to implementing Water Standards, lifting the quality of freshwater resources and improving our drinking, waste and stormwater.

## Drinking Water Standards

To determine the health impacts of a contamination event, we have considered a “Havelock North event” occurring in our district. QLDC could expect hospitalisations of up to 161 people, with as many as 25,000 people effected and as many as 70 fatalities. Those most at risk are people who are elderly, very young, and already sick, on dialysis or on chemotherapy.

Using the Ministry of Health’s data, the local cost of a contamination event in our district could reasonably be estimated to exceed \$75 million. These costs cover immediate medical care and lost productivity only.

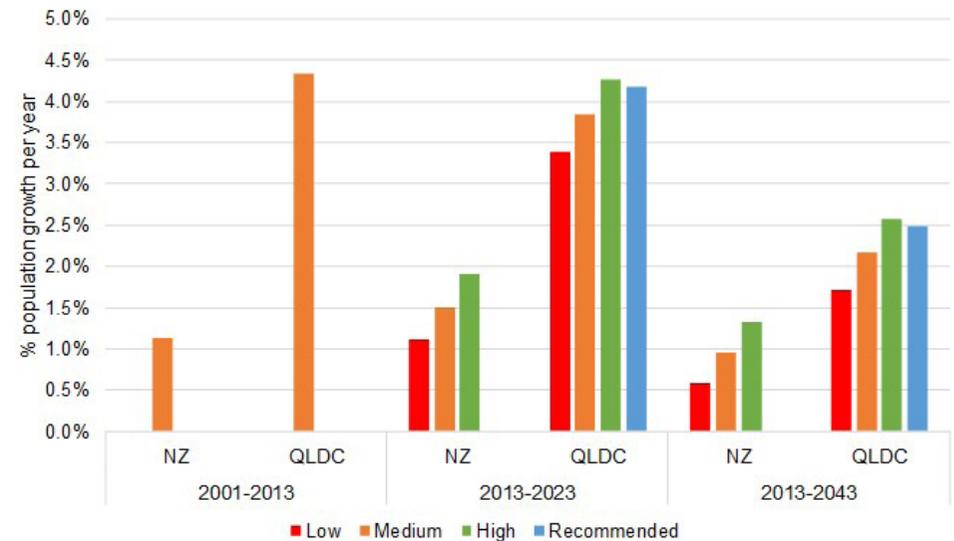
In addition, adverse international media coverage would place significant risk on the district’s tourism economy, estimated at \$6.8 million per day.

## 6.2 GROWTH

The Queenstown Lakes District is experiencing another period of sustained, rapid population growth. Increases in population, without effective demand management, places increased pressures on QLDC infrastructure and the quality of services supported.

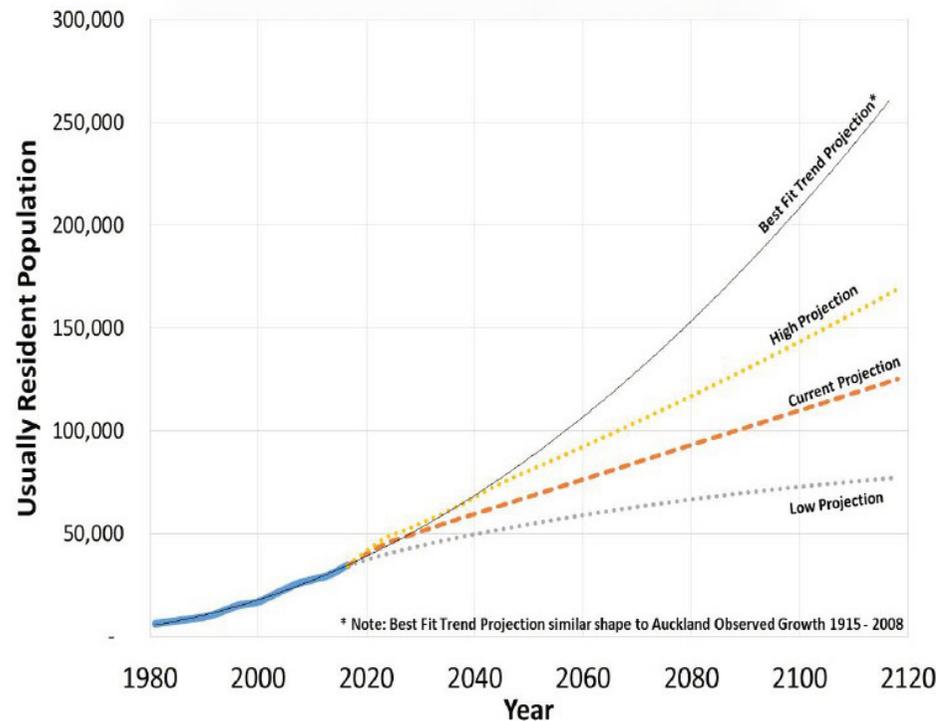
Resident population growth in the district has typically been around 4.1% per year since 1996. However, since the 2013 Census, the resident population has grown from 28,224 to 38,048 – a 34% increase in five years. This rate of growth is high when compared to most other towns in New Zealand.

**FIGURE 4 NATIONAL & LOCAL % GROWTH (REF: STATS NEW ZEALAND & QLDC GROWTH PROJECTIONS TO 2058, 25 MAY 2017)**



The extent and pace of growth means the community is facing numerous opportunities and problems. An increase in productivity means a thriving economy however; this also leads to lack of affordable housing, education and health facilities at capacity all of which inhibits the liveability of our district.

**FIGURE 5 HISTORIC AND PROJECTED POPULATION 1980 TO 2120 (REF: STATS NEW ZEALAND & QLDC GROWTH PROJECTIONS TO 2058, 25 MAY 2017)**



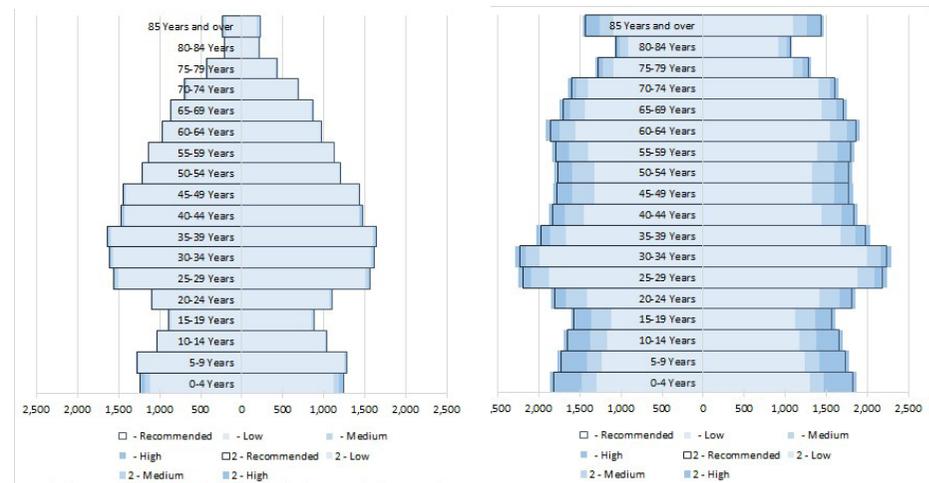
Historically, QLDC had taken a conservative approach to population projections, legacy forecasts have proven to be below actual growth rates. In 2015, QLDC undertook a review of these projections and the methodology now includes economic forecast data as well as adjusting the projections to a medium high as opposed to a medium projection. Under the revised 2017 medium-high population growth projections, the district's population is expected to increase by 102% to 66,355 by 2048.

In addition, there is a projected shift in age profile in terms of numbers but also as a proportion of our resident population. It is predicted resident population over 60 years of age will increase from 8% to 10% of the resident population over the next 30 years.

Another significant age change is residents under the age of five years. Anecdotally the district has the fastest growing population aged zero to five years in New Zealand.

Central Government has identified Queenstown as a 'high growth urban area' with 29% projected population growth between 2018 and 2028. QLDC has responded with applications for the Special Housing Areas as well as the Housing Infrastructure Fund.

**FIGURE 6 QUEENSTOWN LAKES DISTRICT DEMOGRAPHIC PROJECTIONS 2018 AND 2043**



Infometrics (New Zealand independent economic forecaster) has reported the Queenstown Lakes District was New Zealand's top performing territorial authority during 2016, with employment expanding by 10.3% over the March 2016 year. This growth was almost four times the 2.7% rate of employment expansion seen nationally. It is estimated the number of jobs in the Queenstown side of the district grew by 11% over the March 2016 year, while job numbers over the hill in the Wanaka area climbed 8.6% over the same period.

**FIGURE 7 EMPLOYMENT GROWTH 2001 – 2016 (INFOMETRICS)**



The district is a recognised tourism destination that supports economic growth across the southern part of the South Island. The quality of the natural environment is an important factor in supporting economic growth within the district.

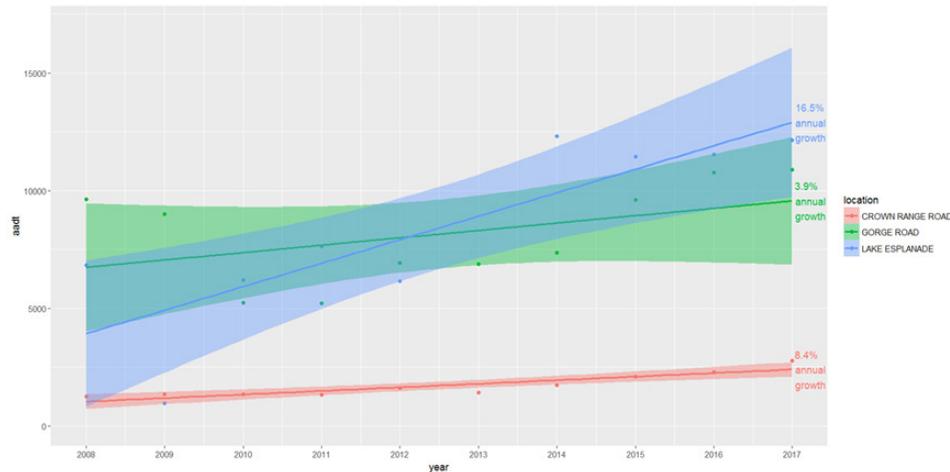
The growth in population and visitor numbers is supported by traffic count evidence from the NZTA. On the key State Highway corridors, there has been an up to 25% increase on the number of vehicles visiting the district in the past 12 months. This current rate of growth will potentially lead to a doubling of traffic every five years. When considering the historic response to growth the new capacity of any upgraded corridors could be consumed well before physical works are actually completed.

**FIGURE 8 NZTA TRAFFIC COUNT GROWTH 2014-2016**

Site	Location	2014	2015	% growth	2016	% growth
ID 00600947	Cromwell	3523	3886	10.3	4434	14.1
ID 00600970	Gibbston - before Gibbston Back Rd	3561	3868	8.6	4406	13.9
ID 00600980	Swiftburn - past Swiftburn Culvert	4260	4580	7.5	5287	15.4
ID 00600984	Crown Range on Arrow River Bridge	6645	6625	-	8318	25.6
ID 00600988	East of Strains Rd	9102	9733	6.9	11390	17
ID 00600991	Shotover - before Lower Shotover Rd	12110	12622	4.2	14062	11.4
ID 00600994	Frankton - north east of junction	17910	19654	9.7	23468	19.4
ID 00600996	Junction - Airport - between SH6&6A & Airport	17723	19180	8.2	19212	0
ID 00600997	North of Humphrey St	8303	9054	9.1	9987	10.3
ID 00690997	Between Southberg Ave & Bridge	7113	7626	7.2	8640	13.3
ID 00600999	South of Peninsula Rd	4049	4506	11.3	5605	24.4
ID 00601000	Remarkables after skifield	3476	3910	12.5	4768	21.9
ID 00601005	Between Jacks Point & Lakeside Estate	2399	2520	5	3085	22.4
ID 06A00001	Frankton - Telemetry Site 90	19811	21472	8.4	23925	11.4
ID 06A00006	Stanley St - Millenium Hotel	16467	17402	5.7	17829	2.5

In line with population and visitor growth, it is anticipated there will be an increase in freight task over time, particularly growth in the movement of manufactured and retail goods, construction materials and waste. The Frankton Business Park will likely provide the hub for the construction and commercial activities to support Queenstown’s future growth, and remain the focus for heavy vehicle movements into Queenstown.

**FIGURE 9 LOCAL TRAFFIC GROWTH 2008-2017**



Ministry of Business, Innovation and Employment has predicted visitor arrivals into New Zealand to grow at 5.4%pa, reaching 4.5 million visitors in 2022 from 3.1 million in 2015. Queenstown’s reputation as an international destination has led the rise in the NZ tourism economy. The district is currently worth an estimated \$2.5Bpa or 8% of GDP. Queenstown Airport Corporation has released its growth figures for end June 2017 with an overall 15% increase on the previous year’s record: 12% international passengers and 16% domestic passengers.

**FIGURE 10 QUEENSTOWN AIRPORT CORPORATION MASTER PLAN OPTIONS 2017**



**Assumptions and Uncertainty:**

The 2017 population growth projections highlight not only the increasing overall population but also the significant aging population as seen in Figure 6 above.

Proportionally there will be an increase of users in the community who are vulnerable to contaminants in water supplies; consequently, QLDC will have to get better at providing safe and reliable water, through meeting drinking water standards. With an increasing population under the age of five, pressure on schools also leads to congestion and safety impacts at peak time school drop off and collection.

The Queenstown Integrated Transport Strategy highlights certain sections of the QLDC transport network will reach maximum capacity within this 30-year period. An immense improvement programme is being developed in partnership with the Otago Regional Council, Queenstown Airport Corporation and NZTA to address the issues. The integrated programme will see huge improvements to provision of public transport including reviewing water based transport. Other options being explored through the Mass Rapid Transport Solution between Frankton and Queenstown

include light rail and a gondola. Further work is focusing on active travel networks which will look to increase the use of cycle trails for both recreational and commuter usage. Combined with education programmes this could go some way to ensuring QLDC's roads continue to deliver current levels of service. Diversification of transport options is a key tool in managing congestion (user demand) at peak times of the day. Other options such as increases to local funding may also provide an alternative, however this solution would need to be well understood and consulted on with the community ahead of any such decision.

QLDC has looked back 30 years to help inform looking forward 30 years. What this historic period shows is there have been two spikes in population growth around the 1990's and the 2000's, we are seeing a further spike in the mid 2010's. The second growth spike lasted about twice as long as the first growth spike which was approximately five years. There were two periods of levelling off, in the late 1990's and the late 2000's. Interestingly these periods of levelling off still result in growth of around 2%, which is considered high by national standards. The third growth spike currently being experienced appears to be steeper than anything previously experienced and may last as short as five years or potentially as long as 15. For that reason, we will review population projections every year. As much as possible QLDC will implement infrastructure that is modular and can be phased over time whether that be delayed or brought forward.

Recent collaboration between QLDC and Statistics New Zealand has seen an adjustment to the Census Area Units (CAUs) for the 2018 Census. The refined CAUs will provide a better granularity of population levels across the district, which will facilitate management of infrastructure in growth areas.

Although there is a high level of confidence in resident population growth projections, there is less certainty around future consumption (consumer usage) rates. Consumption rates affect overall demand for services and depending on the effectiveness of any demand management programmes, the timing of some investments may be able to be deferred. In addition, a greater understanding of visitor projections and consumption rates is required to ensure investment programmes are timely and affordable.

### **6.3 COMPLEX BUILT ENVIRONMENT**

The term 'Enduring Landscapes' indicates quality built environments that meet local needs and respect the local character; it includes QLDC's infrastructure assets that

provide the setting for community activity. This can range from buildings and parks to whole subdivisions and towns – it also includes the supporting infrastructure, such as water supply, wastewater, stormwater and roads and all associated assets, i.e. pipes, reservoirs, superfast internet, autonomous vehicles and signage.

There are a number of issues, which affect the performance of the assets and the ability to renew them; these are discussed later in the document.

The local climate conditions and elevation shortens the construction period. Topographic and seismic conditions, combined with seasonal changes may also accelerate deterioration of assets. This can complicate timings of renewals to ensure appropriate whole of life costs are achieved. Due to the risk of natural hazards, QLDC has commenced a business continuity planning process using the ISO 22301 Business Continuity Standard. This process will better inform QLDC and its ability to prepare for, respond to, and recover from disruptive incidents such as temporary loss of office accommodation, with disrupting services to the community.

#### **Housing Infrastructure Fund**

QLDC has secured \$50 million – 3,200 houses in Central Government's new Housing Infrastructure Fund (HIF). Two new greenfield sites (Quail Rise South and Ladies Mile) on the Frankton Flats and an extension of the Kingston township.

Ladies Mile - The Ladies Mile medium density residential development will provide a further 1,000 residential dwellings for the district. It includes provision for public transport infrastructure and will improve existing capacity and safety of the access into Lakes Hayes Estate and the level of service on State Highway 6.

Quail Rise - The Quail Rise South project will enable the construction of up to 1,100 residential dwellings in close proximity to Frankton Flats. The development includes a new road linking Ferry Hill Drive to the roundabout at the junction of SH6 and Hawthorne Drive, and pedestrian/cycleway access beneath SH6.

Kingston – This will bring forward the provision of three waters infrastructure schemes. This will enable the development of special zoned land and other sites within Kingston township, allowing approximately 950 more houses. Benefits include affordable housing for the district and improved public health for the community.

## Assumptions and Uncertainty

Infrastructure will deteriorate and be damaged by third parties as well as natural hazards. Reviews will need to be undertaken as to post event functionality of facilities, this may require upgrading of buildings and structures that are expected to operate post a natural hazard event.

Deterioration may increase with climate change; hotter, colder, wetter, and/or dryer. The sewer network is expected to deteriorate quicker, projected increases in daytime temperatures will increase rates of corrosion in our pipe networks, reducing their longevity. Renewing early and investigations into alternative materials and erosion protection would be considered.

In terms of roading infrastructure, hotter and dryer conditions may lead to longevity of the network whilst wetter conditions may lead to increased deterioration or a change in approach to drainage. Forward planning and identification of opportunities are key. Infrastructure that encourages a wide range of transportation mode choice is preferred going forward.

Central Government's 2017 Government Policy Statement on transport has expanded the focus on freight movements to include tourism. Encouraging freight, may lead to vehicles carrying increased capacity and tonnage, which will require the roading network to be assessed in terms of accessibility. This may lead to the reinforcement of structures particularly where the current bridge stock is restricted by size or weight. Impacts of tourist growth, particularly self-drive can increase congestion, travel time reliability and potentially safety risks with drivers inexperienced in New Zealand road conditions.

It is likely QLDC business operations will experience at least one disruptive event during the period of this plan. There is also recognition that the Alpine Fault has a rupture frequency of around 300 years and it last ruptured in 1717. Scientific estimates predict the Alpine Fault has a 50% chance of rupturing as a magnitude eight earthquake or larger within the next 50 years.

There are a number of asset types where QLDC seeks to better understand changing customer needs through improved data and analysis:

- > Recent pipeline failures within the water supply network are indicating that an era of PVC pipe is failing far earlier than expected. This is thought to be due to the pipe standard used being more brittle than modern PVC materials; and

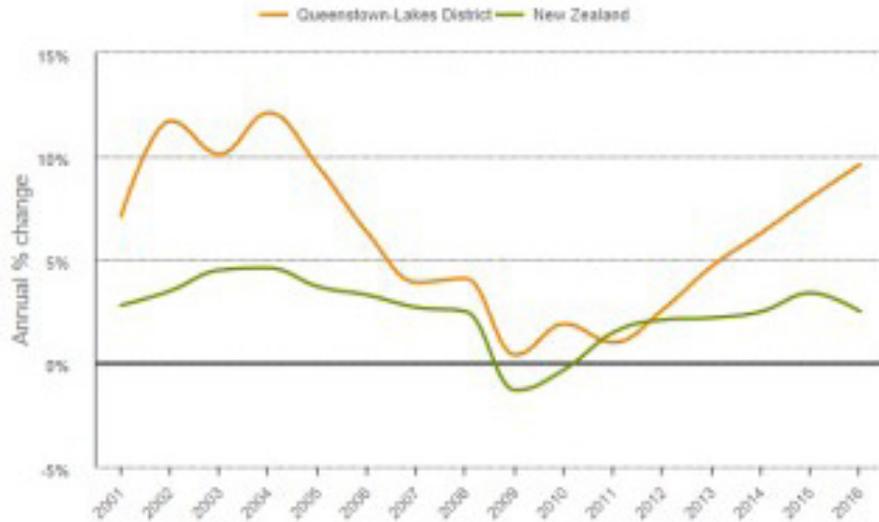
- > Extensive capital spend is planned through the Queenstown Town Centre Masterplan (TCMP) to revitalise Queenstown CBD in the next ten years:
  - Understanding the condition of the three waters infrastructure and programming renewal/upgrades is critical to ensuring the success of the TCMP and minimising disruption.
  - The town centre is a complex built environment with often varying user needs i.e. balancing the expectation of pedestrians, cyclists and vehicles. The planned arterial route aims to remove vehicles to the edge of town opening more space in the town centre for cyclists, pedestrians and other non-vehicle users.

## 6.4 CHALLENGING ECONOMY

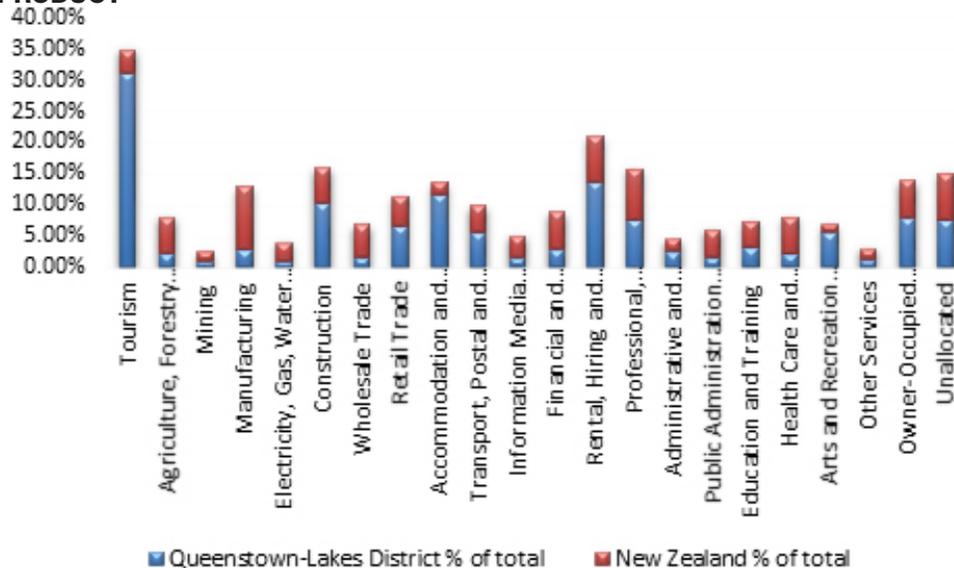
QLDC is a district with a thriving economy, which is strongly driven by tourism, both domestic and international. A rapidly rising residential population has driven development, which is providing a booming construction industry. Subdivision and the resultant development enables the creation of new housing and land use opportunities, and is another key driver of the district's economy.

Queenstown Lakes has experienced very strong economic growth over the last decade (over double the New Zealand average), with population and visitor growth providing the main stimulus. Visitor and lifestyle-related industries (accommodation, food services, rental services and recreation services) and property and service industries (construction and construction services, general professional services, health services, real estate) have grown strongly. Gross Domestic Product per capita has not grown as fast.

**FIGURE 11 QUEENSTOWN & NEW ZEALAND GROSS DOMESTIC PRODUCT**



**FIGURE 12 % INDUSTRY PROPORTION OF 2016 GROSS DOMESTIC PRODUCT**



Employment has grown very strongly but estimated labour productivity in the district is well below the national level and earnings from salaries and wages are relatively low. Median income from all sources is, however, relatively high, likely reflecting that a high proportion of income is from investment and self-employment.

Due to the smaller resident population, QLDC does not have the depth of resources available and has to rely on the broader regional, national and international markets to provide resources, talent and investment. The affordability in the district brings broader issues in terms of attracting, securing and retaining staff. This is replicated within our contractors, suppliers and local businesses; this can all affect delivery of infrastructure.

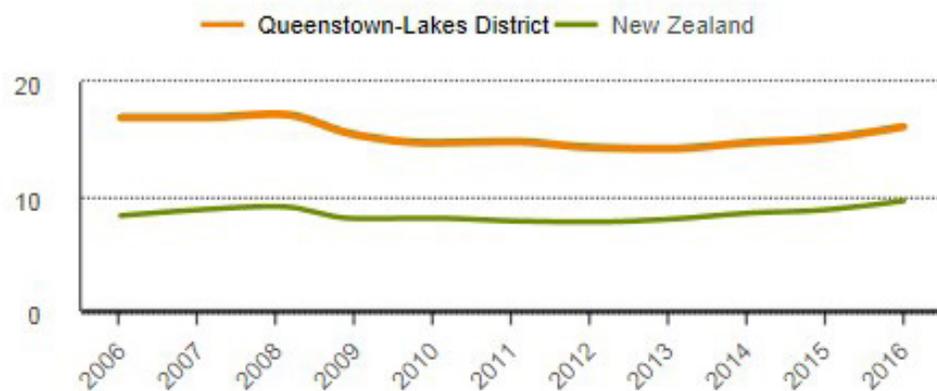
The district is distant from markets for goods and services and other urban centres. Distance increases transport and trade costs. When combined with the small local market, local businesses will struggle to achieve the same economies of scale as those in the same industries in larger markets, which constrains their productivity performance (and hence constrains profitability and incomes).

In 2016, Infometrics reported the median salary for the district was \$49,780; the median house price in this same year was \$803,241. This provides a ratio of house price to income (liveability ratio) of 15, this compares to Auckland’s liveability ratio of eight for the same period.

The district has high house prices. This is due to a combination of population growth and the second home market that has pushed up demand; and higher building costs (due to location related higher transport cost for materials, as well as high demand for a limited supply of local construction labour) and higher land costs.

**FIGURE 13 QUEENSTOWN AND NEW ZEALAND HOUSING AFFORDABILITY**

Housing affordability (higher is less affordable)



Over the next ten years and beyond, QLDC is facing its largest and compounding complex infrastructure capital works programme. QLDC are exploring the following options and mechanisms to address the risk of capacity to deliver intended programmes:

- > reviewing the current capacity and quality of all Three Waters activities. This status along with completed BBC's take into account and address the increased growth and forecasted growth as well as new regulatory regimes;
- > approaching the supply chain early in the procurement process to find the most appropriate method to get the best value for projects. i.e. packages of works and timings;
- > grouping similar projects together to incentivise the supply chain by increasing potential value. i.e. a programme around multiple three waters reservoirs;
- > reviewing the build, operate, manage, transfer models; and
- > maximising good rates by having longer contract periods and potential extensions.

The National Infrastructure Plan seeks that New Zealand's infrastructure is resilient,

co-ordinated and contributes to a strong economy. As a key selling point for New Zealand's Tourism Industry, the district has a large impact on the National Tourism Economy.

Factors to be considered in developing a strong economy include demonstrating an understanding of:

- > limited funding available to respond to competing demands - ensuring optimised decision-making processes are in place, including transparent processes for prioritisation and justification of asset expenditure;
- > changes in Central Government funding models i.e. the One Network Road Classification (ONRC) – this will affect the capacity to prioritise capital works programmes to meet current and future service demand through community participation in decision making;
- > consider asset disposal/rationalisation to fund alternative assets and services; and
- > value for money - ensuring we get the maximum impact from our efforts to drive growth by strengthening our focus on delivering measurable value from the investment in the land transport sector. It reflects expectations to ensure a strong rationale for projects and activities by seeking better and smarter ways of operating.

The ONRC, which applies to transportation, and the newly released Metadata Standards (applies to both three waters and transportation) will increase transparency on infrastructure performance and ultimately influence investment levels nationally.

#### Assumptions and Uncertainty:

Queenstown is an adventure tourism destination; the majority of ski fields make artificial snow, as natural supply is no longer sufficient nor reliable. The manufacture of good quality man-made snow cannot generally occur above an ambient air temperature of 3°C - with a predicted average air temperature increasing by 0.6°C there will be fewer days when snowmaking is possible which will impact Queenstown's ability to be a ski resort and the revenue this creates. However, new and alternative activities on the same land (e.g. downhill mountain biking) is a new growth industry for the district.

QLDC sources around 50% of its funding for transportation projects and expenditure from NZTA's National Land Transport Plan. The mechanism for funding approval is via the Regional Land Transport Plan.

Currently QLDC has an enhanced Funding Assistance Rate (FAR) for Special Purpose Roads (SPR), which is around 90-100%. NZTA have signaled they will be reducing the enhanced FAR to meet the local road FAR progressively over the next ten years. It is possible that levels of service (i.e. quality of roads or acceptable levels of congestion) will have to change as QLDC seeks to deliver its roading programme with reduced NZTA funding or seek increases in other funding sources.

QLDC is also looking at other options where by the ownership of SPR's such as the Crown Range and the road to Glenorchy would be moved from QLDC to NZTA. Although this would save QLDC money in maintenance, it may also result in changes to the levels of service (i.e. quality of roads or number of closure days) on those roads.

Fluctuations in growth stemming from changes in interest rates and the global economy are likely to mean Queenstown will be less affordable, yet still desirable. This will create a transient community, like London, where people will house 2-4 people per room to make it affordable. People will be forced to remote rural townships (Kingston, Glenorchy) to purchase or live which will in turn place increased stress on water supplies, sewer systems and roads as these towns transition to become commuter suburbs (demand will spike for short periods of time to facilitate increased travel time to work).

QLDC will continue to host a wide range of community and commercial events as an investment in the community through arts, community and sports events. It is an investment in direct economic benefit to our district.

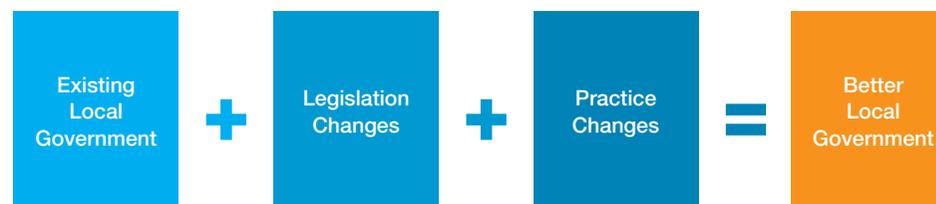
Central Government directive is the expectation to see benefits from tourism –using the roading network to provide a better experience for the tourists.

QLDC has appointed an Economic Development Manager role in response to the need for QLDC to develop a plan for delivering the objectives of the Economic Development Strategy.

## 6.5 VARIABLE LEGAL / POLITICAL

There have been a number of legislative and practice changes introduced to New Zealand's Local Government sector since the development of the 2015 Ten Year Plan in 2014. These changes require modifications in business focus, activities and ultimately better delivery of community outcomes. The following diagram illustrates the pressures placed on QLDC as a result of these changes.

**FIGURE 15 CHANGES TO LOCAL GOVERNMENT PRACTICES**



### Changes in Legislation:

- > Local Government Act 2002, Section 10 sets out the purpose of Local Government. In late 2014 this section was updated placing a move away from 'lowest cost' services to a requirement that councils provide services that are 'efficient and effective'.
  - > Implication – QLDC has to demonstrate in a measureable way, year on year, that its services are efficient and effective.
- > Local Government Act 2002, Section 17A, a new provision that enables cross boundary sharing and delivery of services between councils to leverage, amongst other things, economies of scale.
  - > Implication – These shared services have been proven to deliver more efficient service delivery for 'neighbouring towns' in separate districts. Investigations are underway across Otago to determine what, if any, efficiencies can be gained through shared services arrangements.
  - > Implication – QLDC has to have the efficiency of its service delivery reviewed and confirmed, at least every six years, for all services.

- > Local Government Act 2002, Section 101B, a new provision that requires long term (at least 30 year horizon), strategic consideration of services and funding of their resilient delivery.
  - > Implication – QLDC’s short term actions and near term investments (Annual and Ten Year Plans) must clearly demonstrate that they give effect to the long-term issues and needs of the community.

#### Changes in Practice:

- > Local Government Funding Agency – The LGFA is a Council-Controlled Organisation (CCO) operating under the LGA. LGFA specialises in financing the New Zealand Local Government sector, the primary purpose being to provide more efficient funding costs and diversified funding sources for New Zealand local authorities. LGFA was established to raise debt on behalf of local authorities on terms that are more favourable to them than if they raised the debt directly.
  - > Implication – to not be a member of the LGFA might imply that funding of the council debt is sub-optimal.
- > National Infrastructure Plan – The NIP recognises that New Zealanders quality of life and our economic wellbeing is very reliant on good quality infrastructure. The NIP seeks to ensure that New Zealand’s infrastructure is resilient and coordinated such that it best contributes to a strong economy and high living standards. The NIP has identified maturing asset management practices in Local Government is a key measure of building the right thing, at the right time and at the right price.
  - > Implication – QLDC will have to demonstrate its asset management practices are maturing, resulting in progressively improving investment decisions.
- > Local Government Risk Management Agency – Following the Canterbury Earthquakes a review of Local Government identified a lack of knowledge and consistency in risk management and the principles for hazard reduction.
  - > Implication – QLDC will need to be able to clearly demonstrate that, if there was an event, QLDC understands and has best managed its risks to ensure that recovery is the quickest and that costs are the lowest to ratepayers.

- > 60 / 40 Review – Treasury is reviewing the system by which Central Government and Local Government apportion and share costs following a natural hazard event. The current approach is vague and not easily quantifiable for either party, which creates uncertainty. A new, clearer approach based on Maximum Probable Loss has been proposed.

- > Implication – QLDC will need to investigate, analyse, develop and fund a suite of controls and mitigations for responding to a set threshold of natural hazard event.

- > Government Policy Statement for Transport – Is the Government’s primary tool to communicate what it wants to achieve in land transport, and how it expects to see funding allocated across the likes of road policing, road safety promotion, State Highways, local roads and public transport. The 2017 key priorities include economic growth and productivity; it also reaffirms the focus on road safety and increases the emphasis on value for money. Meeting these outcomes successfully will attract funding.

- > Implication –A direct implication for QLDC following the 2017 GPS was the recognition of tourism as a key economic contributor to the national economy. Transport activities, which support tourism growth and productivity, will receive funding to provide a safe and resilience network.

- > National Policy Statement for Urban Capacity Development – The policy enables central government to prescribe objectives and policies for matters of national significance, which are relevant to achieving the sustainable management purpose of the RMA.

- > Implication – Local authorities need to ensure better liaison between departments and as such, QLDC has formulated the NPS Project Team incorporating staff from, Planning & Development, Property & Infrastructure, Corporate Services and Finance to ensure requirements are met.

- > Metadata Standards – Land Information New Zealand is leading the development of national Metadata Standards for how we capture, describe and store data. These standards will mitigate inefficiencies in local government operations and decision making brought about by inconsistent data, low quality data, and non-capture of data across New Zealand.

- > Implication – QLDC will need to transfer its data capture and storage systems to the new standards. These standards will increase transparency on QLDCs investment decisions.
- > Investor Confidence Rating (ICR) – the two yearly assessment of the performance of investment-intensive agencies in managing investments and assets that are critical to the delivery of services. The ICR provides an indication of the level of confidence investors (such as NZTA) can have in an agency’s ability to realise a promised investment result if funding was committed. Following three years of measuring maturity on its core infrastructure. QLDC has recently completed its first (internally assessed) Treasury ICR.
- > Implication - QLDC believes the ICR is an important tool in which to benchmark its investment performance with other infrastructure providers.

**Assumptions and Uncertainty:**

From a legal perspective, there may be increased regulation, which will likely include some sort of economic regulation. QLDC is responding to this now by increasing the number of external audits on the various aspects of its infrastructure business (Asset Management Maturity and Investor Confidence Rating).

This may also lead to changes in delivery models for local government services as demonstrated in the Auckland, Waikato and Wellington water sectors. There is uncertainty around the timing of such a model change but also the pace at which it would occur. Auckland achieved its transition in less than 12 months through legislation change. Waikato is not using legislation and this change is expected to take ten years to be fully embedded.

From a political perspective, there may be a shift in priorities and policies with the new Government. QLDC will continue to engage with Ministers and LGNZ to address many of the issues the district faces. There will be nine Local Government elections and therefore nine opportunities for change in political direction or strategic focus. We note that following the 2009 TYP, we moved into an extended period of political austerity. Following the 2016 elections, the political environment has transitioned to a ‘can-do’, investment positive approach. QLDC’s focus on strong asset management, supported by better business case approaches and evidence based investment, is assumed to reduce future investment volatility and the risk of significant political changes.

## 7.0 Infrastructure Portfolios

Underpinning the provision of QLDC’s infrastructure services to the community is a significant asset base that includes land transportation roads, water pipes, drains and treatment plants. QLDC is responsible for the care and management of this broad range of assets for the benefit of current and future communities. In the QLDC Annual Report 2016-17 QLDC’s total asset portfolio was valued at \$1.3 billion.

QLDC recognises future asset audits will improve QLDC’s knowledge of its asset portfolio. Future updates of each Asset/Activity Plan will progressively improve the records and performance data of all existing assets, including updating quantities and valuations.

### 7.1 SERVICES SUPPORTED BY QLDC ASSETS

The following table highlights the types of services that QLDC assets support. This list is intended to illustrate the relationship between QLDC assets and services.

**TABLE 1 ASSETS SUPPORTING SERVICES**

<b>Land Transportation (liveability)</b>	<ul style="list-style-type: none"> <li>Movement of people and goods</li> <li>Connectivity and accessibility</li> <li>Corridors for utility services</li> <li>Passive recreation</li> <li>Flood protection</li> <li>Safe systems (i.e. lighting and barriers)</li> </ul>
<b>Three Waters</b>	<ul style="list-style-type: none"> <li>Public health</li> <li>Flood protection</li> <li>Environmental protection</li> </ul>
<b>Solid Waste Management</b>	<ul style="list-style-type: none"> <li>Waste minimisation</li> <li>Refuse collection</li> <li>Landfill provision</li> <li>Transportation</li> <li>Disposal/recycling</li> </ul>

A brief summary of factors that can be expected to influence community demand for services is also presented below to indicate the type of analysis required when forecasting future asset needs.

### Land Transportation

QLDC owns and operates transportation corridors (and associated support infrastructure, i.e. streetlights, signage etc.) to provide the community with safe and efficient access to their homes, schools, places of work, recreational areas and public services. These corridors also support the national, regional and local economy by enabling the efficient movement of goods and services and tourism.

QLDC is in a state of transition in how it operates its transportation network. This has been led by Local Government reforms, adoption, implementation and embedding of the ONRC as well as ensuring the continual upskilling of in-house resources to ensure capability, capacity and continuity. QLDC is moving from a legacy business model of 'operating transport infrastructure assets' to a proactive, evidence/risk based, and outcome focused 'integrated transportation solution' that meets the requirements of the customer.

To understand and deliver a successful integrated transport solution QLDC must:

- > monitor, address and embed growth in all transport activities;
- > focus on customer journeys, from origin to destination, that span across network boundaries and modes. To this end, it will be the catalyst to more collaborative working arrangements across the Otago/Southland region, and with other transport providers such as NZTA State Highways, Queenstown Airport Corporation and Otago Regional Council;
- > enable customers to better assess service delivery options and their costs against the nationally consistent customer outcomes of the ONRC in an appropriate way for the QLDC network;
- > demonstrate where QLDC's network performance and cost of delivery sits on a comparative basis to similar networks i.e. self-benchmarking analysis;
- > using the Business Case Approach and ONRC framework will provide Councillors and co-investors a more consistent and coherent platform for decision making;

- > further develop robust evidence-based cases for investment, ensuring understanding of the asset lifecycle, the costs and options;
- > enhance its capability to deliver greater value for money from its existing infrastructure assets, and give greater consideration to customer focused transport solutions for future customers; and
- > demonstrate best practice activity management that addresses the principles of the business case approach supported by good practice asset management.

For further information, the Land Transport Activity Management Plan 2017 is located on the QLDC website.

### Three Waters

Within this document, drinking water, wastewater and stormwater are sometimes referred to collectively as the 'three waters'.

As the primary water supplier to the district, QLDC is required to provide a supply of water to homes and businesses that is safe for human consumption. Safe and reliable drinking water supplies are recognised as being crucial to the wellbeing and prosperity of our district.

QLDC also provides reticulated wastewater services (also known as sewerage services). Reticulated wastewater systems are recognised internationally as the most cost-effective and efficient method of protecting public health in urban areas from outbreaks of waterborne diseases that are associated with human and business liquid wastes. Reticulated systems also enable cost effective treatment and disposal, which helps to support improved environmental outcomes.

The strategic objectives for three waters management are:

- > to ensure no contamination of public water supply attributed to three waters infrastructure;
- > adverse effects on the environment from three waters infrastructure are managed/mitigated; and
- > ensure compliance with resource consents.

Stormwater systems are provided to protect private properties and buildings from rainwater and groundwater. Effective management of rainwater within these systems is vital to controlling erosion and land stability, as well as ensuring public amenity of open spaces and protection of the environment.

For further information, the Three Waters Asset Management Plan 2017 is located on the QLDC website.

### Solid Waste Management

This activity ensures sustainable waste management that protects public health and the environment. The solid waste management activity is managed in three sub-activities: waste minimisation and recycling, refuse collection and landfill provision.

QLDC has adopted a Waste Management and Minimisation Plan (WMMP). This WMMP identifies QLDC's vision, goals, objectives, targets and methods for achieving effective and efficient waste management and minimisation.

To develop this WMMP, QLDC completed a Waste Assessment (WA) which details:

- > existing waste services provided in the district (Council and non-council);
- > waste quantities, composition and flows;
- > identification of issues;
- > future demand for services;
- > vision, goals, objectives and targets for waste management and minimisation;
- > guiding principles to direct how to get to where the Council wants to be; and
- > an options assessment/statement of proposals for waste services and identified district issues through the Waste Management and Minimisation Programme Business Case (PBC).

For further information, both the WMMP and WA are located on the QLDC website.

## 8.0 Significant Infrastructure Issues, Options and Implications

QLDC's thresholds and criteria for determining significance is:



- > **Importance to Queenstown Lakes District** – the extent to which the matters impact on the environment, culture and people of the district (e.g. significant capital projects);
- > **Community interest** – the extent to which individuals, organisations, groups and sectors in the community are affected by the Council's decisions;
- > **Inconsistency with existing policy and strategy** – the extent of inconsistency and the likely impact; and
- > **The impact on the Council's capability and capacity** – the impact on the objectives set out in the Financial Strategy, Ten Year Plan and Annual Plan.

This section summarises the significant infrastructure issues facing the district. In general, decisions to invest (or not) in infrastructure are mostly influenced by legislative requirements, delivering levels of service and managing risks.

### Appendix B

Further detail such as the current understanding of the matter, options for managing those issues and the likely implications of undertaking, or not undertaking the actions/investments proposed can be found in Appendix B. A summary has been provided of Appendix B on page 46.

### LAND TRANSPORTATION

CHALLENGE	PROPOSAL
More People More Congestion	Integrated public transport Understanding land use change Influencing behaviour by providing modal choice
Changes to Central Government Funding	Improve asset management maturity Find new (non rates) financial sources
Climate Change and Extreme Weather Events	Environmental monitoring Leveraging technology to improve resilience

### SOLID WASTE MANAGEMENT

CHALLENGE	PROPOSAL
More People More Rubbish	Education Increased recycling options Targeted charging
Responding to Legislation and Regulation	Staff member dedicated to minimising waste Targeted organics and glass programmes

### THREE WATERS

CHALLENGE	PROPOSAL
Changes to our Natural Environment	Increase environmental monitoring Improve runoff/discharge controls Improve water supply resilience
Responding to Legislation and Regulation	Comply with Drinking Water Standards and Network Consents
More People use More Water	Education Water metering and targeted charges beyond 2028
Climate Change and Extreme Weather Events	Environmental monitoring Leveraging technology to improve resilience

### ASSET MANAGEMENT

CHALLENGE	PROPOSAL
Government call for Core Infrastructure Maturity Asset Management Maturity Strong Local Economies	Smart cities Business Case to Central Govt (seeking support) Alternate infrastructure delivery models (PPP, BOOT etc)

## 9.0 Capital and Operating Expenditure

All expenditure in this document is represented in both ‘dollars of today’ and ‘inflated’ for future years. QLDC’s methodology for applying inflation to capital forecasts is based on economic predictions sourced from Business and Economic Research Limited (BERL), a NZ company who specialise in economic research, analysis, advice and consultancy.

In addressing the issues identified in the previous section of this strategy, QLDC expects to spend around \$1.38B (uninflated) on new or replacement infrastructure between 2018 and 2048. This includes addressing a backlog in investing in water quality and capacity projects. This backlog has occurred overtime through previously low projections of growth, delays in implementing volumetric water charges, and delays in confirming the most appropriate method of meeting the drinking water standards. Over the same period, \$1.15B (uninflated) is expected to be spent on operating costs, (excluding interest, overheads and depreciation). These figures are anticipated to be spread across the infrastructure asset activity areas as follows:

**TABLE 2 TOTAL FORECASTED INFRASTRUCTURE SPEND 2018 – 2048 (CAPITAL & OPERATIONAL)**

UNINFLATED	THREE WATERS	SOLID WASTE	TRANSPORT
Operational Spend	\$576,705,202	\$286,672,071	\$290,033,131
Capital Spend	\$608,651,432	\$38,039,178	\$737,175,718
<b>TOTAL</b>	<b>\$1,185,356,634</b>	<b>\$324,711,249</b>	<b>\$1,027,208,849</b>
INFLATED	THREE WATERS	SOLID WASTE	TRANSPORT
Operational Spend	\$793,537,841	\$412,729,231	\$380,808,610
Capital Spend	\$778,388,468	\$46,859,300	\$903,873,674
<b>TOTAL</b>	<b>\$1,571,926,309</b>	<b>\$459,588,531</b>	<b>\$1,284,682,284</b>

When comparing operational expenditure depreciation budgets and capital expenditure renewals budgets, transport and water supply show a reasonable alignment however wastewater and stormwater reflect a very low percentage

indicating these assets are not being replaced in accordance with recognised industry standard asset lives. Further work is planned over the next three years to confirm and refine QLDC’s asset life values given the age of its network and local environmental factors (i.e. longer asset life values may be appropriate for our ground conditions). Initial indicators are asset materials selection, combined with favourable ground conditions, and a relatively young asset life are suggesting a longer asset life may be appropriate in our district. Precedent exists nationally and internationally that this could be the case. For example, former Auckland city’s wastewater pipelines. The rates of depreciation in this plan are not influenced by investment in new assets for growth, i.e. the Housing Infrastructure Zones, they are based on best available asset performance data.

**TABLE 3 PERCENTAGE OF RENEWALS BY DEPRECIATION**

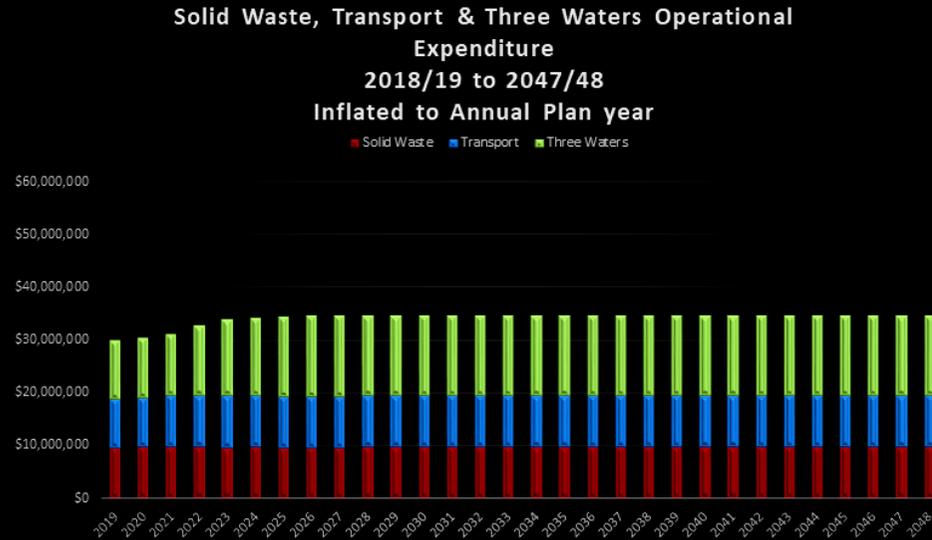
ACTIVITY	% RENEWALS BY DEPRECIATION
Solid waste	37%
Transport	74%
Stormwater	21%
Wastewater	13%
Water Supply	73%

The 30 year period of this IAMS includes appropriate capital spend for the renewal of infrastructure. Whilst there has been a focus to address deferred maintenance over the past decade, the timing on renewals is reliant on other major projects e.g. Town Centre Masterplan. If this project’s timing were to change, planned timing for renewals may be bought forward.

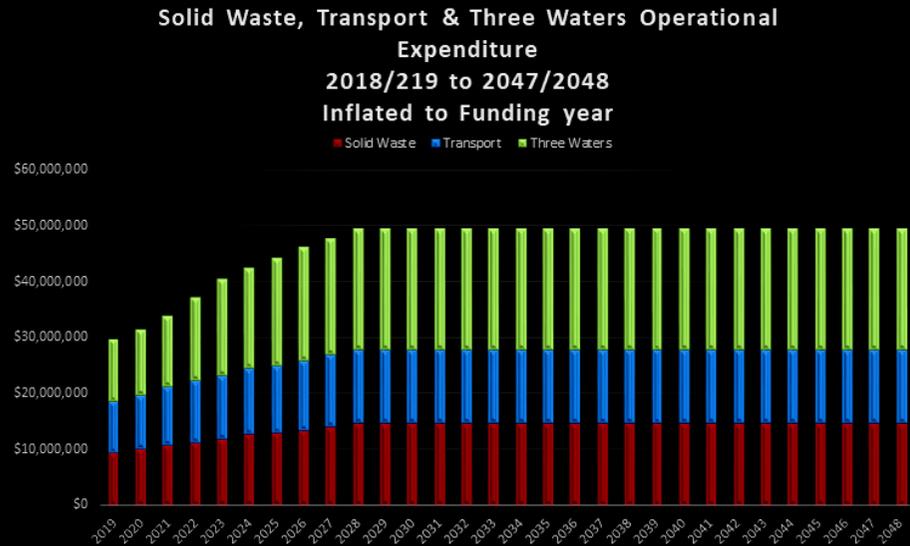
Issues of affordability are considered in detail as part of QLDC’s Financial Strategy, as required by section 101A of the Local Government Act. Options for funding investment are modelled and discussed in this document. Typically QLDC funds investment through debt, to enable intergenerational charging, over the life of these long-lived assets, for those that benefit from their use.

Total operational and capital annual expenditure for three waters, solid waste management and transport for the 30 year period is shown in Figures 15 to 20 following.

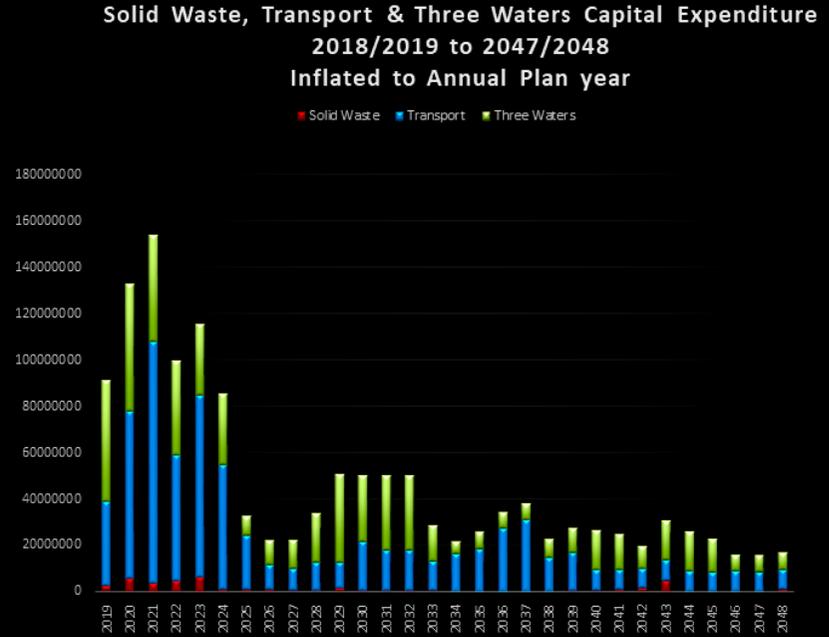
**FIGURE 15 TOTAL FORECASTED OPERATIONAL INFRASTRUCTURE SPEND (BY ACTIVITY) 2018-2048 - INFLATED**



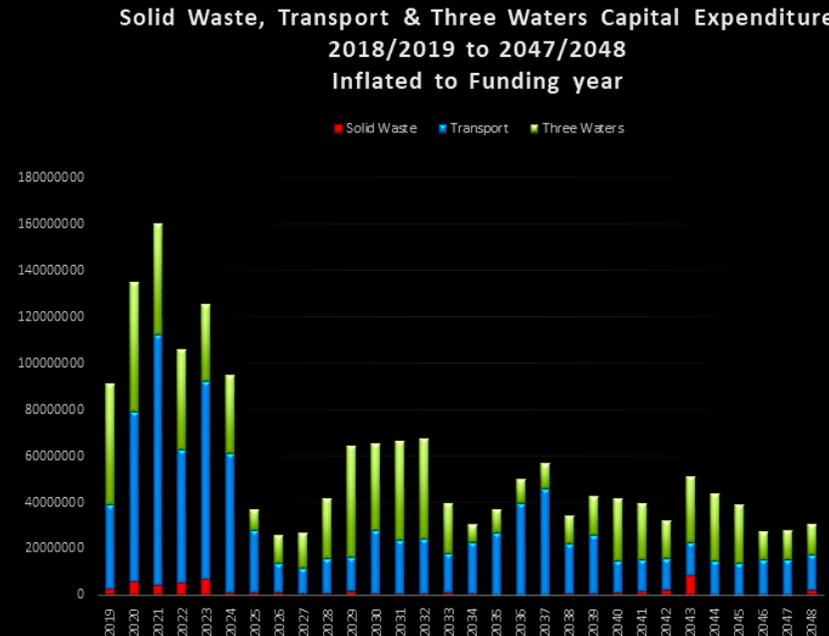
**FIGURE 16 TOTAL CAPITAL INFRASTRUCTURE SPEND (BY ACTIVITY) 2018-2048 - UNINFLATED**



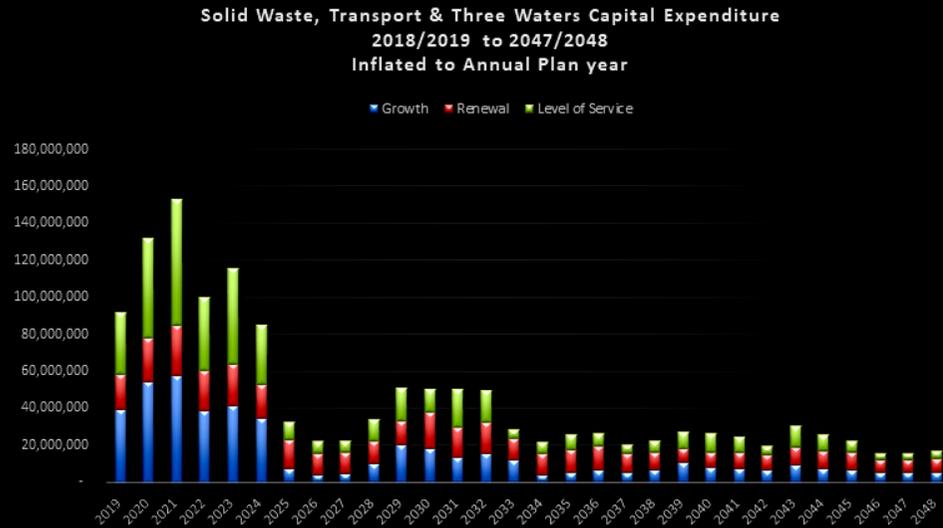
**FIGURE 17 TOTAL CAPITAL INFRASTRUCTURE SPEND (BY ACTIVITY) 2018-2048 - INFLATED**



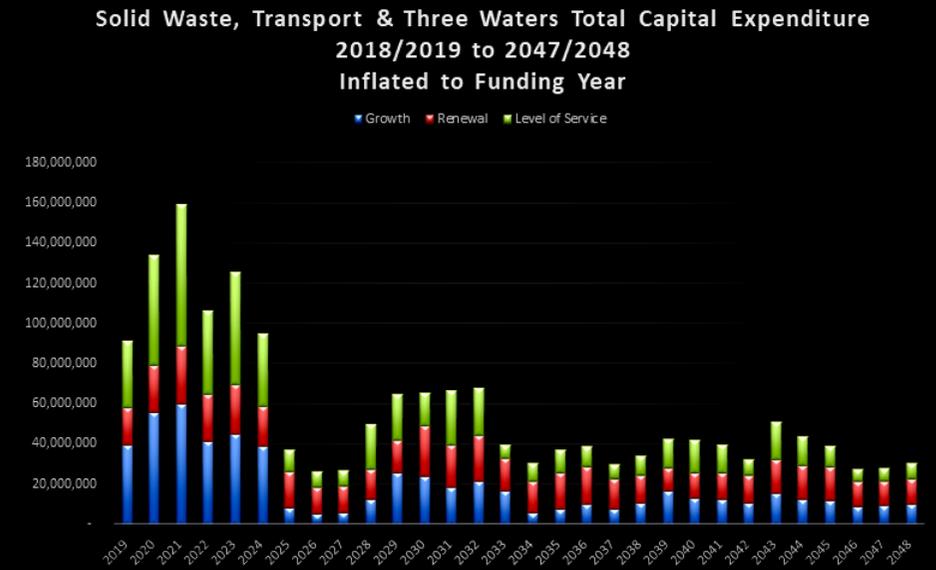
**FIGURE 18 INFRASTRUCTURE EXPENDITURE PROJECTIONS 2018-2048 (BY DRIVER - GROWTH, IMPROVEMENTS AND RENEWALS) - UNINFLATED**



**FIGURE 19 INFRASTRUCTURE EXPENDITURE PROJECTIONS 2018-2048 (BY DRIVER - GROWTH, IMPROVEMENTS AND RENEWALS) – INFLATED**



**FIGURE 20 INFRASTRUCTURE EXPENDITURE PROJECTIONS 2018-2048 (BY DRIVER - GROWTH, IMPROVEMENTS AND RENEWALS) – UNINFLATED**



## 10.0 Major Projects Timeline

Following the analysis of context, capital expenditure drivers, significant issues and risk, the major infrastructure projects (defined for the purpose of this IAMS, as being \$5 million or more of capital expenditure (inflated) or of particular investment interest to the community) expected to be undertaken in the 2018-48 period are shown below. Projects listed below indicate actual project start date however financials are for the 2018-48 period.

**TABLE 4 MAJOR PROJECTS 2018/19 - 2048/49**

SERVICE	PROJECT	COST	START YEAR	COMPLETION	DETAILS	PROJECT CODE
Solid Waste	Recycle centre plant upgrade	\$10.8M	2016/17	2042/43	Recycle centre plant coming to end of life. Investigate options for new plant ahead of new contracts 2018.	CP0006631
Solid Waste	Transfer Station Upgrades - Wanaka	\$6.4M	2019/20	2043/44	Consent, design, and construction of improvements and extensions to the Ballantyne Road Transfer Station	CP0006672
Solid Waste	Transfer Station Upgrades - Wakatipu	\$11.7M	2018/19	2043/44	Consent, design, and construction of improvements and extensions to the Glenda Drive Transfer Station	CP0006673
Solid Waste	Gas Capture Facility	\$8.2M	2018/19	2047/48	Consent, design and construction of a gas capture and disposal facility at Victoria Flats Landfill	CP0006674
Storm Water	Lake Hayes Stormwater Minor Works	\$6.6M	2017/18	2031/32	Basic upgrades to the system. To reduce the frequency of flooding events to private property. This budget has been pushed out 3 years from GHD's original estimate.	CP0004093
Storm Water	Queenstown Stormwater - Design and Minor Works	\$15.3M	2018/19	2031/32	Upgrades of the existing piped network to 10 year pipe containments	CP0004107
Storm Water	Stormwater - Asset Management Improvements	\$14.1M	2016/17	2048/49	AM improvements: Policy, documentation, data/process improvements and network analytics	CP0006275

SERVICE	PROJECT	COST	START YEAR	COMPLETION	DETAILS	PROJECT CODE
Storm Water	Wakatipu Stormwater Capital Works	\$14.8M	2032/33	2044/45	To reduce the frequency of flooding events to private property.	CP0006524
Storm Water	Kingston HIF	\$7M	2018/19	2024/25	Construct trunk main to support new subdivision	CP0006831
Storm Water	Upper Stone Creek / Tenby St WNK13	\$5M	2025/26	2028/29	A number of localised ponding and capacity issues have been identified in the upper reaches of Bullock Creek in the vicinity of Stone and Tenby Streets (WNK13)	CP0006850
Storm Water	North East Frankton Flats Stormwater	\$17.2M	2018/19	2028/29	New stormwater pipeline from Frankton Flats to Lake at Frankton Beach	CP0006890
Transport	Shotover Bridge (Arthurs Point) duplication	\$39.6M	2018/19	2031/32	Design and construct new bridge to replace existing two way single lane bridge which is under increasing pressure from traffic growth. 20/21 DBC. 21/22 Intermediary works including traffic signals on Edith Cavell Bridge	CP0006296
Transport	Wakatipu Active Travel Network	\$51.7M	2018/19	2035/36	On/off road connected pedestrian cycle network. Additional active mode crossing of Shotover River. Improve high level bicycle link to Fernhill. Cycle hire scheme. Marketing, promotion & education. Cycle storage facilities, lockers & showers	CP0006763
Transport	Queenstown Parking Improvements	\$48M	2018/19	2023/24	Management of parking cost, supply & time restrictions to encourage mode shift, manage travel demand and use of infrastructure in the town centre and Frankton. P&R activities separated out as a PT item.	CP0006764
Transport	Queenstown Town Centre Pedestrianisation	\$49.5M	2018/19	2025/26	Restrict vehicle access by time and/or location, including delivery restrictions on freight. Include circulation of buses around the town centre. Assumed to include portions of Shotover, Camp, Ballarat and Church Streets.	CP0006765

SERVICE	PROJECT	COST	START YEAR	COMPLETION	DETAILS	PROJECT CODE
Transport	Queenstown Town Centre Arterial	\$148.8M	2018/19	2023/24	Investigate and construct a new arterial enabling expansion of the town centre including PC50, development of the lake front and development of town centre PT hub.	CP0006766
Transport	Hansen Road to Hawthorne Drive link	\$38.3M	2035/36	2036/37	An alternative to SH6 as an access road to enable additional housing supply to the north of SH6 at Frankton.	CP0006767
Transport	Water taxi service/ferry network	\$6.1M	2018/19	2024/25	Investigation and implementation of water based infrastructure to support water transport at four locations;Town Centre 19/20, Parks St 21/22, Kelvin Heights 23/24 and Frankton 24/25	CP0006770
Transport	Queenstown PT Improvements - Hub	\$25.5M	2019/20	2022/23	In Town centre and Frankton (Frankton delivered under Grant Rd to KFB Stage 2)	CP0006773
Transport	Wanaka Parking Improvements	\$11.3M	2019/20	2023/24	Design of additional parking facilities	CP0006776
Transport	Public Realm Upgrades	\$15.9M	2020/21	2032/33	Street Scaping and Improvements	CP0006869
Transport	HIF Ladies Mile	\$6.3M	2018/19	2020/21	Access improvement from State Highway to provide accessibility for the delivery of HIF to address rapid growth and lack of affordable housing	CP0006879
Transport	Improved access Lake Hayes reserve (Widgeon Place)	\$18.9M	2026/27	2038/39	Improved access road to potential extension of Widgeon Place Reserve (playing fields)	CP0006883
Transport	Travel Management Queenstown	\$5.5M	2018/19	2023/24	Intelligent transport systems, including implementation of communication networks, VMS and on street data gathering	CP0006884
Transport	Lakeview Development - Road & Public Realm	\$5.9M	2018/19	2021/22	Design and construct internal road network including footpaths and shared spaces.	CP0006894

SERVICE	PROJECT	COST	START YEAR	COMPLETION	DETAILS	PROJECT CODE
Transport	Wakatipu - Low Cost/Low Risk	\$35.7M	2018/19	2047/48	Amalgamation of NZTA subsidised projects such as pedestrian facilities, street lighting and kerb and channels. Areas with quality issues are identified and managed.	CP0005063
Transport	Wanaka - Low Cost/Low Risk	\$39.3M	2018/19	2047/48	Amalgamation of NZTA subsidised projects such as pedestrian facilities, street lighting and kerb and channels. Areas with quality issues are identified and managed.	CP0005064
Transport	Civic Heart	\$10.9M	2018/19	2020/21	Business case planning for the new Civic Heart including a town hall upgrade in lieu of the memorial Hall which may be demolished.	CP0006996
Transport	Wanaka Town Centre Masterplan	\$27M	2018/19	2037/38	Masterplan development; DBC, detailed design and implementation.	CP0006997
Waste Water	CBD to Frankton Reticulation	\$10.2M	2016/17	2023/24	Provide solution to mitigate risk of failure and capacity constraints for trunk sewer system between Queenstown CBD and Frankton Beach.	CP0004013
Waste Water	Glenorchy New Wastewater Scheme	\$7.9M	2028/29	2031/32	Provisions for a new wastewater scheme in the Glenorchy Township, including reticulation.	CP0004028
Waste Water	WW - Growth Component For Projects Beyond LTP (2025)	\$54M	2035/36	2047/48	Wanaka North upgrade. Construct New Lakeside Rising Main, Rata Street PS and Rata Street Rising Main	CP0006283
Waste Water	Project Pure Treatment Upgrade	\$6M	2017/18	2021/22	Major upgrade at Project Pure WWTP to install third SBR tank to cater for future inflows from Luggate and Hawea.	CP0006284
Waste Water	Project Shotover Upgrade - Stage 3	\$28.1M	2018/19	2031/32	Adverse effects on the environment from 3W infrastructure are managed/mitigated.	CP0006287

SERVICE	PROJECT	COST	START YEAR	COMPLETION	DETAILS	PROJECT CODE
Waste Water	Project Shotover Upgrade - Stage 4	\$33.3M	2028/29	2043/44	Adverse effects on the environment from 3W infrastructure are managed/mitigated.	CP0006288
Waste Water	Wastewater - Asset Management Improvements	\$16M	2016/17	2047/48	AM improvements: Policy, documentation, data/process improvements and network analytics.	CP0006292
Waste Water	Construction of New Rata St Wastewater PS	\$7.2M	2019/20	2029/30	Construction of new trunk main to reduce criticality of Lakeside PS and meet future growth demands to NE Wanaka.	CP0006829
Waste Water	HIF Kingston Wastewater New Scheme	\$25.9M	2018/19	2024/25	Construction of a treated reticulated wastewater network for the Kingston township.	CP0007009
Water Supply	Kingston Water Supply New Scheme - HIF Project	\$7.8M	2018/19	2020/21	(HIF) Construction of a treated reticulated water supply network for the Kingston township.	CP0004050
Water Supply	Design & construct new Beacon Point WTP	\$20.2M	2018/19	2021/22	Scoping, concept and detailed design of new WTP with construction of 26MLD (26000m <sup>3</sup> /day WTP) to follow.	CP0004228
Water Supply	New Two Mile Water Treatment Plant	\$35.7M	2016/17	2044/45	Design and construction of new Two Mile WTP. QTN Water Master Plan Project. Includes Land Purchase. Two Staged Expansion.	CP0004244
Water Supply	Design & construction new (second) Beacon Point reservoir	\$14.7M	2018/19	2029/30	Design and construction of new (second) 6000m <sup>3</sup> storage reservoir. Includes Land purchase adjacent to existing reservoir & WTP site.	CP0004255
Water Supply	Growth Component For Projects Beyond LTP	\$20.5M	2024/25	2047/48	Network and pump upgrades to meet growth as identified in water master plans	CP0006277

SERVICE	PROJECT	COST	START YEAR	COMPLETION	DETAILS	PROJECT CODE
Water Supply	Water Supply - Asset Management Improvements	\$16M	2016/17	2047/48	AM improvements: Policy, documentation, data/process improvements and network analytics	CP0006281
Water Supply	New Shotover Country Water treatment Plant	\$35.1M	2016/17	2040/41	Design and construction of new Shotover Country WTP. QTN Water Master Plan Project. Includes Land Purchase. Two Staged Expansion.	CP0006485
Water Supply	Ladies Mile / Lake Hayes Network	\$7M	2018/19	2022/23	Land Purchase and construction of new water reservoir and network to connect ladies Mile and Lake Hayes to SOC Network. BBC to be completed	CP0006821
Water Supply	New Hawthenden reservoir	\$18.5M	2029/30	2041/42	New Water Pump Station, pipeline/s and supply reservoir to service South Wanaka. Wanaka Water Master Plan project.	CP0006865
Water Supply	Transmission Pipeline (stage 1)	\$5.5M	2019/20	2021/22	Wanaka Water Master Plan project. 3km of 500mm dia watermain down Anderson, McPherson & Golfcourse Rd. Project delivery subject to growth development & model projections. Golf Course Rd watermain upsizing driven by growth SWanaka	CP0006987

## 11.0 Asset Management Systems and Elements

QLDC continues to progressively align with the requirements of the International Standard ISO55000 for Asset Management (ISO55000). The 2017 versions of the Asset Management Policy, IAMS, and Asset/Activity Plans have been reviewed and prepared with consideration to ISO55000 and the IIMM.

In this section, the status of QLDC's asset management practices is reviewed in order to identify gaps and opportunities for ongoing improvement.

**FIGURE 21 – ELEMENTS OF ASSET MANAGEMENT**



The specific areas of asset management practices are targeted to give effect to the asset management objectives are outlined below.

### 11.1 CAPABILITY AND CAPACITY

QLDC recognises that asset management skills and understanding need to be present at all appropriate levels of Council, from field staff to managers. QLDC continues its process to assess and determine the competencies required for the various asset focused roles, and building the awareness, knowledge, and skills to best fulfil them.

A key step on this process has been to map capability, capacity, and identifying competency gaps. This gap analysis is used to develop asset management competency improvement and training plans.

Key advancements in this area include:

- > alignment to organisational objectives as well as its Asset Management Policy;
- > asset management through the Better Business Case (BBC) Outcomes Framework document;
- > the hiring or contracting of competent persons to undertake specialist activities i.e. population projections, condition assessments and computer modelling;
- > attending industry meetings, forums and conferences to present and share knowledge; and
- > provide regular opportunities for the Infrastructure Committee members (Councillors) to gain exposure to the world of asset management.

## 11.2 CONTINUOUSLY IMPROVE ASSET KNOWLEDGE

In accordance with the Infrastructure Data Management Policy, QLDC's assets will be contained in appropriate corporate registers; these will include accurate data and have reporting functionality to facilitate asset management decisions:

- > Transportation assets – RAMM
- > Three waters assets – Infor
- > Solid waste management - GIS

All financial dataset are primarily held within Technology One.

QLDC's maintenance management approach continues to be tested and refined within the various asset registers using evolving analytical techniques. This approach supports the timely delivery of reactive maintenance activities while continuously leveraging asset performance data to better inform planned programmes.

QLDC recognises the value high-quality data can bring to business decision-making and will continue to invest in improving the quality and completeness of asset data to support this outcome.

## 11.3 INTEGRATE SERVICE AND ASSET MANAGEMENT

Guided by the Ten Year Plan, QLDC's operational service planning work continues to track and predict the current and changing future community needs. This service level information, together with asset performance assessments informs future capital investment in non-infrastructure solutions, new or upgraded assets, asset renewals and asset retirement.

As set out in the National Infrastructure Plan, QLDC is working with stakeholders to develop an inclusive approach to guide future service and asset management decision-making.

QLDC will continue to invest in enhancing its service planning knowledge, skills and operational practices with a commitment to a continuous improvement approach. Specifically, this will include closer liaison with other council asset managers, industry groups and other lifelines utilities.

## 11.4 IMPROVE FINANCIAL SUSTAINABILITY

The long-term sustainability (resilience) of any council is significantly influenced by its financial practices.

Financial plans, developed within each Asset/Activity Plan will outline funding requirements to best meet community needs. These financial plans will, in turn, inform the Ten Year Plan and annual plan budget decisions.

QLDC prioritises rates funding for legal compliance, legislative change, renewal, maintenance and operation of existing assets ahead of financing new works or asset upgrades.

Decisions to provide new services or assets to the community shall be based on BBC justifications. All BBCs will provide appropriate analysis of lifecycle funding for renewal, maintenance and operation.

In addition, QLDC is open to funding of new infrastructure assets or asset upgrades through the disposal of surplus land.

QLDC will continue to investigate economic opportunities for improving fairness of cost allocation to customers and improving transparency to better inform customer decision making for services.

In recognition of the need to establish an appropriate balance between developing new assets and maintaining its existing asset base, Council is committed to managing its assets in accordance with sound, industry recognised financial asset management practices. These practices include:

- > reducing the 'funding gap' between what is budgeted and what is required for the maintenance/renewal of current infrastructure through better utilisation of risk management techniques;
- > balancing investment in new infrastructure compared with maintenance/renewal of existing infrastructure; and
- > testing investment in new infrastructure with non-infrastructure solutions such as demand management.

Lifecycle cost analysis is undertaken as part of the better business case preparation process. A standard template tool has been developed to facilitate consistency across the organisation.

### **11.5 EMBED RISK MANAGEMENT FRAMEWORK AND MITIGATION PRACTICES**

The QLDC Corporate Risk Management Framework (RMF) is based on Risk Management ISO31000. Work progresses through the Risk Working Group to monitor and refine risk management practices and systems at QLDC. The RMF has been rolled out across QLDC at a corporate level and is in the process of being embedded at an operational level. QLDC's Audit, Finance and Risk Committee provides governance-level oversight on the effectiveness of the QLDC's RMF, internal controls, legislative and regulatory compliance, external audits and financial reporting.

QLDC has developed a risk register containing a set of strategic and operational risks, each of which has been assessed for their likelihood and consequences both before and after the mitigations and controls in place are considered. This list provides guidance to the organisation as to the materiality of key risks and the importance of mitigations and controls.

A core part of the RMF is to record a list of "critical assets"—assets that are critical to QLDC providing its core services and thus have a high consequence of failure. QLDC has begun its application of a Criticality Assessment Framework to its three waters and roading infrastructure.

QLDC is moving to better integrate formal risk assessments into its asset decision making. The end result of this integration will be each investment decision being based on a consistent, robust and quantitative assessment of risk.

To mitigate risk, QLDC will:

- > establish and deliver maintenance and renewal service standards that preserve critical assets, mitigate risk and meet the desired service outcomes based on this RMF;
- > not accept the transfer of third party assets, unless minimum acceptable quality standards are met as set out in the QLDC Land Development and Subdivision Code of Practice;

- > prioritise and proactively inspect and protect its assets and their performance.
- > insure all critical assets for loss, damage and public indemnity; and
- > in the event that an asset can no longer be maintained in a safe condition, it shall be retired from service and any foreseeable hazards to the community are mitigated.

### **11.6 ENHANCE RESILIENCE OF ASSETS**

Councils are required to "provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks" (LGA, s101B (3)(e)). However, building a resilient system in the context of Local Government goes beyond financial provisioning for infrastructure damage, to include interdependencies with other infrastructure (power, telecommunications), considering adequate levels of service post-event, and other dimensions of community preparedness (National Infrastructure Unit, 2015). Resilience also needs to consider longer-term factors, which evolve slower, such as climate change.

Actions underway to enhance the resilience of our community include:

- > completed earthquake analysis for responding to a maximum probable loss (MPL) event (1:1000 years as suggested by NZ Treasury) following the continuing review of the national insurance policy (the 60/40 Policy);
- > continually evolving our understanding of service-critical assets, in order to prioritise efforts;
- > undertake hazard loss modelling for three waters and roading infrastructure to inform future investment decisions in the support of service resilience (for example relocate, reinforce, de-risk, run to fail, insure);
- > developing a business continuity plan, with a particular focus on infrastructure; and
- > continued involvement in the Otago Lifelines Project (first report dated September 2014, and currently under review).

## 11.7 ENSURE LEGISLATIVE COMPLIANCE

QLDC seeks to manage its asset inventories in a manner that ensures the assets and the services they provide are compliant with all relevant legislations and regulations.

This can be a challenge as sometimes changes in legislation can require a significant investment. This can require existing investment plans to be revised or revenues increased to meet the new requirements. QLDC shall be responsive to changes in legislations and regulations and provide appropriate funding to ensure compliance occurs in a timely manner. QLDC is currently progressing two backlog items of regulatory change, namely meeting the drinking water standards and management of gas/odour at its Victoria Flats Landfill. Both changes are planned to be addressed by the year 2027, as set out in the 2018 Ten Year Plan.

QLDC continues to actively engage with other industry stakeholders to ensure its knowledge, understanding and responses to changes in legislation and regulations are appropriate. To support this, QLDC is commencing a new programme to better educate its staff on existing legislated requirements, supported by a continuous improvement process of identifying and responding to gaps in QLDC operations and legislation. QLDC will continue to utilise self-audits, combined with external audits as required to identify opportunities for improvement.

## 11.8 IMPROVE ENVIRONMENTAL SUSTAINABILITY

QLDC seeks to ensure that QLDC assets have minimal adverse effects on the environment, as tested under the Resource Management Act 1991.

Energy and water efficient technologies shall be incorporated into asset renewal and upgrade projects as a preference. As seen in the adoption of low energy (LED) technology for street lighting.

QLDC is working with its energy retailers and distributors to gain greater understanding of its energy consumption (electricity and gas). QLDC consumes more than 15GWh of energy across its sites, with this figure dominated by water and wastewater pumps, treatment plants and large recreational facilities like the Queenstown Events Centre. A recent focus has been on ensuring QLDC is well placed to run effective procurement processes, to find the least-cost suppliers of the energy services needed. This is also providing far greater visibility over opportunities to reduce energy consumption through, for example, energy efficiency measures.

QLDC is also working closely with Delta, the provider of critical supply infrastructure to the district. QLDC and Delta now have a better understanding of the criticality of electricity supply to many of the core services that QLDC provides to the community.

QLDC has been successful in reducing the per capita water consumption within the district and will continue to monitor and seek further reductions.

**TABLE 5 – WATER CONSUMPTION PER CAPITA PER DAY**

	2014/2015	2015/2016	2016/2017
Water consumption	558 litres/per/day	543 litres/per/day	529 litres/per/day

## 11.9 INFORMATION SYSTEMS

QLDC has established an Information Communications and Technology (ICT) Steering Group made up of representatives of the various business units. This group is responsible for capturing, prioritising and funding improvements to the QLDC information systems. A new initiative is underway to better capture, scope and programme systems and technology requirements of the infrastructure department. This project known as Project Horizon is being led by the General Manager of Property and Infrastructure. The project aims to ensure that key infrastructure services are not unduly delayed or compromised by failure to understand and resource systems and technology components of these investments.

- > QLDC continues to maximise the available functions of the recently replaced financial information system in order to improve the quality and integration of financial reporting.
- > QLDC is yet to source a single, centralised Asset Management Information System (AMIS) that holds all asset information required to support QLDC's day-to-day asset management activities and financial reporting needs. There is however the data warehouse, this is a repository linking the various information systems which facilitates and centralises standardised reporting.
- > In the absence of a centralised AMIS, QLDC utilises a number of systems as indicated in the table below. The multiplicity of independent systems makes data integrity management and real-time reporting time-consuming and somewhat challenging.

- > QLDC has implemented a customer request and complaints system (in Technology One) to record QLDC's responses to customer requests.
- > Improving the quality and integration of QLDC's AMIS is the focus of recent improvements underway via the ICT Steering Group.
- > Field staff that are responsible for asset inspections and maintenance activities have access to mobile computing systems or mobile geospatial information.
- > Business Continuity Plans in terms of information systems is being led by the QLDC Knowledge Management Team – this is an on-going process of development and review.

CountryNet	SCADA time-variable data system	Three waters assets	
InfoNet	Asset performance assessor	Three waters assets	
Mike Urban	Asset performance assessor	Three waters assets	
POE Tracker	Business case management (xls)	Not asset specific	2018
Technology One	Capital planning and investment database	Not asset specific	
MS Excel	Risk management system	Not asset specific	2018
Spreadsheets	Purpose built spreadsheets are used to store and analyse assets	Various assets	
ProMapp	Business process mapping	Not asset specific	2027
CS-VUE	An external inventory of resource consents issued by the Regulator	Not asset specific	
SCADA	Captures and stores electronic records relating to electrical and mechanical assets	Three waters assets	2017/18
GIS	Electronic as-built data, pipe asset register, aerial photography and property information system	Not asset specific	
Pocket RAMM	Used out of the office to perform asset maintenance on mobile devices – in the field.	Transport assets	
GIS Mobile	Allows field staff access to GIS whilst out of the office	Not asset specific	

**TABLE 6 – INFORMATION MANAGEMENT SYSTEMS**

SYSTEM	DESCRIPTION	ASSETS	NEXT REVIEW
Technology One	Finance system	All assets (except property)	2024
Qmaps	Geographic information system (GIS)	All assets to varying degrees of accuracy	
Technology One	Customer request system	Not asset specific	2024
HP TRIM	Document management system	Not asset specific	Decommissioned in 2018
Technology One	Enterprise content management (HP TRIM replacement)	Not asset specific	2024
RAMM	Road assets management	Transport assets	
Infor (Hansen)	Both QLDC asset management system and contractor works order and tracking system	Three waters assets	2018

## 11.10 ASSET DATA AND KNOWLEDGE

### Land Transportation

Asset Management has been supported by the Road Asset and Maintenance Management (RAMM) system for many years. RAMM provides the repository for asset inventory and condition data, reporting, asset valuation and maintenance contract administration tools.

The data in the RAMM database is regularly audited by NZTA in their capacity as co-sponsor of the QLDC investment programme. However, with the change to the One Network Road Classification (ONRC) system being rolled out by NZTA it has become apparent the quality and quantity of information held within the databases will need to improve to meet the new 'evidence based investment decision' model which ONRC requires. It is understood the move to the ONRC approach and not the current quality of the data will have the greatest effect on the roading investment programme moving forward.

NZTA have signaled that QLDC, when compared to other councils, has a high level of investment relative to the scale of its roading network. NZTA have advised councils will likely need to take on more risk in terms of how they invest in their roading networks under the ONRC approach. The implications of this risk shift when developing the roading investment programme and continues to be investigated and tested.

NZTA introduced an updated Investment Assessment Framework (IAF) in 2017, which replaces the legacy investment development methodology. The 2017 IAF reflects the GPS for transport and embraces the ONRC philosophy.

QLDC continues to place a strong focus on building maturity through maintaining a robust improvement programme. Levels on investment in this improvement programme will continue to increase in the upcoming years to support more robust investment decisions and better estimating of risk.

### Three Waters

Infor is the repository and reporting system for three waters asset data, which captures and stores electronic records relating to asset inventory, work history, valuation, condition and investment.

Improved data quality has been achieved through data cleansing, simplification of processes and integrations with external systems. Ongoing data quality has also been improved through the development of an enhanced upload portal for new asset data. Without continued improvements to these datasets, there is an increased risk of substandard investment decisions, unforeseen asset failure and increased frequency of service outages. QLDC is proactively working to improve the completeness and quality of its water records.

As such, the methodology for developing the QLDC investment programmes has been based on use of hydraulic models and engineering judgement. These models have been going through an on-going programme of calibration deemed fit for purpose for strategic purposes, and have been used to identify performance issues and upgrades required to the three waters networks. These programmes will be reviewed over time as funding is approved to further develop the computer models. Tools such as these computer models will continue to be upgraded and refined for the foreseeable future.

As the understanding of asset performance continues to mature, the levels of service review and risk management framework (including Treasury's Better Business Case Model), and the investment programmes will continue to become more robust.

Until these improvement programmes completely mature and demand management activities are implemented, the current investment programmes are cannot be fully optimised.

### Solid Waste Management

QLDC has no formal information system nor asset data repository for its solid waste management assets; this is being reviewed as part of the Waste Management Assessment and Waste Management Minimisation Plan. To support this, a new dedicated Waste Management resource role has been approved.

### Data Confidence

The Ten Year Plan includes programmes of work for asset management improvements across all infrastructure portfolios. These programmes include items to increase data knowledge and confidence.

Refer to section 10.0 for asset management improvement projects.

**TABLE 7 – INTERNATIONAL INFRASTRUCTURE MANAGEMENT MANUAL (IIMM) RATING SYSTEM**

<b>A</b>	Highly reliable data based on sound records, procedures, investigations and analysis, which is documented properly and recognised as the best method of assessment.
<b>B</b>	Reliable data based on sound records, procedures, investigations and analysis, which is documented properly but has minor shortcomings, for example the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation.
<b>C</b>	Uncertain data based on sound records, procedures, investigations and analysis, which is incomplete or unsupported, or extrapolation from a limited sample for which grade A or B data is available
<b>D</b>	Very uncertain data based on unconfirmed verbal reports and/ or cursory inspection and analysis. Dataset may not be fully complete and most data is estimated or extrapolated.
<b>N/A</b>	Data does not exist or is not relevant

**TABLE 8 – OVERALL CONFIDENCE OF ASSET DATA**

		ASSET CONDITION	ASSET PERFORMANCE	DATA COMPLETENESS	OVERALL CONFIDENCE OF ASSET DATA
<b>TRANSPORT</b>	Street lighting				
	Bridges and structures				
	Drainage facilities				
	Footpath				
	Marking (road delineation)				
	Street furniture and minor structure				
	Railing				
	Retaining wall				
	Signage				
	Traffic facility				
	Sealed pavement - surfacing				
	Sealed pavement - base course, sub base				
	Unsealed pavement				
<b>THREE WATERS</b>	Water supply				
	Wastewater				
	Stormwater				
<b>SOLID WASTE</b>	Public litter bins				
	Residential collections				
	Transfer stations				
	Recycling centre				
	Landfill				

### 11.11 SERVICE AND ASSET PLANNING

The importance of quality asset data, analysis and understanding the performance of physical assets is key to the delivery of QLDC's infrastructure services. QLDC's current approach to the following service and asset management planning practices has been reviewed with the intention of identifying improvement actions:

- > demand forecasting;
- > legislative change;
- > defining service levels;
- > asset management planning;
- > capital works planning; and
- > long term financial planning.

It is recognised that there are other practices that have a critical impact on service delivery. These will be considered in detail in future revisions of the Asset/Activity Plans, as appropriate for the relevant asset class.

### 11.12 DEMAND FORECASTING

In 2017, QLDC undertook its third annual review of its population projections. It was recognised that due to the rapid growth rates, and their implications for infrastructure performance and funding models, it was crucial that QLDC considers growth in all of its activities and the rate of change means QLDC needs to regularly track any increases or decreases in movement. The 2017 review has resulted in QLDC continuing to project growth to an above-medium projected population.

The conversion of population projections to demand forecasts is the responsibility of QLDC's Infrastructure Analysts – that being the conversion of population data to an actual 'customer use' value. This work continues to gain maturity, supported by demand measurement systems such as traffic counts, cell phone metadata and water metering. A complicating factor in this process is the high rates of population change day to day, combined with limited demand management activities. For example, solid waste volumes and revenues are both currently increasing faster than population increases. This suggests that water metering, progressively rolled out in the water sector is a fundamental need to ensure our water services are efficient and that waste and leaks are minimised.

Customer engagement through volumetric charges based on water metering is critical to ensure the water sector is financially sustainable and is best able to deliver efficient and effective services that meet the current and foreseeable future needs of the community.

Refer to section 12.0 for further asset management maturity observations.

### 11.13 LEGISLATION AND GOVERNMENT DIRECTION

QLDC is able to maintain its knowledge and changes in legislation that affects its business through a combination of professional memberships (i.e. Institute of Professional Engineers of NZ), business networks, attending conferences and memberships with technical associations (i.e. Water NZ, Institute of Public Works Engineers Australasia, Society of Local Government Managers, Road Controlling Authorities Forum etc.). Further advice is available through QLDC's internal legal team.

A corporate repository of all QLDC's existing policies, by-laws, strategies, publications and standard operating procedures is maintained regularly and highlights when documents are scheduled for review or end of life.

### 11.14 DEFINING SERVICE LEVELS THAT MEET COMMUNITY EXPECTATIONS

To give certainty to those residents and businesses that are connected to council services, local authorities should define a level of services to their customers for a specified cost. The benefits of this include:

- > helping to ensure value for money services as performance can be measured quantitatively;
- > the delivery of value for money is a balance between social benefits, legislative requirements and full cost recovery for the services provided. As such it is important to be able to clearly demonstrate the local authority's decision-making processes around trade-offs between these competing factors; and
- > it increases the understanding and hence the willingness of the various consumers to pay for services. As such, transparent cost recovery of water services cannot be achieved without a certain guaranteed service level.

Based on recent customer surveys, satisfaction with infrastructure measures remains largely similar to previous years. Satisfaction is highest with wastewater, which has also increased significantly. Satisfaction with street cleaning and sealed roads have also increased this year, while satisfaction with water supply and footpaths remain similar to last year's results. Satisfaction with street lighting and unsealed roads has decreased this year although these changes are not statistically significant. Notably, respondents aged under 34, those who own a holiday home in the area, or residents who are non-ratepayers in the area appear to be more satisfied with infrastructure.

It is recognised that continuous improvement of all portfolios is necessary given that community needs are not static and there is an ongoing drive for better local government services. QLDC determines its asset requirements to meet service needs using various mechanisms including, but not limited to the following:

- > review of customer requests;
- > community satisfaction survey findings;
- > analysis of population (growth) projections and other demographic profile changes;
- > asset renewal planning, including condition inspections; and
- > stakeholder consultation during the development of various plans and strategic documents not limited to but including:
  - > Ten Year Plan;
  - > land development and subdivision code of practice;
  - > land use planning – District Plan review;
  - > Infrastructure Asset Management Strategy;
  - > land development plans;
  - > Infrastructure masterplans; and
  - > National Policy Statement on Urban Growth and Development.

Utilising the Internal Affairs (DIA) non-financial metrics and the ONRC performance framework, QLDC will continue to monitor community satisfaction regarding the performance of its delivery of community service outcomes.

In addition, QLDC gains feedback on service satisfaction through its annual Resident and Ratepayers survey and customer (RFS) feedback processes.

QLDC translates community needs (service levels) into measurable technical levels of service (asset performance targets) consistent with QLDC's strategic direction and within financial and other practical constraints in the BBC Outcomes Framework.

### 11.15 CAPITAL WORKS PLANNING

QLDC has recently migrated its standalone external project database into an internally designed and maintained system, which is integrated with QLDC's Enterprise Technology One system. This capital works module links to both the financial and projects/contracts modules. A requirement was to develop and implement a more consistent and transparent approach to prioritisation, as such this new module incorporates the Risk Management Framework and is supported by the BBC framework, replacing the legacy prioritisation tool.

### 11.16 IMPROVEMENTS IN SERVICE AND ASSET MANAGEMENT

It is recognised at QLDC that Asset/Activity Plans are best to be reviewed and improved on an annual basis. This annual review enables capability and capacity in asset management to be developed and disciplines and processes to be embedded. As such, the Asset/Activity Plans are viewed as working documents that guide asset management practices across the organisation. Asset/Activity Plans must align with the current Asset Management Policy and strategic objectives and respond to any changes in the legislative environment. As part of the Better Local Government approach, this is creating a strong focus for maturing asset management at QLDC.

QLDC has previously developed Asset/Activity Plans for its core infrastructure services of land transportation, solid waste management and three waters.

These Asset/Activity Plans document the status of the assets at the time of writing. Adoption of ISO55000 principles, combined with Institute of Public Works Engineering Australasia (IPWEA) guidelines and the IIMM since 2014, provides a forum for continual maturity through the identification of "gaps" and enables benchmarking of QLDC's asset management practices against industry standards.

The level of asset management awareness varies across the organisation and Asset/ Activity Plans have historically been outsourced to consultants to write. The Asset Planning Team was set up to oversee QLDC's Property and Infrastructure asset management capability development and improvement program. The purpose of the Asset Planning Team is to provide a forum for integrated and sustainable planning, development and management of QLDC infrastructure across relevant QLDC business units.

### 11.17 ASSET MANAGEMENT WORK PRACTICES

QLDC's current approach to work practices have been reviewed with the intention of identifying improvement actions. Most obviously, processes are not well documented or mapped, hence understood or followed. Through changes in staff and the subsequent questioning of processes a number of work practices have been identified as a priority for upgrade, namely:

- > project scoping – transfer of projects from strategy and performance to project delivery;
- > asset handover – transfer of new assets from developers to QLDC; and
- > process mapping – implement an interactive, web-based library of processes that are easily searchable, repeatable and easy to follow.

Refer to section 12.0 for further asset management maturity observations.

### 11.18 ORGANISATIONAL CONTEXT

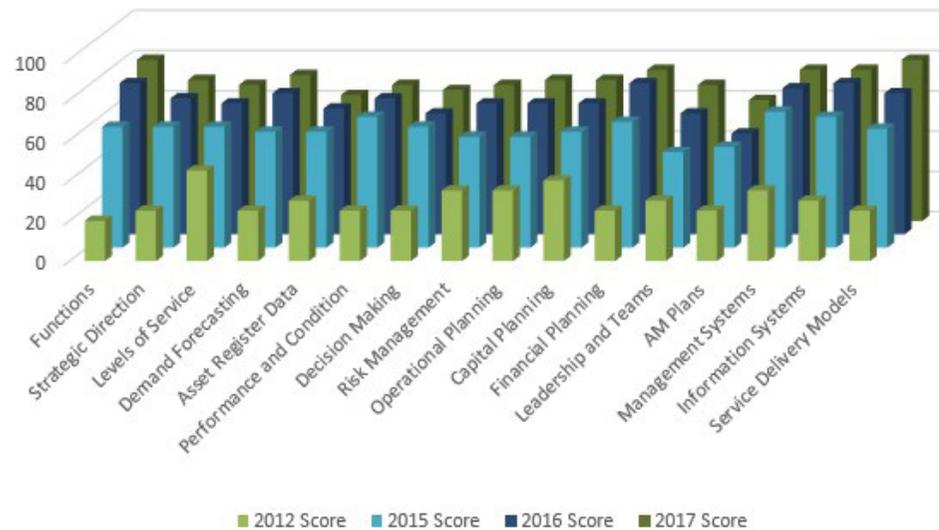
Successful asset management underpins long-term sustainability of the community. It is important for everyone in the organisation to understand what asset management is about and to understand that sound asset management planning and strategies are an organisation wide responsibility. As discussed previously, asset management at QLDC now forms part of QLDC's strategic planning framework. As such, funding and the level of asset management capability and capacity influence the degree to which QLDC's outcomes can be achieved.

## 12.0 Asset Management Maturity

QLDC's Asset Management Policy provides the overall direction to guide the sustainable management of QLDC's asset portfolio as a platform for service delivery. Together with this IAMS, it shows how QLDC intends to progressively improve and mature asset management across the organisation.

The Asset Planning Manager shall review and update this IAMS annually, following review of the Asset Management Policy. The Asset Planning Manager will also monitor significant infrastructure issues and interventions, and report progress to the Executive Leadership Team and the elected members at least every 12 months. This annual review shall occur prior to the end of each calendar year, in line with QLDC's business planning timeline, to enable changes or new initiatives to be incorporated into the Annual Plan funding cycle.

As part of the continuous maturity in asset management practices, QLDC undertakes an annual asset management maturity assessment – based on the New Zealand Asset Management Support (NAMS) and IIMM guidelines. The assessment identifies current state in a number of areas of asset management, while also identifying areas for improvement and setting overall targets as defined in the NAMS guidelines. QLDC is working towards advanced in most aspects of asset management. The improvements shape the performance plan, which is a high-level view of the key areas of improvement identified to enhance the asset management planning process within QLDC. Status of the performance plan is reported to Senior Management quarterly.

**FIGURE 22 – ASSET MANAGEMENT MATURITY ASSESSMENTS 2012-2017**

Key observations from the Asset Management Maturity review undertaken by Infrastructure Decisions Limited in late 2017 included continuing improvement in alignment of practices across the transport and three waters activities, other notable improvements include:

- > The quality and substantiation of the Asset/Activity Management Plans and ten year programmes put forward for the 2018 Ten Year Plan (when compared to the 2015 Ten Year Plan);
- > The capital planning database transition to in-house management is completed and is used as a single source of information for all capital programmes (Annual Plan, Ten Year Plan, Asset/Activity Management Plans, Infrastructure Strategy); and
- > The Strategy and Planning team is now fully resourced and, amongst other things, has been further developing strategic business cases for major projects / programmes in the Ten Year Plan with the BBC process starting to be worked through to design and delivery stages. A new role is also focussed on better management of development infrastructure which has been an issue in the past.

- > Disaster loss modelling has been undertaken to better understand the resilience of the network to earthquakes and the potential financial consequences. A network resilience plan is a future goal.
- > There has been further development of the criticality framework.
- > There is a Council-wide programme for using Promapp to map workflow processes across the Council to improve quality, alignment and efficiency. At this stage the focus has been on documenting processes and establishing quality controls is a future target.
- > Work is being done to review ownership / management of data for consistent provision and use of information across the Council.

While it is good that progress is being made against the asset management improvements, it is also very positive to see that previous improvements are being embedded into business-as usual practices. Investment and attention are required to maintain scores as well as improve them.

The following aspects of QLDC's asset management status are focus areas for improvements:

- > Attention be given to managing the quality and effectiveness of processes (documentation, review, audit processes);
- > Priority be given to bringing in the asset criticality work into operational and CAPEX planning processes – the work is running in parallel but needs to dovetail – as well as regional and local 'lifelines' projects;
- > Levels of service and cost options for key areas be explored with the new Council as part of the Asset/Activity Plan development leading into the next TYP; and
- > Establish KPIs to monitor and demonstrate the benefits being achieved through asset management improvements.

## Appendix A: Legislation and Industry Guidance

### RESOURCE MANAGEMENT ACT

Enacted in 1991, the Resource Management Act seeks to promote the sustainable management of natural and physical resources. Sustainable management means managing the use and protection of resources in a way, which enables communities to provide for their social, economic, and cultural well-being while meeting the reasonably foreseeable needs of future generations.

### LAND TRANSPORT MANAGEMENT ACT

The Land Transport Management Act 2003 establishes the rules to contribute to an effective, efficient, and safe land transport system in the public interest.

### HEALTH & SAFETY AT WORK ACT

This is a new Act, which came into force in 2015 to provide for a balanced framework to secure the health and safety of workers and workplaces by protecting workers and other persons against harm to their health, safety, and welfare by eliminating or minimising risks arising from work or from prescribed high-risk plant.

### WASTE MINIMISATION ACT

The Waste Minimisation Act 2008 encourages a reduction in the amount of waste we generate and dispose of. The aim is to reduce the environmental harm of waste and provide economic, social and cultural benefits.

### HAZARDOUS SUBSTANCES AND NEW ORGANISMS ACT

The purpose of this Act is to protect the environment, and the health and safety of people and communities, by preventing or managing the adverse effects of hazardous substances and new organisms.

### CIVIL DEFENCE EMERGENCY MANAGEMENT ACT

The Civil Defence Emergency Management Act 2002 creates a framework within which New Zealand can prepare for, deal with, and recover from local, regional and national emergencies.

### HEALTH ACT

The Health Act 1956 seeks to improve and protect public health and ensure all proper steps are taken to secure the abatement of any nuisance or removal of any conditions likely to be injurious to health or offensive.

### DRINKING WATER STANDARDS

Recognises the essential health benefits of safe and reliable water supplies to communities. It imposes on QLDC, under the power of the Health Act, to take all practicable steps to ensure an adequate supply of drinking water and ensure that drinking water complies with the Drinking Water Standards. As at June 2017, QLDC water supplies, as a whole, do not meet the Drinking Water Standards and significant investment in water treatment throughout the District has been identified in this document to meet QLDC's obligations.

### HAVELOCK NORTH WATER INQUIRY

In September 2016, the Government established an Inquiry into the Havelock North water contamination event. The Inquiry has proceeded in two stages. Stage one focuses on identifying what happened, what caused the outbreak, and assessing the conduct of those responsible for providing safe drinking water to Havelock North. Stage two has made recommendations which if adopted seek to address the likelihood of such an outbreak occurring again.

### NATIONAL INFRASTRUCTURE PLAN

Updated in late 2015, the National Infrastructure Plan set out to progressively ensure our infrastructure is resilient and coordinated and contributes to strong economic growth and high living standards. Specifically it requires that New Zealand will have modern, integrated and efficient infrastructure supported by mature asset management practices, through the consideration of both demand and supply side solutions and systems benchmarking.

### NATIONAL LIFELINES

Recognises the essential infrastructure and services that support our community (i.e. water, wastewater and stormwater, electricity, telecommunications and transportation networks including roads). Representatives of these 'lifelines' collaborate regionally with scientists, engineers and emergency managers to reduce vulnerabilities to regional scale emergencies with an emphasis on pre-event planning.

## GOVERNMENT POLICY STATEMENT FOR TRANSPORT

The Government Policy Statement is the Government's primary tool to communicate what it wants to achieve in land transport, and how it expects to see funding allocated across the likes of road policing, road safety promotion, State Highways, local roads and public transport. The Government's key priority in the 2018 GPS is economic growth and productivity; it also reaffirms the focus on road safety and increases the emphasis on value for money.

## NATIONAL POLICY STATEMENT FOR URBAN GROWTH AND DEVELOPMENT

The National Policy Statement enables Central Government to prescribe objectives and policies for matters of national significance, which are relevant to achieving the sustainable management purpose of the Resource Management Act (RMA). In particular; ensuring urban environments can meet demand and provide choices to meet the needs of people, communities and future generations for a range of dwelling types, locations, working environments and places to locate businesses; robust evidence processes to inform planning decisions; and urban environments that can respond to the changing needs of people, communities and future generations.

## NATIONAL POLICY STATEMENT FOR FRESHWATER MANAGEMENT

The National Policy Statement for Freshwater Management provides direction on how local authorities should carry out their responsibilities under the RMA for managing fresh water. The Government has announced a plan to improve New Zealand's waterways so that 90% are 'swimmable' by 2040. At the moment, 72% are considered safe to swim in, most of the time. Improving our lakes and rivers will take time and there is more we need to do in the years ahead to make it happen. The Clean Water package is an important step in achieving our goal of better water quality for New Zealanders.

## NATIONAL LAND TRANSPORT PLAN

The National Land Transport Programme (NLTP) for 2018–21 contains all the land transport activities, including public transport, road maintenance and improvement, and walking and cycling activities, that the NZ Transport Agency (NZTA) anticipates funding over the next three years. The NLTP focuses on four themes, underpinned by the continued emphasis on value for money: encouraging economic growth and productivity; making journeys safer; shaping smart transport choices; and effective and resilient networks.

## REGIONAL POLICY STATEMENT FOR OTAGO

The Regional Policy Statement (RPS) sets the direction for future management of Otago's natural and physical resources. It provides the foundation for the development of regional plans and district plans.

## OTAGO/SOUTHLAND REGIONAL LAND TRANSPORT PLAN

The Regional Land Transport Plan (RLTP) sets out the strategic direction for land transport in Otago and Southland, and list activities for the next three years (by NZTA and local authorities) which are recommended for funding from the National Land Transport Fund.

## OTAGO/SOUTHLAND REGIONAL PLAN: WATER

This plan promotes the sustainable management of Otago's water resources. To achieve this, the plan has policies and methods (which include rules) to address issues of use, development and protection of Otago's freshwater resources, including the beds and margins of water bodies.

## STANDARDS

Use of standards aid in the creation of products and services that are safe, reliable and of good quality. The following International Organisation for Standards (ISO) have been aligned and where appropriate adopted for use throughout QLDC's asset management planning framework:

**ISO 22301:2012** provides a framework to plan, establish, implement, operate, monitor, review, maintain and continually improve a Business Continuity Management System (BCMS). It is expected to help organisations protect against, prepare for, respond to, and recover when disruptive incidents arise. QLDC is currently adopting this standard but it is not fully embedded within the organisation as yet.

**ISO 31000:2009** is a family of standards relating to risk management. The purpose of this standard is to provide principles and generic guidelines on risk management. QLDC has adopted this standard within the Risk Management Framework.

**ISO 55000:2014** is an international standard covering management of physical assets. QLDC is aligning all asset management documentation to this standard but has no plans to seek accreditation at this time.

## Appendix B: Significant Infrastructure Issues

The below tables are a key to the ‘Significant Infrastructure Issues’ and QLDC’s ability to clearly demonstrate it meets and complies with:

**TABLE 9 KEY TO SIGNIFICANT INFRASTRUCTURE ISSUES AND IMPLICATIONS (LEGISLATION AND GUIDANCE)**

ACRONYM	THE IMPLICATIONS OF A PARTICULAR OPTION:	REQUIREMENT OF:
LGA	QLDC can demonstrate that it meets current and future needs of the community in a cost effective way.	Local Government Act
RMA	QLDC is able to actively promote sustainable management of the district’s natural and physical resources.	Resource Management Act
NIP	QLDC can show it is working towards resilient and efficient infrastructure that supports a diverse, resilient local economy and a good quality of life in our district, underpinned by robust asset management practices.	National Infrastructure Plan
HA	QLDC can demonstrate it is actively seeking to improve and protect public health, and its infrastructure is not causing risks to public health.	Health Act
LTMA	QLDC’s operations and investment are measurably contributing to an effective, efficient and safe land transport system.	Land Transport Management Act

NLTP	QLDC can demonstrate that its investment plans are well aligned with the Otago / Southland Land Transport Plan and the broader New Zealand Land Transport Plan.	National Land Transport Plan
WMA	QLDC can show that it is seeking to deliver measurable improvements in solid waste education and management to improve environmental, social and cultural benefits.	Waste Minimisation Act

**TABLE 10 KEY TO SIGNIFICANT INFRASTRUCTURE ISSUES (IMPLICATIONS)**

ACRONYM	ASPECT	THE IMPLICATIONS OF A PARTICULAR OPTION:
\$	Investment	Relative costs between options: \$ = minimum cost, \$\$ = medium cost, \$\$\$ = most expensive.  Minimum cost is in the order of millions of dollars. Medium cost is tens of millions of dollars. Most expensive cost is many tens of millions of dollars.
T Yrs.	Timing	Delivery timeframes: < = implemented within indicated time frame, > greater than indicated timeframe.  Note: QLDC expects all of the decisions in this section as “options considered” and “preferred solution” to be made with the adoption of the 2018 TYP. This is because, these decisions primarily relate to responses to legislative, regulatory or changing demographic needs. It is recognised these decisions represent a watershed moment for QLDC.

**LAND TRANSPORTATION SIGNIFICANT ISSUES / SIGNIFICANT CHANGE**

**OPTIONS CONSIDERED TO MANAGE LAND TRANSPORTATION INFRASTRUCTURE**

**MEET INTENTIONS OF:**

**IMPLICATIONS:**

LGA	RMA	NIP	GPS/ NL/ TP/ LTMA	\$'S	TIME/ YRS
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**CUSTOMER CHANGES:**

- > Our community continues to grow and change - this effects how well our transport assets function.
- > Roads that were designed and built years ago are now required to service an increasing number of cars and other types of vehicles.
- > In addition, our services need to respond to changing technology, safety regulations and differing levels of customer experience.
- > The upgrading and replacement of our transportation assets needs to be coordinated with other services such as water and electricity networks - as well as the road users themselves.
- > As the district continues to grow, changes in travel patterns and destinations will impact on travel times and network efficiency.
- > Our customer's experience of the transport network is assessed through the One Network Road Classification (ONRC) system developed by NZTA.
- > There are a number of key structures (bridges, retaining walls etc.) owned by QLDC, NZTA and other parties which are critical to effectiveness and resilience of our transport services.
- > The resident population and tourist profile of the district is growing and changing.
- > The different visitor and resident needs are not always provided for in the transport network which can result in unhappy users.
- > In addition, vehicle counts have increased by 10% in the past 12 months, and 50% in the past five years. Improved linkages and transport options to our airport are critical as the airport is a key destination in our region.
- > People require choice on travel modes and an integrated transport service facilitates this - we note often visitors are already familiar with using public transport in their own cities.
- > Building new, wider roads will not meet projected needs. Moving transportation modes from other than single passenger private cars will be essential.
- > A key emerging issue is that QLDC is transitioning from a series of semi-rural, holiday towns to permanent urbanised areas. This change is occurring very quickly, and is one of the fastest land-use transitions occurring in New Zealand.
- > Road assets and configurations that were once appropriate for the vehicle numbers are no longer adequate or appropriate as this transition continues.
- > Road layouts will need to be improved for safety and other reasons. This will require designating land for future purchase to improve roading layouts and safety.
- > Investment is required to improve our ability to predict and respond to future service requirements, including the use of autonomous vehicles.
- > Moreover, planning and delivery of transport infrastructure will need to be more agile to better respond to our changing needs, and technology will need to inform road users to make the best travel choices.

**OPTIONS**

1. Do nothing / status quo.
  2. Optimise existing services with increased travel mode options, including bus services and cycling options.
  3. Influence demand by introducing user charges (i.e. peak congestion charges).
  4. Optimise existing services (multi-mode) and introduce user charges.
  5. Invest in additional, broader transport networks options i.e. mass transit systems such as gondolas, water based public transport.
- > Reactive programme of road safety upgrades to protect road users.
  - > Risk-based programme of road safety upgrades to protect road users.
  - > Investigate and promote tools to facilitate communications regarding travel and network conditions.
  - > Stronger integration and collaboration between all key infrastructure and land use planning activities to optimise delivery
  - > More use of water based transport.

**PROPOSED SOLUTION**

- > Optimise existing services with increased travel mode options, including bus services and cycling options.
  - > Risk based programme of road safety upgrades to protect users.
  - > Retain dedicated asset management team, align asset management with good industry practice and actively engage with asset management sector leaders to share learnings / gain efficiency.
  - > Investigate and promote tools to facilitate communications regarding travel and network conditions.
  - > Promote integration of transport infrastructure planning with land uses, and behavioural change through current transport strategies (Queenstown Town Centre Transport Strategy, Queenstown Integrated Transport Strategy, Queenstown Masterplan and future master-planning for Wanaka).
- Growth** = Allow forward planning of integrated transport networks, to align spatially and chronologically with land use planning.
- Level of Service (LoS)** = Grow the networks to anticipate and accommodate growth to retain desired LoS.

YES	NO	NO	NO	\$	N/A
NO	YES	YES	YES	\$\$	<10
NO	YES	YES	YES	\$\$	>10
NO	YES	YES	YES	\$\$	>10
YES	YES	YES	YES	\$\$\$	>30

YES	YES	YES	YES	\$\$	<10
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LAND TRANSPORTATION SIGNIFICANT ISSUES / SIGNIFICANT CHANGE	OPTIONS CONSIDERED TO MANAGE LAND TRANSPORTATION INFRASTRUCTURE	MEET INTENTIONS OF:				IMPLICATIONS:	
		LGA	RMA	NIP	GPS/ NL/ TP/ LTMA	\$'S	TIME/ YRS

**FUNDING CHANGES:**

- > NZTA is transitioning councils to a nationally consistent funding model.
- > Most QLDC roads are currently funded 51% by NZTA, with the exception of the roads to Glenorchy and through Cardrona. These two roads are currently funded over 90% by NZTA. However, this funding will be reduced in stages to 51% as well.
- > The ONRC system, which categorises all roads into one of six categories; based on how busy they are, whether they connect to important destinations, or are the only route available. The ONRC is designed to bring consistency to roading investment practices.
- > To maintain the current quality of the roads in our district, it is assumed funding from local sources will need to increase.
- > An historic disparate approach to road management by the various parties (NZTA, ORC, QAC, DOC and QLDC) is being replaced with jointly developed, integrated planning.
- > Historic investment processes have struggled to adequately consider future demand which has led to delays in providing new or expanded services.
- > Traditional planning and funding methods, are not responsive to the rates of growth currently observed. Ratepayer funding is not a sufficient or fair method to make up any shortfall in a tourism focussed region.
- > In addition, new technologies may require less dependence on fossil fuels resulting in less tax and funding for road investments.
- > To be successful, there is an emerging need to investigate targeted and alternative sources of funding for transportation services.

**OPTIONS**

1. Do nothing.
2. Commence phased reductions in service levels to align with nationally appropriate levels (ride comfort, travel times etc.).
3. Source additional local funding to retain existing service levels (i.e. user and congestion charges, petrol tax).
4. Source additional other funding to retain existing service levels (i.e. private public partnerships).
5. Identify additional Crown funding opportunities.

**PROPOSED SOLUTION**

- > Commence phased reductions in service levels to align with nationally appropriate levels (ride comfort, travel times etc.) and alternative funding options for key investments.
  - > Investigate effects of the increasing use of access to Crown Estates on infrastructure from Departments of Conservation (DoC) and - Tourism, to identify where costs should lie (determine evidence that DoC and/or Central Government should be contributing).
  - > Investigate significant sources of funding through demonstration of benefits to the wider network (i.e., funding a share of the - Queenstown Masterplan by demonstrating the increased benefits to tourism and Regional / National growth).
- Levels of Service (LoS)** = Ensure that LOS are maintained through possible significant growth by promoting a user pays (directly or indirectly) approach.

YES	NO	NO	NO	\$	N/A
YES	YES	YES	YES	\$	>10
NO	YES	YES	NO	\$\$	>20
NO	YES	YES	YES	\$\$	>20
NO	YES	YES	NO	\$	>20
YES	YES	YES	YES	\$	>10

LAND TRANSPORTATION SIGNIFICANT ISSUES / SIGNIFICANT CHANGE	OPTIONS CONSIDERED TO MANAGE LAND TRANSPORTATION INFRASTRUCTURE	MEET INTENTIONS OF:				IMPLICATIONS:	
		LGA	RMA	NIP	GPS/ NL/ TO/ LTMA	\$'S	TIME/ YRS

**ENVIRONMENT CHANGES:**

- > Changes in our local climate will affect the performance of our transport infrastructure.
- > Projected increases in the frequency and size of rainfall events will require changes to our drainage systems to protect it from washouts and flooding.
- > Projected increases in daytime temperatures will increase rates of deterioration of our road surfaces, reducing their longevity.
- > Projected decreases in snow days may impact our ski season and our local economy.
- > We are continuing to monitor freeze days and their effect on road break up. Changing weather patterns may shorten our already constrained available period for construction.
- > The district is vulnerable to transport network closures and restrictions which may disrupt visitor routes and isolate communities from core services and necessities.
- > A changing and more volatile weather environment with extremes puts pressure on the drainage infrastructure which is crucial to extending the life and robustness of the transport network.

**OPTIONS**

1. Do nothing
2. Monitor weather patterns, customer use patterns, asset performance and annually review asset management plans.
3. As per (2.) but include climate scenario modelling (risk management scenarios) to improve asset management plan reviews.
  - > Targeted low energy lighting (LED) upgrades
  - > Introduce transport modes with fewer environmental impacts.
  - > Alternative routes and crossings at key lifelines areas.

**PROPOSED SOLUTION**

- > Monitor weather patterns, customer use patterns, asset performance and annually review asset management plans.
  - > Targeted LED upgrades.
  - > Actively incorporate and improve active and public travel networks (Queenstown integrated transport strategy, public transport - network review, Queenstown Masterplan and future master-planning for Wanaka).
  - > Actively investigate alternative routes and crossings through business case planning.
- Growth** = Changing technologies will need step changes in infrastructure thinking, including reliance on historic funding providers.
- Resilience** = Provision of, or future planning for recovery will produce efficiencies.

NO	NO	NO	NO	\$	N/A
YES	YES	YES	YES	\$	<1
YES	YES	YES	YES	\$	<5

YES	YES	YES	YES	\$	<1
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LAND TRANSPORTATION SIGNIFICANT ISSUES / SIGNIFICANT CHANGE	OPTIONS CONSIDERED TO MANAGE LAND TRANSPORTATION INFRASTRUCTURE	MEET INTENTIONS OF:				IMPLICATIONS:	
		LGA	RMA	NIP	GPS/ NL/ TP/ LTMA	\$'S	TIME/ YRS

**INDUSTRY MATURITY/CHANGES:**

- > Central Government has signaled a clear requirement for councils to improve their asset management practices.
- > New national data standards, risk management requirements and specific asset management maturity obligations are being developed.
- > These changes are set to impact capability and capacity issues across the broader local government sector - i.e. Better Local Government Reforms.
- > The key outcome of these reforms will be measurable improvements in asset performance, investments and overall community satisfaction and resilience.
- > A recent review of the water services has identified the benefits of understanding natural hazards and their potential effects on key infrastructure. This approach could benefit our road network in terms of improving understanding, link criticality and improving network resilience.
- > A balanced portfolio of insurance, asset reinforcement, and asset relocation will be required moving forward to meet the NIP outcomes.
- > This will be important to ensure QLDC meets its obligations as a Lifeline Utility provider. (N.B. a lifeline utility is legally required to function 'to the fullest possible extent' (even at a diminished level) during and after an emergency, participate in emergency management planning, and provide free-of-charge technical assistance to the Director of Civil Defence Emergency Management.)
- > Decisions by other parties for major modal shifts i.e. the move from tourists out of buses into private cars and campervans approx. 15 years ago. Inability to assess, plan and fund rapidly changing transport user demands in a timely way results in some poor investment prioritisation and decisions.
- > Legislative change (National Policy Statements) on the need to align land use planning with the forward planning of infrastructure.

**OPTIONS**

1. Do nothing.
  2. Retain dedicated asset management team.
  3. As per (2) and align council practices with good industry practices.
  4. As per (3) and actively engage with central and local government sector leaders.
  5. As per (4) and independently audit council practices with industry standards.
- > Robust and sound decision making based on evidence and analysis through the Better Business Case framework.
  - > Self-insure.
  - > Asset criticality review and reconfirm risk mitigation strategies are appropriate including third party insurance.
  - > Build understanding of natural hazards to better target risk mitigation strategies and insurance cover.
  - > Develop business continuity plans to good industry practice.
  - > Maintain currency in technology and innovation.
  - > Embrace the share economy.

**PROPOSED SOLUTION**

- > Retain dedicated asset management team, align with good industry practices and actively engage with central and local government sector leaders.
  - > Grow the team in emerging areas, such as technology and economic performance.
  - > Regularly review asset criticality, understanding of natural hazards, risk mitigation strategies - including insurance cover and align business continuity plans to good industry practice.
  - > Investigate simplification of funding / approval practices.
- Renewal = Future technology and innovation may significantly alter the need for existing infrastructure networks, especially roading.

NO	N/A	NO	NO	\$	N/A
NO	N/A	YES	YES	\$	N/A
YES	N/A	YES	YES	\$	<5
YES	N/A	YES	YES	\$	<5
YES	N/A	YES	YES	\$\$	>5

YES	N/A	YES	YES	\$	<5
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**IMPLICATIONS OF NOT PROCEEDING**

- > Increase in congestion, impacting the district economically, its ability to grow and undermining efficient access to the CBD, social/education and tourism activity areas.
- > Difficulties in delivering a strong and vibrant local economy/businesses and industry not actively supported.
- > Increase in road crashes and reduced customer confidence in travelling by road.
- > Lack of uptake in alternative modes of transport.

THREE WATERS - SIGNIFICANT ISSUES / SIGNIFICANT CHANGE	OPTIONS CONSIDERED TO MANAGE THREE WATERS INFRASTRUCTURE	MEET INTENTIONS OF:				IMPLICATIONS:	
		LGA	RMA	NIP	HA	\$'S	TIME/ YRS

**NATURAL RESOURCE CHANGES:**

- > Unprotected water sources are resulting in increased contaminants and algae in lake water.
- > Algae impacts our water services by blocking home filters and water meters reducing and interrupting water pressure.
- > Turbidity, can impact the effectiveness of our UV disinfection treatment.
- > There is also a potential risk that algae could result in discoloured water and lead to increased taste and odour complaints.
- > Understanding the implications of stormwater run-off as development continues in the urban environment.
- > Investing for stormwater treatment at the source.

**OPTIONS**

1. Current approach/investment.
2. Improve catchment runoff controls, relocate development, remove or treat stormwater runoff to lakes.
3. Improve water treatment process and controls to address the risks of water supply safety and reliability.
4. Improve water treatment and basic catchment runoff controls.
5. Abandon existing water sources and develop new water sources (i.e. deep bores, new protected lake catchments or desalination).

**PROPOSED SOLUTION**

Our 30 year strategy incorporates numerous stormwater projects identified through a risk based scoring system via the stormwater Catchment Management Plans (CMP) developed for the district.

- > This system has resulted in approximately 50 stormwater related projects planned for over the next 15 years with a total estimated cost of \$55m.
- > Using hydraulic models, CMPs and flooding complaints, a series of quick win projects including one each in Queenstown, Wanaka and Arrowtown were identified. These projects along with the ground investigations and model updates have been programmed in the ten years of the 2018 Ten Year Plan.

The Council will provide safe and reliable stormwater drainage services demonstrated by no stormwater related health issues and no flooding of consented building platforms.

- > We will deliver on this target by ensuring that minimum stormwater system capacity during a simulated 24 hour duration, ten year return period storm, will ensure:
  - That no consented habitable floors for building platforms, are flooded.
  - That no erosion to private property occurs.

Local Government Act:

- > Stormwater per capita demands are expected to remain unchanged where increases in impermeable surfaces are offset with appropriate sustainable urban design and potential increases in rainfall events over the longer term.

Regional Plan for Water:

- > With respect to discharges from any new stormwater reticulation system, or any extension to an existing stormwater reticulation system, to require:
  - the separation of sewage and stormwater;
  - measures to prevent contamination of the receiving environment by industrial or trade waste; and
  - the use of techniques to trap debris, sediments and nutrients present in runoff.

QLDC will work collaboratively with ORC to understand the requirements for stormwater treatment prior to discharge to freshwater bodies.

**Environmental** = controlling erosion, avoiding property damage, ensuring public amenity of open spaces and protection of the environment.

NO	YES	NO	NO	\$	N/A
YES	YES	YES	NO	\$\$\$	>50
YES	YES	YES	YES	\$\$	<5
YES	YES	YES	YES	\$ \$	<10
NO	YES	NO	YES	\$\$\$	>10

YES	YES	YES	YES	\$\$\$	<15
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THREE WATERS - SIGNIFICANT ISSUES / SIGNIFICANT CHANGE	OPTIONS CONSIDERED TO MANAGE THREE WATERS INFRASTRUCTURE	MEET INTENTIONS OF:				IMPLICATIONS:		
		LGA	RMA	NIP	HA	\$'S	TIME/YRS	
<p><b>REGULATION CHANGES:</b></p> <ul style="list-style-type: none"> <li>&gt; Foreign matter in sewers is resulting in increased blockages of the network.</li> <li>&gt; Most notably this is caused by tree roots, construction debris and fats.</li> <li>&gt; Blockages of the sewers result in backing up and overflow of untreated sewerage to private property and/or the environment.</li> <li>&gt; Understanding our water supply security and compliance to Drinking Water Standards following the Havelock North contamination event.</li> <li>&gt; Understand our responsibilities within the Otago Regional Council newly released Urban Water Quality Strategy</li> <li>&gt; Ministry for the Environment have initiated workshops to discuss Urban Water Quality moving forward - QLDC will need to address any outcomes from this working group.</li> <li>&gt; No treatment of industrial/commercial trade waste i.e. fats, oils and grease (FOG) and oil and grit interceptor waste.</li> <li>&gt; Disposal of sludge from wastewater treatment plants.</li> </ul>	<p><b>OPTIONS</b></p> <ol style="list-style-type: none"> <li>1. Do nothing.</li> <li>2. Targeted sewer inspection and cleaning programme.</li> <li>3. Adopt and enforce Trade Waste Bylaw.</li> <li>4. Install larger pipes and upgrade pump stations to grinder pumps to pass debris.</li> <li>5. Possible fat, oil and grease treatment through vermicomposting.</li> <li>6. Educate to assist with efficient grease trap waste recovery.</li> </ol>							
			NO	YES	NO	NO	\$	N/A
			NO	NO	YES	YES	\$\$	<5
			YES	NO	YES	YES	\$\$	<5
			NO	YES	YES	YES	\$\$\$	>30
			YES	YES	N/A	YES	\$\$	>10
			YES	YES	N/A	YES	\$	>5
			YES	YES	YES	YES	\$\$	<5-10
		<p><b>PROPOSED SOLUTION</b></p> <p><b>Wanaka wastewater management</b></p> <ul style="list-style-type: none"> <li>&gt; New wastewater pump station. A new pump station is proposed to be built close to the Aubrey Road / Rata Street junction that will work to service a large part of north Wanaka (streets along and off Beacon Point Road), Peninsula Bay, Kings Drive and Kiromoko estate. The pump station would serve to reduce significant load into the Lakeside Road No 1 pump station and also the Dungarvon Street pump station within the CBD.</li> <li>&gt; Upgraded Gordon Road pump station. The Gordon Road pump station will be upgraded to cater for increased growth in the South Wanaka area. This CAPEX project is growth related and is being planned in response to the new subdivisions at Meadowstone Drive and Alpha Ridge.</li> <li>&gt; Treatment Project Pure treatment plant will continue to provide high quality treatment of wastewater for the Wanaka ward. The capacity of this treatment plant will be increased to cater for future growth within the region. The current consent is valid until 2041.</li> </ul> <p><b>Queenstown wastewater treatment</b></p> <p>We will continue major investment in the upgrade and improvement of our Shotover wastewater treatment plant with a view to reducing the environmental impact of this process. A major shift in our treatment and disposal of wastewater will see treated effluent discharged to land rather than into the Shotover River from 2020 onwards. The quality of treated effluent will continue to improve as phased improvements and upgrades continue at the Shotover treatment plant.</p> <p>More than \$15million is earmarked for CAPEX works at the Shotover treatment plant over the next five years which will be spent on building a new MLE tank, clarifier and improving the capacity of the plant in order that all sewerage entering the plant can be dealt through the MLE activated sludge treatment process. Additional investment will be made to deliver other significant works at this site;</p> <ul style="list-style-type: none"> <li>&gt; supply and installation of a dedicated treatment process to deal with fats, oil and grease,</li> <li>&gt; installation of a land disposal system in order that we can move away from discharge of treated effluent to the Shotover River, and</li> <li>&gt; decommissioning of the old oxidation ponds.</li> </ul>						
		<p><b>Table continued on next page</b></p>						

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**PROPOSED SOLUTION**

**Queenstown Wastewater Network Masterplan**

The Queenstown Wastewater Network Masterplan identified a need for the following projects to be delivered within the next ten year Ten Year Plan cycle in order to meet our strategic objectives. These individual components will work to optimise the solution for a fully aligned masterplan offering greater efficiency across the Queenstown wastewater network.

- > New and improved wastewater pumping stations
- > Upgrades at Marine Parade pump station including a duplicate outlet manifold and a duplicate rising main.
- > This is to improve resilience and reliability at this critical wastewater pump station.

**Growth projects**

A number of works are planned in response to growth in the Wakatipu ward:

- > A rising main from Kawarau Falls Bridge to the new large diameter gravity line that runs down the Eastern Access Road to Shotover treatment plant.
- > Construction of a new wastewater pump station to service the Remarkables Park and south Frankton area.
- > Construction of new pumping mains over the Kawarau Bridge to service Hanley Downs and Kelvin Heights.

Optimisation projects

- > Reconfiguration of the Kawarau Place pump station in order to realise the benefits of the new Remarkables Park pump station and to reduce load on the Frankton Beach pump station.
- > Modifications to the Willow Place pump station in order to alter its pumping route to realise the benefits of the new large diameter gravity line that runs down the Eastern Access Road to Shotover treatment plant.

**Hawea wastewater management**

Decommissioning of oxidation ponds.

QLDC have assessed a number of options relating to the long term conveyance and treatment of wastewater in Hawea. A 'Better Business Case' process was followed that identified a preferred option for servicing of wastewater in the township.

The proposed solution is to construct a sewer pump station and pipeline to convey sewage from Hawea to the QLDC Project Pure wastewater treatment plant located adjacent to Wanaka airport.

Conveyance to Project Pure treatment plant.

The pipeline would be approximately 12km in length and routed via Hawea flat before crossing the Clutha River and discharging into the existing Project Pure treatment plant. This project will assist in delivering the following environmental benefits:

- > reduced risk of unconsented discharge,
- > move infrastructure away from high value recreational assets,
- > future compliance with discharge permits associated with consented wastewater treatment facilities.

**Trade Waste/Solid Waste Management**

- > Reviewing QLDC Trade Waste Bylaw to include all discharges from an industrial/commercial property
- > To protect the receiving environment (i.e. lake or stormwater)
- > Scope ad investigate possible treatment systems for trade waste
- > Vermicomposting (worm) trial underway
- > Investigation of anaerobic digestion (the combination of organic waste, FOG and sludge which generates biofuel and a soil condition)

THREE WATERS - SIGNIFICANT ISSUES / SIGNIFICANT CHANGE	OPTIONS CONSIDERED TO MANAGE THREE WATERS INFRASTRUCTURE	MEET INTENTIONS OF:				IMPLICATIONS:	
		LGA	RMA	NIP	HA	\$'S	TIME/ YRS

**CUSTOMER CHANGES:**

- > Changing community requirements are impacting on the performance of our assets.
- > Assets installed many years ago are now being required to service an increasing number of houses and businesses.
- > Issues have also been identified with poor quality construction of some legacy pipelines will need to be addressed.
- > The upgrade and replacement of our assets must be coordinated with other services and road corridor users.
- > The changing needs of the community will impact on service reliability and resilience.
- > Increases in the number of properties and business using our legacy assets will require both behavioural changes (demand management) and investment in new/ expanded assets.
- > As the population grows, the areas which the Council services will need to change. This will require designating land for future purchase to locate a number of new water reservoirs.
- > QLDC's primary legislation requires it to demonstrate that its services are "efficient and effective".
- > Physical measurement of asset performance is a key aspect of confirming service efficiency. (i.e. minimising waste).
- > Actively monitoring community use, complaints and future needs is fundamental to ensuring service effectiveness.
- > Failure to optimise asset performance, customer use, and understanding future needs will result in ineffective and low quality investment.

**Table continued on next page**

**OPTIONS**

1. Do nothing.
2. Reactive programme of water safety upgrades to protect public health.
3. Risk based programme of water safety upgrades to protect public health.
4. Immediate implementation of water safety upgrades to protect public health.

**PROPOSED SOLUTION**

**Queenstown water supply**

Our masterplan is to supply water to Queenstown and Frankton via the existing Two Mile lake intake pump station and Shotover Country Bore pump station. New treatment plants will be constructed at these sites in order that we can supply safe drinking water to the public that is compliant with DWSNZ 100% of the time. These two water pump stations and treatment plants will be designed and built to have the capacity to serve the Queenstown, Frankton, Lake Hayes Estate, Shotover Country and Hanley Downs area for the next thirty years.

- > Two Mile WTP: 14,000m<sup>3</sup> capacity by 2058.
- > SOC bore WTP: 27,000m<sup>3</sup> capacity by 2058.

The masterplan involves the construction of several new storage reservoirs across the Queenstown network in order to service the Frankton flats and Hanley Downs area.

**Wanaka water supply**

The Wanaka Water Masterplan is to dedicate resources at the Beacon Point reservoir and water treatment plant to ensure future security of supply for Wanaka. The existing Western reservoir will be decommissioned in order to reduce the need to construct two new water treatment plants for Wanaka. As a result, a number of network reconfigurations will be required to ensure supply levels of service are maintained and improved upon.

- > A new large diameter cross town trunk main will be required to supply water through to south Wanaka.
- > A new 6000m<sup>3</sup> reservoir will be constructed adjacent to the existing Beacon Point reservoir.
- > A new 5000m<sup>3</sup> reservoir will be constructed to the south of Wanaka to supply into the Cardrona Valley Road area and neighbouring subdivisions.
- > A new pressure booster pump station will be constructed to boost mains pressure within the existing western and 'Far Horizon' supply zones.

**Arrowtown water supply**

The new infrastructure planned for this scheme includes the following:

- > installation of a new production bore together with a new bore pump,
- > upsize of the existing bore pump to increase supply capacity,
- > construction of a new reservoir to increase treated water storage volume by 2200m<sup>3</sup>, and
- > ensure full compliance with DWSNZ through UV disinfection and chlorine dosing.

**Table continued on next page**

NO	NO	NO	NO	\$	N/A
NO	NO	NO	NO	\$	N/A
YES	NO	YES	YES	\$\$	<10
YES	YES	YES	YES	\$\$\$	>30

YES	YES	YES	YES	\$\$	<15
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**THREE WATERS - SIGNIFICANT ISSUES / SIGNIFICANT CHANGE**
**OPTIONS CONSIDERED TO MANAGE THREE WATERS INFRASTRUCTURE**
**MEET INTENTIONS OF:**
**IMPLICATIONS:**
**LGA**
**RMA**
**NIP**
**HA**
**\$'S**
**TIME/  
YRS**
*Table continued from previous page*
**CUSTOMER CHANGES:**

- > This may result in service interruptions, assets having to be replaced sooner and overall costs increasing.
- > The population profile of the district is growing and changing.
- > Our district has the highest rate of growth in people aged 0 - 5 years.
- > In addition our population over the age of 60 is also increasing rapidly.
- > These population groups are more at risk to water quality variances.
- > In addition, increases in tourist numbers placed increase demands on the reliability and availability of our water supplies.
- > A new investment programme is required to improve the safety and reliability of our water supplies.
- > Key emerging issue in that QLDC is transitioning from a series of rural holiday towns and destinations to a thriving, permanent resident urbanised district.
- > This transition is occurring very quickly, and is possibly the fastest transition currently being observed in New Zealand.
- > Service levels and that were once standard practice are no longer acceptable or appropriate as this transition continues.
- > Investment is required to improve our understanding of service levels and predicting future service requirements.
- > Investment in key infrastructure will need to be more flexible and able to be delivered, and added to, in a modular way.

*Table continued from previous page*
**PROPOSED SOLUTION**

The preferred option provides a supply scheme that will cater for current demand projections in 2048 (i.e. a 30 year lifespan - subject to ongoing demand forecast updates).

**Luggate Water supply**

A new long term proposal is planned to future proof provision of safe drinking water for Luggate and the neighbouring Wanaka airport supply scheme. A number of options were considered with the preferred solution involving the connecting up of these two separate schemes.

- > A new bore pump station will be installed at Wanaka Airport. Raw water from this source will be treated through UV disinfection and chlorine dosing. This would ensure full compliance with DWSNZ.
- > A new reservoir located at Wanaka Airport will provide security of supply to Luggate while also providing for firefighting requirements at the airport.
- > A new 4km pipeline will be constructed between Wanaka airport and Luggate.
- > The tank farm at Luggate will be retained but the existing bore pump station will be decommissioned.

**Glenorchy water supply**

As with our other remote water supply schemes, Glenorchy's water supply scheme is being placed under pressure from continuing development coupled with ageing infrastructure.

A water supply masterplan will be developed in 2018/19 to identify the need to invest and seek to identify a solution that delivers on our strategic objectives for supply of safe drinking water in accordance with our levels of service.

The new supply scheme will likely include new or upgraded bores and a water pump station together with increased reservoir storage capacity. The existing reservoirs will be decommissioned and replaced.

A new water treatment plant will be designed and built to ensure full compliance with DWSNZ. The treatment processes required to ensure full compliance is achieved will be determined only once any new groundwater source is extensively sampled. A chlorine dosing system will be installed in the interim until a permanent treatment solution is determined.

**Hawea water supply**

A new Hawea bore pump station and treatment plant was installed and commissioned in 2015 and supplies Hawea with safe drinking water. QLDC will continue to invest further monies in this supply scheme in order to meet all strategic objectives relating to our public drinking water supplies, specifically:

- > to ensure no illness attributed to inadequate public water supply,
- > compliance with NZ Drinking Water Standards (Bacteria and Protozoa) by 2028, and
- > to provide connection for new subdivision within QLDC service area not currently serviced by private scheme.

THREE WATERS - SIGNIFICANT ISSUES / SIGNIFICANT CHANGE	OPTIONS CONSIDERED TO MANAGE THREE WATERS INFRASTRUCTURE	MEET INTENTIONS OF:				IMPLICATIONS:	
		LGA	RMA	NIP	HA	\$'S	TIME/ YRS
<b>ENVIRONMENT CHANGES:</b> <ul style="list-style-type: none"> <li>&gt; Changes in our local climate will affect the performance of our ground water sources and infrastructure.</li> <li>&gt; Projected increases in the frequency and size of storm events will overload our drainage systems resulting in increased flooding.</li> <li>&gt; Projected increases in daytime temperatures will increase rates of corrosion in our pipe networks, reducing their longevity.</li> <li>&gt; Projected increases in temperature and wind will reduce the effectiveness of irrigation and increase water use per person.</li> <li>&gt; Projected decreases in snow days will impact our ski season and local economy (i.e. a key source of funding for infrastructure).</li> <li>&gt; Likely fluctuations in ground water levels (scarcity) and changes in ground water quality.</li> <li>&gt; Implementing wastewater solutions for smaller communities as Otago Regional Council has a driver to move away from septic tanks.</li> </ul>	<b>OPTIONS</b> <ol style="list-style-type: none"> <li>1. Do nothing</li> <li>2. Monitor weather patterns, customer use patterns, asset performance and annually review asset management plans.</li> <li>3. As per (2.) but include climate scenario modelling (risk management scenarios) to improve asset management plan reviews.</li> </ol>	NO	NO	NO	N/A	\$	N/A
		YES	YES	YES	N/A	\$	<1
		YES	YES	YES	N/A	\$	>5
		YES	YES	YES	N/A	\$	<1
	<b>PROPOSED SOLUTION</b> <p>The Council will provide safe and reliable reticulated wastewater services demonstrated by no wastewater related illnesses attributed to QLDC's wastewater infrastructure and no breach of resource consent resulting in successful prosecution.</p> <ul style="list-style-type: none"> <li>&gt; Monitor weather patterns, customer use patterns, asset performance and annually review asset management plans.</li> <li>&gt; Investing into source resilience i.e. bore upgrades, new intakes and existing intakes.</li> <li>&gt; To reduce the risk of known single points of failure that result in discharges of wastewater into lakes and waterways and other high public usage areas.</li> </ul> <p><b>Investment objectives;</b></p> <ul style="list-style-type: none"> <li>&gt; To ensure no illness is attributed to inadequate public wastewater infrastructure.</li> <li>&gt; To reduce the frequency of uncontrolled wastewater discharges. Our corporate performance measures will be to have &lt;3 dry weather overflow per 1000 wastewater connections and &lt;5 odour complaints per 1000 wastewater connections.</li> <li>&gt; To ensure no contamination of public water supply attributed to three waters infrastructure.</li> </ul>						

THREE WATERS - SIGNIFICANT ISSUES / SIGNIFICANT CHANGE	OPTIONS CONSIDERED TO MANAGE THREE WATERS INFRASTRUCTURE	MEET INTENTIONS OF:				IMPLICATIONS:	
		LGA	RMA	NIP	A	\$'S	TIME/ YRS

**INDUSTRY MATURITY/CHANGES:**

- > Central government has signaled a clear requirement for improving asset management practices.
- > To that end, new data standards, new service delivery models, risk management requirements and specific asset management maturity obligations are being developed.
- > These changes are set to address capability and capacity issues across the broader local government sector - i.e. Better Local Government Reforms.
- > The key outcome of these reforms will be measurable improvements in asset performance, investments and overall community satisfaction and resilience.
- > Following the Canterbury Earthquakes, central government has encouraged improved local government understanding of their natural hazards.
- > The Alpine fault last ruptured in 1717. History shows it ruptures approximately every 300 years. It is likely to rupture during the term of this plan.
- > QLDC's water services are at risk to natural hazards including flood, lake tsunami and earthquakes.
- > A review of the current natural hazard shared funding arrangements between central and local government is nearing completion.

**Table continued on next page**

**OPTIONS**

1. Do nothing.
2. Retain dedicated asset management team
3. As per (2) and align council practices with good industry practices.
4. As per (3) and actively engage with central and local government sector leaders.
5. As per (4) and independently audit council practices with industry standards.

**PROPOSED SOLUTION**

- > Sourcing additional funding for three waters infrastructure.
- > Local Government New Zealand (LGNZ) and the Ministry of Business, Innovation and Employment (MBIE) are exploring options for addressing persistent barriers to regional economic development and growth, which include the issue of funding infrastructure in high volume tourist areas. One potential option are Special Economic Zones (SEZs) which could provide a mechanism for addressing these barriers.
- > Regularly review asset criticality, understanding of natural hazards, risk mitigation strategies - including insurance cover and align business continuity plans to good industry practice.
- > QLDC has been successful in sourcing funding from MBIE through the Housing Infrastructure Fund (HIF) in relation to proposed developments in Ladies Mile, Quail Rise and Kingston. This money will be used to build infrastructure to facilitate the supply of housing within the local market. QLDC's code of practice, service level agreements and all other corporate performance measures will continue to apply as new and existing networks are upgraded and expanded.

Improving and exceeding water quality parameters:

- > QLDC welcomes the government review into the Havelock North water contamination incident and looks forward to receiving the outcomes and recommendations from this process. We will embrace any change made to the regulation of water supplies and / or any improvements and enforcement of the NZ Drinking Water Standards (DWSNZ).
- > QLDC will continue to remain heavily involved in any development of regional freshwater quality standards and targets and wishes to be seen as a champion for environmental protection. Indeed, QLDC is presently looking at reissuing its three waters levels of service technical specification which aims to clearly identify numerous performance indicators by which our service delivery is measured.
- > QLDC has agreed to permanently disinfect its water supply networks as one of a number of steps to increase regulatory compliance.
- > This proposal is consistent with the our 2018 Ten Year Plan that aims to ensure all water supplies in the district comply with their respective Health Act requirements not later than the year 2028.
- > QLDC understands its obligations relating to public water drinking supplies under both the LGA and Health Act and wishes to reiterate its duties as a drinking-water supplier.

**Table continued on next page**

NO	N/A	NO	NO	\$	N/A
NO	N/A	YES	NO	\$	N/A
YES	N/A	YES	YES	\$	<5
YES	N/A	YES	YES	\$	<5
YES	N/A	YES	YES	\$\$	>5
YES	N/A	YES	N/A	\$	<5-10

THREE WATERS - SIGNIFICANT ISSUES / SIGNIFICANT CHANGE	OPTIONS CONSIDERED TO MANAGE THREE WATERS INFRASTRUCTURE	MEET INTENTIONS OF:				IMPLICATIONS:	
		LGA	RMA	NIP	A	\$'S	TIME/ YRS

*Table continued from previous page*

**INDUSTRY MATURITY/CHANGES:**

- > It is expected that QLDC will be solely responsible for all losses up to and including a one in 500 year event, possibly higher.
- > QLDC will need to review and update its risk mitigation plans, including its insurance policies and improved testing of its investment programmes for addressing service resilience.

*Table continued from previous page*

**PROPOSED SOLUTION**

- > Take all practicable steps to ensure an adequate supply of drinking water, notify any risk to that supply, ensure that drinking water complies with the Drinking Water Standards for New Zealand 2005 (revised 2008) (DWSs), and if the supplier becomes aware that water is not meeting the DWSs, to carry out the remedial action set out in the DWSs, or all other practicable steps if no remedial action is specified.
- > Take reasonable steps to protect its source of raw water from contamination, to protect all aspects of the drinking-water supply system from pollution and to ensure the drinking water supplied is wholesome.
- > Monitor the drinking water supplied to determine its compliance with the DWSs and detect and assess public health risks.
- > Prepare and implement a water safety plan.
- > Keep records that contain sufficient information to enable a DWA to assess compliance with Part 2A, the DWSs and the water safety plan.
- > Investigate any complaint received about the quality of drinking water and take action to remediate the problem, if the complaint is upheld.
- > Provide reasonable assistance to drinking-water assessors, designated officers, and medical officers of health.

**IMPLICATIONS OF NOT PROCEEDING**

- > Inadequate water supply to service population growth and support a strong and resilient local economy.
- > Inadequate pressure and flow to meet firefighting requirements.
- > Inability to provide a safe and resilient water supply affecting public health.
- > Resource Management Act compliance unable to be achieved, leading to increasing fines and loss of public and visitor confidence.
- > Increased discharges of untreated sewerage to the environment.
- > Continued and increased risk to people's safety within specific overland flow paths that are in proximity to private buildings.
- > Increased contamination of recreational and amenity lakes and rivers.
- > Increased vulnerability to cyber-attacks on drinking water computer systems.

SOLID WASTE MANAGEMENT - SIGNIFICANT ISSUES / SIGNIFICANT CHANGE	OPTIONS CONSIDERED TO MANAGE SOLID WASTE MANAGEMENT INFRASTRUCTURE	MEET INTENTIONS OF:				IMPLICATIONS:		
		LGA	RMA	WMA	NIP	\$'S	TIME/YRS	
<b>REGULATION CHANGES:</b> <ul style="list-style-type: none"> <li>&gt; QLDC must work within the requirements of the Local Government Act (2002). QLDC must be able to demonstrate that its services are "efficient and effective". The cheapest option may not always be the most cost-effective option for the customer and/or the environment over the medium to longer term.</li> <li>&gt; The New Zealand Waste Strategy 2010 sets out Central Government's long-term priorities for waste management and minimisation in New Zealand. QLDC must meet these priorities.</li> <li>&gt; The Otago Regional Council (ORC) must ensure that the requirements of the National Policy Statement on Urban Development Capacity are met, through its regional management plans.</li> <li>&gt; It is likely that there will be stricter air quality and odour controls in the future. Processes at QLDC's outdoor landfills may need to change to meet any new requirements.</li> <li>&gt; It is likely that any changes in air quality or odour controls will apply to both operational and closed landfills.</li> <li>&gt; QLDC will need to meet new regulations from Central Government and Waste Management New Zealand Ltd regarding stockpiling and recycling used tyres.</li> <li>&gt; Responding to changes in the New Zealand Emissions Trading Scheme by 2020.</li> </ul>	<b>OPTIONS FOR REGULATION AND CUSTOMER CHANGES:</b>							
	Programme 1:	QLDC waste management services to continue as is.	NO	NO	NO	NO	\$	<1
	Programme 2:	Do minimum - provide minimum level of service to meet the minimum legal requirements.	YES	YES	YES	NO	\$	<5
	Programme 3:	More customer support - continue with current refuse and recycling collections and waste facilities but increase education and regulation.	YES	YES	YES	NO	\$	<5
	Programme 4:	More services - provide more waste minimisation services and facilities and retain current education and regulation.	YES	YES	YES	NO	\$\$\$\$	>5
	Programme 5:	Full QLDC service - more waste minimisation services, facilities, education and regulation. QLDC providing full service supported by education and regulation.	YES	YES	YES	YES	\$\$\$\$\$	>5
	Programme 6:	Focus on organics and glass - provide more waste minimisation services and facilities that target organics and glass, and retain current education and regulation.	YES	YES	YES	YES	\$\$\$	3-9
	Programme 7:	Focus on construction and demolition (C&D) and glass - provide more waste minimisation services and facilities that target C&D and glass and retain current education and regulation.	YES	YES	YES	YES	\$\$\$\$	>5

SOLID WASTE MANAGEMENT - SIGNIFICANT ISSUES / SIGNIFICANT CHANGE	OPTIONS CONSIDERED TO MANAGE SOLID WASTE MANAGEMENT INFRASTRUCTURE	MEET INTENTIONS OF:				IMPLICATIONS:	
		LGA	RMA	WMA	NIP	\$'S	TIME/ YRS
<p><b>CUSTOMER CHANGES:</b></p> <ul style="list-style-type: none"> <li>&gt; The changing needs of the community are impacting on the performance of QLDC's waste management assets – i.e. street rubbish bins and district recycling facilities.</li> <li>&gt; Waste management assets installed many years ago are now being required to service an increasing number of residents, businesses and holiday makers.</li> <li>&gt; Over the past years there has been an increase in per capita waste. This is not consistent with QLDC's Waste Minimisation Plan which seeks to reduce per capita waste.</li> <li>&gt; New developments are not necessarily compatible with legacy waste collection services (i.e. limited truck access issues).</li> <li>&gt; Waste solutions to district specific issues need to focus on the needs of both residents and visitors.</li> <li>&gt; The upgrade and replacement of our waste management assets must take into account developments on both new land (greenfield) and land that has been re-purposed (brownfield). This applies to land within the district and land under the control of neighbouring councils.</li> <li>&gt; The changing needs of the community will impact on service quality and reliability. QLDC must provide and support opportunities to minimise waste through reduction, reuse, recycling and recovery.</li> <li>&gt; Educate and support waste generators (residents, visitors, and businesses) by providing options and advising them of their responsibilities.</li> </ul> <p><b>Table continued on next page</b></p>	<p><b>PROPOSED SOLUTION FOR REGULATION AND CUSTOMER CHANGES:</b></p> <p><b>Programme 6:</b> Focus on organics and glass - provide more waste minimisation services and facilities that target organics and glass, and retain current education and regulation.</p> <ul style="list-style-type: none"> <li>&gt; Continue to provide educational information to customers, to promote QLDC waste services and advise how customers can responsibly dispose of organic and recyclable materials, including using private waste collection services.</li> <li>&gt; Continue to update the QLDC waste website.</li> <li>&gt; Continue to investigate and provide (if appropriate) promotional support for commercial waste minimisation e.g. Agrecovery, Plasback, zero waste events, beach clean events.</li> <li>&gt; Continue with existing waste education and promotional programmes for the general public, visitors, businesses, and in schools e.g. Enviroschools, EERST, Dr Compost, Waste Free Parenting, "Love Food Hate Waste".</li> <li>&gt; Continue to provide subsidies for composting tools e.g. bokashi buckets for food scraps, worms.</li> <li>&gt; Enforce existing event waste management regulatory requirements.</li> <li>&gt; Continue with council-provided refuse collection service for urban households. Investigate process improvements e.g. receptacles, funding method.</li> <li>&gt; Continue with council-provided refuse collection service for CBD businesses. Investigate CBD-specific processes e.g. frequency, receptacles (e.g. Big Belly Bins).</li> <li>&gt; Continue with council-provided recycling collection service for urban households.</li> <li>&gt; Implement a change to glass recycling processes to increase quality, quantity and yield and introduce consistency between wards (e.g. separate co-mingled, separate kerbside sorted, fully co-mingled recycling, Container Deposit Legislation).</li> <li>&gt; Continue to promote, educate and incentivise home composting.</li> <li>&gt; Continue to provide organic waste drop-off facility and mulching at transfer stations.</li> <li>&gt; Introduce council-provided organic waste collection service for urban households.</li> <li>&gt; Provide an organic waste processing facility (funding and service delivery options to be determined through project business case. Likely to be aligned with bio solids processing option).</li> <li>&gt; Implement enhancements to bio solids end-use e.g. co-composting, solar drying, incineration, monofill, direct land application.</li> <li>&gt; Monitor quality and quantity of construction and demolition (C&amp;D) wastes at the Wakatipu transfer station and Victoria Flats landfill on an ongoing basis to gain a greater understanding of the types and quantities of material that could be diverted.</li> <li>&gt; Support and enable, where practicable, private operators in providing a construction and demolition (C&amp;D) facility.</li> <li>&gt; Continue to check and maintain resource consent compliance at all waste handling facilities and closed landfills for which QLDC holds resource consents.</li> </ul> <p><b>Table continued on next page</b></p>	<p><b>YES</b></p>	<p><b>YES</b></p>	<p><b>YES</b></p>	<p><b>YES</b></p>	<p><b>\$\$\$</b></p>	<p><b>IMPLEMENT 3-9 YRS / EMBED AND MAINTAIN IN 10-20 YRS</b></p>

SOLID WASTE MANAGEMENT - SIGNIFICANT ISSUES / SIGNIFICANT CHANGE	OPTIONS CONSIDERED TO MANAGE SOLID WASTE MANAGEMENT INFRASTRUCTURE	MEET INTENTIONS OF:				IMPLICATIONS:	
		LGA	RMA	WMA	NIP	\$'S	TIME/ YRS
<p><b>Table continued from previous page</b></p> <p><b>CUSTOMER CHANGES:</b></p> <ul style="list-style-type: none"> <li>&gt; In addition to the recent upgrades to wastewater treatment plants in Wanaka and Queenstown, the district is required to manage an increasing amount of waste water treatment plant sludge (bio solids). This is an issue many Councils are struggling with. Often the cheapest method of management is to dispose of this sludge in landfill, but this can create gas and odour problems.</li> <li>&gt; The Victoria Flats landfill operator is reluctant to receive the district's bio solids, and QLDC must make alternative long term arrangements.</li> <li>&gt; Provide effective and efficient waste services that are funded appropriately.</li> <li>&gt; Reconfigure Wanaka Transfer Station to respond to future demand and potentially extend its hours of operation.</li> <li>&gt; QLDC's existing landfill is expected to reach capacity in 2049 with limited waste diversion practices in place (waste reduction, recycling etc.), or 2074 with maximum diversion.</li> </ul>	<p><b>Table continued from previous page</b></p> <p><b>PROPOSED SOLUTION FOR REGULATION AND CUSTOMER CHANGES:</b></p> <ul style="list-style-type: none"> <li>&gt; Continue to monitor the capacity of available landfill, and search for alternative disposal options should the capacity decrease below a safe future-proof level.</li> <li>&gt; Continue with the waste disposal services provided at the Victoria Flats landfill.</li> <li>&gt; Continue to provide refuse transfer stations that include resource recovery facilities in Wakatipu and Wanaka.</li> <li>&gt; Investigate introduction of differential pricing tools to increase diversion at both the landfill and transfer station facilities (either through Council advertised fees and charges or by influencing site operator).</li> <li>&gt; Operate the transfer station and recycling centre facilities through a contractual agreement that optimises the separation of diverted material in terms of quality and the cost of providing the service.</li> <li>&gt; Investigate reconfiguring both the Wakatipu transfer station and Wakatipu recycling centre layouts to encourage drop-off of reusable and recyclable materials before disposing of residual waste and improve throughput capacity.</li> <li>&gt; Provide facilities at Council transfer stations for domestic quantities of hazardous waste, including batteries and oil.</li> <li>&gt; Provide drop-off facilities at the Council transfer stations for e-waste to an extent that they are affordable and complement national schemes or services.</li> <li>&gt; Provide drop-off facilities at the Council transfer stations for agrichemicals to an extent that they are affordable and complement national schemes or services.</li> <li>&gt; Investigate if a policy or bylaw is required for the management of health care waste (in line with communications strategies by neighbouring councils).</li> <li>&gt; Continue to provide public litter bins for waste in accordance with Council's responsibilities under the Litter Act (1979). Review bin type and cleaning frequency as required.</li> <li>&gt; Provide public recycling bins alongside litter bins where practical and cost-effective.</li> <li>&gt; Continue to prepare a document for visitors that explains waste minimisation opportunities and consumer responsibilities.</li> <li>&gt; Continue to install drinking water fountains to encourage refill/reuse of drinking vessels and reduce plastic bottle waste.</li> <li>&gt; Use additional languages to English to aid in communication and education of waste disposal and management.</li> </ul> <p><b>IMPLICATIONS OF NOT PROCEEDING:</b></p> <ul style="list-style-type: none"> <li>&gt; Reduced ability to recycle, resulting in increased discharges to landfill and shortening landfill life.</li> <li>&gt; Failure to comply with the Waste Minimisation Act and subsequent lack of public confidence.</li> <li>&gt; Increasing volumes of uncollected waste resulting in pollution, amenity and potential health issues.</li> </ul>						

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# SIGNIFICANT ASSUMPTIONS

An important part of preparing the Ten Year Plan is making assumptions about the future. The financial statements should be read in conjunction with the assumptions outlined in the following pages.

NUMBER	ASSUMPTION	LEVEL OF UNCERTAINTY	RISK AND CONSEQUENCE	SEVERITY OF RISK	APPROACH TO MITIGATION OF RISK
<b>ECONOMIC ASSUMPTIONS</b>					
1	<p>By 2028 the district's population is projected to increase to 80,765 on an average visitor day, 149,024 on a peak visitor day. The district's rating units will increase to 30,897. This represents the medium-high scenario from the Council's growth projection model.</p> <p>A detailed breakdown of the growth assumptions can be found in Volume One of this Ten Year Plan on page 19.</p>	High	<p>Population and rating unit growth occurs at a higher or lower rate than expected.</p> <p>A significant or consistent higher rate may adversely affect the ability of the Council to deliver some services to existing service levels.</p> <p>A significant and consistent lower rate may adversely affect the ability of the Council to set rates at a level that is affordable to the community.</p>	Moderate	<p>The Council actively monitors population change in the district. Generally, small movements in population can be managed within the existing level of service and budgets.</p> <p>Where growth requires additional infrastructure the Council can require financial contributions for this work. Where growth requires investment to maintain current levels of service or growth is significantly lower, the Council has the ability to adjust budgets as required through the Ten Year Plan/Annual Plan process. This may mean a reprioritisation of work programmes.</p>
2	<p>Many aspects of the plan are co-dependent on both internal and external factors, such as central government funding, to progress. Specific assumptions have been provided throughout the plan. A notable example is the Queenstown arterials programme. This \$148.8M roading development is based on an assumed NZTA contribution of \$119.0M (80%).</p>	Medium	<p>If this funding is not forthcoming at this level, this affects the Council's ability to deliver the remainder of the Queenstown Town Centre Masterplan, including parking, public transport, street upgrades, and walking/cycling facilities.</p>	High	<p>In this event, the Council would revert to a reduced overall budget of \$698M for the ten year period, and would be in a position to reconsider the timing of other projects, such as meeting Drinking Water Standards.</p>

NUMBER	ASSUMPTION	LEVEL OF UNCERTAINTY	RISK AND CONSEQUENCE	SEVERITY OF RISK	APPROACH TO MITIGATION OF RISK
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**ECONOMIC ASSUMPTIONS**

3	The funding assistance rate from the New Zealand Transport Authority (NZTA) on all stages of the Queenstown Masterplan arterial routes equates to 80% of the project funded by NZTA.	Medium	<p>The actual funding assistance rate significantly differs from the forecast combined rate across all three stages of 80% resulting in a higher or lower cost of capital expenditure. This may also affect consistency of levels of service to the community.</p> <p>A significantly lower than forecast rate may result in deferral of stage three of the Queenstown Masterplan outside of this Ten Year Plan.</p>	High	<p>Designated staff within QLDC are responsible for the relationship with NZTA and maintenance of awareness and communication of NZTA policy. The Council makes submissions on proposed policy changes, lobbies NZTA and regularly attends NZTA regional meetings.</p> <p>The Council continues to work in collaboration with NZTA through the Transport Governance Group, involving NZTA, ORC and QAC, in an attempt to agree on the best long term solutions for the district's transport issues and has the ability to reprioritise projects based on risk, mitigating any small decrease in NZTA funding.</p> <p>The Council will review its budget and align NZTA priorities annually through the Ten Year Plan/Annual Plan process and may adjust work programmes and budgets where necessary.</p>
4	At the end of 2017 the Council applied for a credit rating from Fitch Ratings. This has been granted at AA-, the level of this rating enables the Council to access a higher debt limit within the Affordability benchmarks. This Ten Year Plan assumes that the Council retains a level of credit rating to allow this higher limit and have utilised this additional available debt to fund the capital programme.	Medium	The Fitch rating reduces below the level required to maintain this higher level of debt, resulting in the Council being outside of its funding limits and in breach of its borrowing ratios from the Local Government Funding Agency. A breach would require immediate repayment of all loan funds.	High	<p>The Fitch rating is based on full disclosure of the financial forecasts within the Ten Year Plan. A change to the rating will only occur if there is a significant change to these forecasts. The annual review with rating agency will allow any such changes to be discussed and the implications for the credit rating to be considered.</p> <p>If required the Council will review its budget annually through the Ten Year Plan/Annual Plan process and may adjust work programmes and budgets where necessary to adjust for any changes.</p>

NUMBER	ASSUMPTION	LEVEL OF UNCERTAINTY	RISK AND CONSEQUENCE	SEVERITY OF RISK	APPROACH TO MITIGATION OF RISK
<b>ECONOMIC ASSUMPTIONS</b>					
5	The Ten Year Plan is prepared on the inflation rates for periods beyond 2018/19 which is based on Local Government Cost Index (LGCI) prepared by BERL Economics as at September 2017.	High	Actual inflation significantly differs from forecast inflation resulting in a higher or lower cost for both operational and capital expenditure. This may also affect consistency of levels of service to the community.	Moderate	The Council actively monitors inflation rate changes and adjusts each year through the Annual Plan budgeting process to capture actual change. This process allows the Council to identify any local specific cost changes, as well as the ability to reprioritise the work programme if required to maintain consistency in levels of service.
6	<p>The funding assistance rate from the New Zealand Transport Authority (NZTA) will continue to be available and the Council will continue to have the ability to stress the national significance of the district, increasing payment to 100% for strategically critical projects.</p> <p>The basic rate of financial assistance for qualifying local roading projects will be 51%. The current levels of subsidies for Special Purpose Roads (SPR's) will incrementally reduce to 51% in years one to five of the Ten Year Plan. The funding assistance rate applied to all stages of the Queenstown Masterplan has been applied at a rate of 80%, please refer to assumption number two above.</p> <p>Subsidies will be available to assist with the delivery of roading and transportation projects contained within Council's transport strategies.</p>	Medium	<p>Changes to the criteria or level of funding available may change, resulting in less or no funding being available for both operational and capital expenditure.</p> <p>If funding changes the relevant operational expenditure or capital projects will not be progressed or will need to be adjusted to meet the Council's ability to pay. This may impact on future level of service.</p> <p>The risk and consequence of the funding assistance rate applied to the Queenstown Masterplan is addressed in assumption two above.</p>	Very High	<p>Designated staff within QLDC are responsible for the relationship with NZTA and maintenance of awareness and communication of NZTA policy. The Council makes submissions on proposed policy changes, lobbies NZTA and regularly attends NZTA regional meetings.</p> <p>The Council continues to work in collaboration with NZTA through the Transport Governance Group, involving NZTA, ORC and QAC, in an attempt to agree on the best long term solutions for the district's transport issues and has the ability to reprioritise projects based on risk, mitigating any small decrease in NZTA funding.</p>

NUMBER	ASSUMPTION	LEVEL OF UNCERTAINTY	RISK AND CONSEQUENCE	SEVERITY OF RISK	APPROACH TO MITIGATION OF RISK
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**ECONOMIC ASSUMPTIONS**

7	Development contributions will align with infrastructure investment. The Council has revised the revenue expected to 80% of that indicated in the Development Contributions and Financial Contributions Policy for 2018/19.	Low	Projected revenue from development contributions is not sufficient to fund the growth portion of the forecast capital programme.	Low	<p>The methodology for the apportionment and calculation of development contributions is outlined in the Council’s Policy on Development Contributions and Financial Contributions. The key concept of the approach is to define the total capital expenditure for growth consumed by the growth population over a period of time. The calculation utilises past expenditure and forecast expenditure from this Ten Year Plan mitigating the risk of non-alignment with future investment.</p> <p>Developer agreements will be entered into for the growth projects that are funded through the Housing Infrastructure Fund. These agreements will set output targets to ensure development aligns with infrastructure provision.</p> <p>The Council’s Financial Strategy recognises that development contribution income may not be sufficient to fund the full cost of servicing ‘growth’ loans, if growth is not as high as forecast. In this circumstance any shortfall will be funded by a combination of additional internal loans, the housing infrastructure fund or utilising excess depreciation funds.</p>
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8	Funding will continue to be available through the Local Government Funding Agency (LGFA).	High	<p>LGFA cannot meet its obligations to lenders as a result of a default by a borrowing local authority on interest or principal payments to the LGFA.</p> <p>The Council no longer qualifies for LGFA funding.</p>	Moderate	<p>LGFA has credit ratings from Standard and Poor’s (“S&amp;P”) and Fitch Ratings (“Fitch”) and meets with both agencies in September and October each year. Meetings have been held in 2017 with both agencies and S&amp;P affirmed the long-term rating of LGFA at AA+ (stable outlook) on 25 September 2017. Fitch have yet to publish their rating and last affirmed the rating at AA+ (stable outlook) on 15 November 2016.</p> <p>QLDC and the Council continually monitor that all required ratios are within the LGFA lending requirements.</p>
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NUMBER	ASSUMPTION	LEVEL OF UNCERTAINTY	RISK AND CONSEQUENCE	SEVERITY OF RISK	APPROACH TO MITIGATION OF RISK
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**ECONOMIC ASSUMPTIONS**

9	Employees, for the first three years of this Ten Year Plan, will increase by 27.5%. Growth of employees will then align with the Ten Year Plan growth projections through to Year ten.	Medium	Actual requirement for employees significantly differs from the forecast number of employees resulting in a higher or lower cost for both operational and capital expenditure. This may affect consistency of levels of service to the community and may result in increased reliance on contractors which may also impact operational and capital expenditure.	Moderate	The Council will review its budget annually through the Ten Year Plan/Annual Plan process and may adjust work programmes and budgets where necessary and confirm or align employee requirements as necessary.
10	The forecast receipts of dividends from Queenstown Airport Corporation are in line with the corporation projections and dividend policy.	Medium	The dividend receipts are not received as forecast, resulting in reduced debt repayment as forecast.	Moderate	The Council will review its budget annually through the Ten Year Plan/Annual Plan process and may adjust work programmes and budgets where necessary to smooth any fluctuations in debt repayment and the associated interest costs.
11	Projects will continue to be managed effectively and efficiently to deliver objectives.	Medium	That projects will change due to events outside of the Council's control, resulting in possible changes to timing, expenditure and quality from that planned.	Moderate	QLDC is currently transitioning to the New Zealand Treasury Better Business Case (BBC) framework for all capital expenditure. The primary objective of BBC is to enable smart investment decisions for public value. The use of this approach produces a better investment approach, reducing the possibility of changes to the capital programme.
12	Interest rates are expected to average 5.0% across the ten years.	High	The rate of interest changes throughout the Ten Year Plan, resulting in increased or decreased operational costs.	Moderate	The Council has a Liability Management Policy which contains strategies to protect ratepayers against significant fluctuations. The Council will review its budget annually through the Ten Year Plan/Annual Plan process and may adjust work programmes and budgets where necessary to smooth any fluctuations in interest rate changes.



NUMBER	ASSUMPTION	LEVEL OF UNCERTAINTY	RISK AND CONSEQUENCE	SEVERITY OF RISK	APPROACH TO MITIGATION OF RISK
<b>ECONOMIC ASSUMPTIONS</b>					
13	Carbon credits will be effectively managed in accordance with the Emissions Trading Scheme.	Low	The targets for waste diversion that are set within the Waste Minimisation Strategy are not met, increasing the value of carbon credits due.	Moderate	The Waste Minimisation Strategy is being consulted on in alignment with the Ten Year Plan. Any change to this strategy will be reflected in a change to the Council's operational costs prior to adoption of this Ten Year Plan.
14	Capable staff will not always be readily available for employment, with effective recruitment and retention. Staff turnover will be targeted at under 20%.	Medium	The Council will not be able to recruit and retain the right staff. If the risk occurs then increased reliance may be placed on contractors which may impact on operational expenditure.	Moderate	<p>The Council has developed a People Strategy which is reviewed annually, it sets out QLDC's long term people related objectives and shorter term key performance indicators, staff turnover being one of these. It also sets out Human Resource activities over a three year period which are focused on building capability, and attracting and retaining the right staff in the right roles. The staff turnover measure is monitored monthly.</p> <p>If capable staff are not able to be recruited adjustments to work programmes and budgets can be made through the Annual Plan/Ten Year Plan process.</p>
15	Asset lifecycles are outlined in the Asset Management Plans and each asset category is reflected in the Statement of Accounting Policies. The useful lives are consistent with the assumptions applied to valuing each asset category and were determined by experienced and qualified asset valuers.	Medium	An asset's useful life may differ from assumptions made, resulting in increased capital and operational costs if the asset does not perform for as long as expected.	Low	The Council performs programmed and reactive asset performance and condition assessments to better inform remaining asset lives. These lifecycles are further analysed through regular asset revaluations.

NUMBER	ASSUMPTION	LEVEL OF UNCERTAINTY	RISK AND CONSEQUENCE	SEVERITY OF RISK	APPROACH TO MITIGATION OF RISK
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**ECONOMIC ASSUMPTIONS**

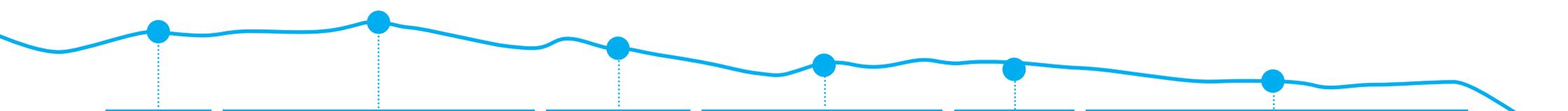
16	Capital expenditure programmes have been developed in accordance with Asset Management Plans, the Infrastructure Asset Management Strategy and the Finance Strategy. Projected expenditure is based on the better business case process.	Low	Changes to the Council's operational and capital programmes results in an increase or decrease in funding requirements.	Low	The Council will review its budget annually through the Ten Year Plan/Annual Plan process and may adjust work programmes and budgets where necessary to smooth any fluctuations in funding requirements.
17	Estimates have been made in relation to the revaluation of infrastructural assets beginning in 2019 and continuing on a three-yearly cycle. The revaluation amount is based on an adjustment made to asset values for inflation movements for opening infrastructural values and capital additions made during intervening years.	High	There may be a difference between the Council's forecast future value of assets and the actual valuation in the future, which may impact on the assets operating cost.	Low	<p>The Council revalues infrastructure assets every three years through qualified and experienced asset valuers, this value is the amount used for insurance purposes. The BERL price adjustors are the preferred indicators of price through the Ten Year forecast process and used extensively as an indication of future infrastructure asset values.</p> <p>The Council will review its budget annually through the Ten Year Plan/Annual Plan process and may adjust work programmes and budgets where necessary to smooth any fluctuations in the Ten Year Plan revaluation amounts.</p>
18	Investment property is forecast to increase in line with BERL property CPI, which is re-valued annually.	High	The rate of inflation differs from that assumed resulting in a change to revenue and expenditure. This could be significant and may adversely affect the ability of the Council to set rates at a level that is affordable to the community.	Moderate	The Council will review its budget annually through the Ten Year Plan/Annual Plan process, along with the revaluation of investment property, and may adjust work programmes and budgets where necessary to smooth any fluctuations in inflation rate changes.



NUMBER	ASSUMPTION	LEVEL OF UNCERTAINTY	RISK AND CONSEQUENCE	SEVERITY OF RISK	APPROACH TO MITIGATION OF RISK
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**ECONOMIC ASSUMPTIONS**

19	The Council has a number of surplus properties that will be divested in some form during the period. Properties identified as surplus to requirements by the Council include the Commonage and Lake View. Proceeds will be available for infrastructure investment.	Medium	The market may change resulting in the net gain being significantly more or less than that forecast in this Ten Year Plan. If the net gain is significantly less this may adversely affect the ability of the Council to deliver some services to existing service levels or affect the ability of the Council to set rates at a level that is affordable to the community.	High	The Council will review its budget annually through the Ten Year Plan/Annual Plan process, along with the valuation of this surplus property, and may adjust work programmes and budgets where necessary to smooth any fluctuations that may arise due to a change in the market.
20	Infrastructural assets, with the exception of land under roads, are depreciated on a straight-line basis to write off the fair value of the asset to its estimated residual values over its estimated useful life.	Medium	In the event that a change of depreciation method was approved or accounting standards changed, operating expenses might change and these costs may be over or under stated.	Low	Asset life is based on the estimates of engineers and valuers. These are regularly reviewed through asset monitoring and testing.
21	All resource consents for infrastructural capital works will be obtained. Other projects, particularly new roads, will depend upon successfully acquiring the necessary designations if they don't currently exist.	Medium	A resource consent is not obtained or renewed or conditions imposed are unacceptable. The non-granting or non-renewal of a major resource consent for a Council activity would have significant impacts on costs and the ability to provide that activity. A major non-renewal may mean an entirely new approach to the activity would be required. Non-granting or a delay in granting of a resource consent may delay a project.	High	Appropriate planning for resource consent applications/renewals should ensure that they are obtained.  Existing monitoring of compliance with existing resource consent conditions will provide a record of compliance for future processes.  The renewal of consents is dependent upon the legislative and environmental standards and expectations that exist at that time.



NUMBER	ASSUMPTION	LEVEL OF UNCERTAINTY	RISK AND CONSEQUENCE	SEVERITY OF RISK	APPROACH TO MITIGATION OF RISK
<b>ECONOMIC ASSUMPTIONS</b>					
22	Agreements will be successfully entered into with lenders to provide the necessary financing.	Medium	The Council's external funding requirements are not met. This could result in changes to operational expenditure due to increased lending rates.	Moderate	Prudent debt levels are maintained to mitigate risk for financial institutions. Relationships are maintained with the various funding institutions and the Council regularly monitors credit markets.
23	Vested asset estimates have been based on average values for the past twelve years, adjusted for inflation annually.	High	The value of assets vested with the Council are less than that forecast, resulting in reduced capital revenue.	Moderate	The level of vested assets is difficult to forecast, therefore past levels of vested assets are the best indicator of future levels. The ten year average adjusted for inflation remains the most robust indicator of vested asset values.
24	The Council has not increased the existing provision for loss in relation to potential leaky building claims. Any claims received subsequent to 30 June 2009 are not covered by insurance. Other claims covered by insurance are subject to a cap as to the level of cover provided.	High	The Council may be found liable in relation to future claims, this could be significant and may adversely affect the ability of the Council to set rates at a level that is affordable to the community for that period.	Moderate	The Council will review its budget annually through the Ten Year Plan/Annual Plan process and may adjust work programmes and budgets where necessary should the Council be found liable.
<b>ENVIRONMENTAL ASSUMPTIONS</b>					
25	Consent volumes will continue to increase proportionally with economic growth.	High	Resource and Building consent volumes grow at a different rate than that assumed, resulting in over or understated operational revenue and expenditure.	Moderate	Consent volumes are monitored quarterly and compared with forecast volumes. The use of external contractors enables the Council to release or increase resource immediately, minimising any impact on operational cost and revenue.



NUMBER	ASSUMPTION	LEVEL OF UNCERTAINTY	RISK AND CONSEQUENCE	SEVERITY OF RISK	APPROACH TO MITIGATION OF RISK
<b>ENVIRONMENTAL ASSUMPTIONS</b>					
26	Weather pattern changes may have an effect on core infrastructure, as outlined in the Infrastructure and Asset Management Strategy.	High	The effects of weather pattern changes are more or less severe than expected. Weather pattern changes are likely to create additional costs to mitigate their impacts, such as improving protection of critical infrastructure or increased maintenance costs.	Moderate	Weather pattern changes are reviewed annually. Any changes in capital and operational programmes are addressed through the Ten Year Plan/Annual Plan process and the programmes adjusted to smooth any fluctuations in cost as a result of these changes.
27	A number of resource consents for discharge to the environment will expire during the life of the plan. It is assumed they will be re-consented.	Medium	A resource consent is not obtained or renewed or conditions imposed are unacceptable. The non-granting or non-renewal of a major resource consent for a Council activity would have significant impacts on costs and the ability to provide that activity. A major non-renewal may mean an entirely new approach to the activity would be required. Non-granting of a resource consent may delay a project.	Moderate	Appropriate planning for resource consent applications/renewals should ensure that they are obtained.  Existing monitoring of compliance with existing resource consent conditions will provide a record of compliance for future processes.  The renewal of consents is dependent upon the legislative and environmental standards and expectations that exist at that time.
28	All drinking water standards across the district will be met by 2028.	Medium	The capital cost of providing infrastructure to meet New Zealand Drinking Water Standards is higher than forecast. Funding may not be available to provide the infrastructure if capital costs increase.	Moderate	The Council will review its budget annually through the Ten Year Plan/Annual Plan process and may adjust work programmes and budgets where necessary based on risk profile to incorporate additional costs.

NUMBER	ASSUMPTION	LEVEL OF UNCERTAINTY	RISK AND CONSEQUENCE	SEVERITY OF RISK	APPROACH TO MITIGATION OF RISK
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**LEGAL ASSUMPTIONS**

29	All activities will be undertaken to comply with the legislation of the day. Any future government legislative, regulatory or policy changes will not significantly increase the Council's costs.	High	Unforeseen legislation is introduced that significantly affects the Council's costs resulting in changes to assumptions for revenue, operational and capital expenditure. Where legislation requires Councils to provide additional services or increased levels of service, this may require cost recovery through increases to rates or user fees.	Moderate	<p>The Council regularly monitors existing and potential legislative change across its activities as it moves through the parliamentary cycle.</p> <p>The Council will submit on legislation where appropriate to encourage reduced or improved impacts on Council operations and value for money for ratepayers.</p> <p>Where legislation requires review of any Council processes or staffing, the Council will seek to achieve the most efficient and cost effective way forward.</p>
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**POLITICAL ASSUMPTIONS**

30	The electoral cycle will influence the timing and prioritisation of decision making. It is assumed that the electoral boundaries and numbers of elected members will not be reviewed within the lifecycle of this plan.	High	The electoral cycle generates change to capital and operational programmes, resulting in funding changes. A change in size of the electoral boundaries and numbers of elected members may also affect capital and operational programmes.	Low	<p>The Council will review its budget annually through the Ten Year Plan/Annual Plan process and may adjust work programmes and budgets where necessary.</p> <p>Any changes in political structure will occur through either representation review processes or formal processes driven either by the community, the Council or central government.</p>
31	Local Government Act reforms and section 17a proposals will not have a material impact upon the plan, although consideration for the preparation of shared service areas is anticipated.	Low	New arrangements are proposed due to circumstances beyond the Council's control. Budgets will need to be adjusted to accommodate any new arrangement.	Moderate	Shared service arrangements are undertaken following analysis of the potential benefits and costs in comparison to the status quo. Any proposed changes are subject to robust analysis.

NUMBER	ASSUMPTION	LEVEL OF UNCERTAINTY	RISK AND CONSEQUENCE	SEVERITY OF RISK	APPROACH TO MITIGATION OF RISK
<b>POLITICAL ASSUMPTIONS</b>					
32	Relationships with key stakeholders will be well maintained, with international, national, central government, regional, local and industry groups.	Low	Key stakeholder relationships are eroded, inhibiting Council processes.	Low	Key stakeholder relationships are identified in the Council's Risk Register. Designated staff within the Council are responsible for managing these relationships.
<b>SOCIAL ASSUMPTIONS</b>					
33	2018-48 population projections will be in accordance with Council projections, taking into account observed rates of growth over the past thirty years.	High	Where actual growth differs substantially from the population assumptions, growth related projects and work programmes will need to be adjusted.	Moderate	The Council actively monitors population increases and has the ability to adjust as required through the Ten Year Plan/ Annual Plan process. This may mean a reprioritisation of work programmes.
34	Our District Plan provides adequately for the development of business and housing to enable urban areas to grow and change in response to the needs of our communities.	High	Implementing our District Plan does not enable the Council to respond to the needs of our communities.	Moderate	QLDC has been recognised as a 'growth council' by Central Government under the National Policy Statement on Urban Development Capacity 2016. This policy is about recognising the national significance of growth urban environments and their ability to change and to provide sufficient development capacity. It drives additional modelling, forecasting and reconciliation of information from the Planning and Infrastructure teams to report back to Central Government on the development of infrastructure to service urban growth.
35	Population and dwelling projections are used to plan core infrastructure using dwelling capacity modelling, and resource consent and building consent data.	Medium	Incorrect forecasts from the Council's dwelling capacity projections result in delayed or excess infrastructure. The result of which would be a change in work programmes.	Moderate	QLDC has been recognised as a 'growth council' by Central Government under the National Policy Statement on Urban Development Capacity 2016. This policy is about recognising the national significance of growth urban environments and their ability to change and to provide sufficient development capacity. It drives additional modelling, forecasting and reconciliation of information from the Planning and Infrastructure teams to report back to Central Government on the development of infrastructure to service urban growth.

NUMBER	ASSUMPTION	LEVEL OF UNCERTAINTY	RISK AND CONSEQUENCE	SEVERITY OF RISK	APPROACH TO MITIGATION OF RISK
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**SOCIAL ASSUMPTIONS**

36	Civil Defence Emergency Management will be managed according to best practice. Resilience and planning will be central to preparedness and this will continue to be built during the next ten years.	Medium	A civil defence emergency happens within the Ten Year Plan.	Moderate	<p>Emergency Management is not just a Council function. It is an integrated activity that involves many agencies, such as the emergency services and social service organisations, to ensure a successful community response.</p> <p>QLDC has an Emergency Management plan in place for the district. The plan identifies the organisations needed to maintain social stability and encourage rapid recovery in the event of a significant emergency.</p>
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**TECHNOLOGICAL ASSUMPTIONS**

37	A business continuity programme is continuing to be implemented to prevent significant disruption to core infrastructure services in the event of a non civil-defence emergency; such as the loss of a key building or asset due to fire.	Low	A non civil defence event could disrupt continuity or quality of core infrastructure services. This may result in a loss of confidence with the Council.	Low	The Council continues to identify, review and invest in business continuity improvements and systems to enable core infrastructure services to continue without interruption following a non civil defence event.
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# OUR COSTS IN DETAIL TE UTU WHAKAHAERE

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# PROSPECTIVE FINANCIAL STATEMENTS

**PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE (\$'000)**

ANNUAL PLAN		TEN YEAR PLAN										
		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Operating revenue</b>												
<i>Revenue from non-exchange transactions</i>												
64,310	Targeted rates	71,474	78,378	84,496	90,236	95,289	101,323	106,725	111,110	115,641	119,619	
2,760	General rates	2,722	3,004	3,007	3,554	3,464	3,385	3,480	3,507	3,456	3,505	
5,250	User charges - subsidised	6,540	6,787	7,890	9,415	9,817	10,235	10,575	10,927	11,297	11,670	
12,391	Grants and subsidies	17,713	37,814	52,340	38,309	55,042	42,299	17,855	12,130	11,935	14,181	
10,749	Vested assets	10,733	10,917	11,095	11,285	11,483	11,194	11,416	11,646	11,892	12,153	
6,616	Development contributions	16,239	19,422	19,787	17,651	15,574	14,491	14,546	13,819	14,087	9,748	
3,846	Other income	5,148	5,691	5,434	4,503	4,697	4,901	5,060	5,222	5,390	5,560	
-	- Revaluation of investment property	1,256	1,284	1,312	1,341	1,432	1,529	1,566	1,670	1,780	1,897	
<i>Revenue from exchange transactions</i>												
26,095	User charges - full cost recovery	30,141	33,695	33,819	40,223	42,319	43,974	46,262	48,219	50,631	52,793	
3,822	Dividend income	4,958	5,404	6,101	6,438	6,718	7,510	8,469	9,151	8,066	8,146	
2,549	Other income - full cost recovery	3,249	3,254	3,260	3,266	3,272	3,279	3,284	3,289	3,294	3,300	
	Other gains/(losses) - full cost recovery	24,800	7,153	-	3,316	-	3,316	-	3,316	-	3,316	
<b>138,388</b>	<b>Total revenue</b>	<b>194,973</b>	<b>212,803</b>	<b>228,541</b>	<b>229,537</b>	<b>249,107</b>	<b>247,435</b>	<b>229,238</b>	<b>234,006</b>	<b>237,469</b>	<b>245,887</b>	
<b>Operating expenditure</b>												
3,598	Local democracy	4,031	5,552	5,941	6,036	6,238	6,501	6,455	6,690	6,946	6,926	
30,476	Community	31,601	36,919	35,390	37,943	38,832	39,626	40,483	40,223	40,911	41,825	
8,088	Economy	8,491	9,328	9,587	9,762	10,014	10,368	11,248	11,105	11,569	12,079	
11,279	Environmental management	16,531	14,995	15,334	16,125	16,093	16,604	17,097	17,618	18,210	18,825	
9,025	Regulatory	13,834	13,995	14,898	15,519	15,949	16,395	16,814	17,223	17,681	18,084	
19,248	Transport	21,531	23,051	25,798	28,788	30,337	32,199	35,294	35,796	37,091	38,495	
14,517	Sewerage	15,792	16,923	18,235	20,730	22,013	22,943	23,584	24,643	25,179	24,936	
9,223	Water supply	10,110	11,474	13,236	15,083	17,933	18,813	20,226	20,682	21,272	21,771	
2,921	Stormwater	3,863	4,358	4,473	4,713	5,092	5,299	5,526	5,728	5,837	6,149	
9,408	Waste management	11,364	12,119	13,001	13,956	14,673	16,087	16,302	16,787	17,437	18,057	
(232)	Overhead and internal charges	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	
<b>117,551</b>	<b>Total operating expenditure *</b>	<b>136,970</b>	<b>148,536</b>	<b>155,715</b>	<b>168,477</b>	<b>176,996</b>	<b>184,657</b>	<b>192,851</b>	<b>196,317</b>	<b>201,955</b>	<b>206,969</b>	
<b>20,837</b>	<b>Operating surplus</b>	<b>58,003</b>	<b>64,267</b>	<b>72,826</b>	<b>61,060</b>	<b>72,111</b>	<b>62,778</b>	<b>36,387</b>	<b>37,689</b>	<b>35,514</b>	<b>38,918</b>	
<b>* Operating expenditure includes:</b>												
24,369	Depreciation	25,148	26,674	28,509	32,721	33,737	35,690	39,455	39,864	42,352	43,992	
8,613	Interest	6,742	10,254	14,820	17,914	19,667	20,890	20,593	19,379	17,935	16,582	

**PROSPECTIVE STATEMENT OF OTHER COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDING 30 JUNE (\$'000)**

ANNUAL PLAN 2017/18		TEN YEAR PLAN									
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
20,837	Operating surplus	58,003	64,267	72,826	61,060	72,111	62,778	36,387	37,689	35,514	38,918
	<b>Other comprehensive revenue and expense</b>										
629	Gain/(loss) on revaluation	-	38,729	-	(2,782)	79,683	(2,782)	-	106,287	-	(2,782)
-	- Transfer from reserves	-	6,000	-	2,782	-	2,782	-	2,782	-	2,782
<b>21,466</b>	<b>Total comprehensive income</b>	<b>58,003</b>	<b>108,997</b>	<b>72,826</b>	<b>61,059</b>	<b>151,794</b>	<b>62,778</b>	<b>36,387</b>	<b>146,757</b>	<b>35,514</b>	<b>38,918</b>

**PROSPECTIVE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE (\$'000)**

ANNUAL PLAN 2017/18		TEN YEAR PLAN									
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
1,072,114	Forecast opening equity	1,164,277	1,222,280	1,331,277	1,404,103	1,465,162	1,616,956	1,679,734	1,716,121	1,862,878	1,898,392
21,466	Total comprehensive revenue and expense	58,003	108,997	72,826	61,059	151,794	62,778	36,387	146,757	35,514	38,918
<b>1,093,580</b>	<b>Forecast closing equity</b>	<b>1,222,280</b>	<b>1,331,277</b>	<b>1,404,103</b>	<b>1,465,162</b>	<b>1,616,956</b>	<b>1,679,734</b>	<b>1,716,121</b>	<b>1,862,878</b>	<b>1,898,392</b>	<b>1,937,310</b>

PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE (\$'000)

ANNUAL PLAN		TEN YEAR PLAN									
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Current assets</b>											
337	Cash and cash equivalents	336	336	336	336	336	336	337	338	338	339
15	Other financial assets	15	15	15	15	15	15	15	15	15	15
8,488	Receivables from non-exchange transactions	9,435	9,435	9,435	9,420	9,420	9,420	9,408	9,408	9,408	9,408
1,838	Receivables from exchange transactions	3,865	3,865	3,865	3,865	3,865	3,865	3,865	3,865	3,865	3,865
716	Other current assets	797	797	797	797	797	797	797	797	797	797
-	Development property	17,127	11,127	11,127	8,345	8,345	5,563	5,563	2,782	2,782	-
24	Inventories	46	46	46	46	46	46	46	46	46	46
<b>11,418</b>	<b>Total current assets</b>	<b>31,621</b>	<b>25,621</b>	<b>25,621</b>	<b>22,824</b>	<b>22,824</b>	<b>20,042</b>	<b>20,031</b>	<b>17,251</b>	<b>17,251</b>	<b>14,470</b>
<b>Non-current assets</b>											
7,336	Investments	8,385	8,385	8,385	8,385	8,385	8,385	8,385	8,385	8,385	8,385
63,560	Investment property	58,345	59,629	60,941	62,281	63,714	65,243	66,809	68,479	70,260	72,157
1,215,830	Property, plant and equipment	1,314,519	1,518,910	1,696,268	1,789,073	1,982,438	2,059,341	2,072,555	2,183,813	2,184,145	2,197,606
<b>1,286,726</b>	<b>Total non-current assets</b>	<b>1,381,249</b>	<b>1,586,924</b>	<b>1,765,594</b>	<b>1,859,739</b>	<b>2,054,537</b>	<b>2,132,969</b>	<b>2,147,749</b>	<b>2,260,677</b>	<b>2,262,790</b>	<b>2,278,148</b>
<b>1,298,144</b>	<b>Total assets</b>	<b>1,412,870</b>	<b>1,612,545</b>	<b>1,791,215</b>	<b>1,882,563</b>	<b>2,077,361</b>	<b>2,153,011</b>	<b>2,167,780</b>	<b>2,277,928</b>	<b>2,280,041</b>	<b>2,292,618</b>
<b>Current liabilities</b>											
14,636	Payables from exchange transactions	23,924	23,924	23,924	23,925	23,927	23,925	23,926	23,925	23,925	23,925
2,846	Other current liabilities	8,548	8,548	8,548	8,548	8,548	8,548	8,548	8,548	8,548	8,548
48,000	Borrowings	47,000	62,000	89,000	58,000	64,000	66,000	63,000	57,000	52,000	48,000
<b>65,482</b>	<b>Total current liabilities</b>	<b>79,472</b>	<b>94,472</b>	<b>121,472</b>	<b>90,473</b>	<b>96,475</b>	<b>98,473</b>	<b>95,474</b>	<b>89,473</b>	<b>84,473</b>	<b>80,473</b>
<b>139,082</b>	<b>Non-current liabilities</b>	<b>111,118</b>	<b>186,796</b>	<b>265,640</b>	<b>326,928</b>	<b>363,930</b>	<b>374,804</b>	<b>356,185</b>	<b>325,577</b>	<b>297,176</b>	<b>274,835</b>
<b>204,564</b>	<b>Total liabilities</b>	<b>190,590</b>	<b>281,268</b>	<b>387,112</b>	<b>417,401</b>	<b>460,405</b>	<b>473,277</b>	<b>451,659</b>	<b>415,050</b>	<b>381,649</b>	<b>355,308</b>
<b>1,093,580</b>	<b>Net assets</b>	<b>1,222,280</b>	<b>1,331,277</b>	<b>1,404,103</b>	<b>1,465,162</b>	<b>1,616,956</b>	<b>1,679,734</b>	<b>1,716,121</b>	<b>1,862,878</b>	<b>1,898,392</b>	<b>1,937,310</b>
<b>Equity</b>											
441,671	Revaluation reserve	520,623	560,636	561,947	560,507	641,622	640,369	641,935	749,893	751,673	750,789
7,324	Operating reserves	12,830	11,579	10,407	7,890	6,106	4,320	2,655	1,116	(471)	(2,176)
10,435	Capital reserve	39,991	50,091	48,091	50,378	46,878	50,378	46,778	51,278	47,778	47,778
634,150	Accumulated funds	648,836	708,971	783,658	846,387	922,350	984,667	1,024,753	1,060,591	1,099,412	1,140,919
<b>1,093,580</b>	<b>Total equity</b>	<b>1,222,280</b>	<b>1,331,277</b>	<b>1,404,103</b>	<b>1,465,162</b>	<b>1,616,956</b>	<b>1,679,734</b>	<b>1,716,121</b>	<b>1,862,878</b>	<b>1,898,392</b>	<b>1,937,310</b>

PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE (\$'000)

ANNUAL PLAN 2017/18	TEN YEAR PLAN										
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
<b>Cash flows from operating activities</b>											
123,816	Receipts from customers	153,228	188,045	210,033	207,156	229,473	223,886	207,787	208,222	215,731	220,375
3,822	Dividends received	4,958	5,404	6,101	6,438	6,718	7,510	8,469	9,151	8,066	8,146
<i>Cash was applied to:</i>											
(84,569)	Payments to suppliers and employees	(105,081)	(111,608)	(112,385)	(117,841)	(123,593)	(128,075)	(132,804)	(137,075)	(141,668)	(146,394)
(8,613)	Finance costs paid	(6,742)	(10,254)	(14,820)	(17,914)	(19,667)	(20,890)	(20,593)	(19,379)	(17,935)	(16,582)
<b>34,456</b>	<b>Net cash inflow from operating activities</b>	<b>46,363</b>	<b>71,587</b>	<b>88,929</b>	<b>77,839</b>	<b>92,931</b>	<b>82,431</b>	<b>62,859</b>	<b>60,919</b>	<b>64,194</b>	<b>65,545</b>
<b>Cash flows from investing activities</b>											
-	Sale of development property	24,800	15,100	-	7,000	-	7,000	-	7,000	-	7,000
-	Proceeds from asset sales	-	-	-	-	-	-	-	-	-	-
<i>Cash was applied to:</i>											
(64,116)	Purchase of property, plant and equipment	(114,602)	(177,365)	(194,773)	(115,127)	(135,933)	(102,305)	(41,240)	(31,309)	(30,793)	(46,204)
-	Purchase of intangible assets	-	-	-	-	-	-	-	-	-	-
<b>(64,116)</b>	<b>Net cash outflow from investing activities</b>	<b>(89,802)</b>	<b>(162,265)</b>	<b>(194,773)</b>	<b>(108,127)</b>	<b>(135,933)</b>	<b>(95,305)</b>	<b>(41,240)</b>	<b>(24,309)</b>	<b>(30,793)</b>	<b>(39,204)</b>
<b>Cash flows from financing activities</b>											
77,660	Proceeds from borrowings	91,438	137,678	167,844	119,288	101,002	76,874	44,382	26,391	23,599	25,660
(48,000)	Repayment of borrowings	(48,000)	(47,000)	(62,000)	(89,000)	(58,000)	(64,000)	(66,000)	(63,000)	(57,000)	(52,000)
<b>29,660</b>	<b>Net cash inflow/(outflow) from financing activities</b>	<b>43,438</b>	<b>90,678</b>	<b>105,844</b>	<b>30,288</b>	<b>43,002</b>	<b>12,874</b>	<b>(21,618)</b>	<b>(36,609)</b>	<b>(33,401)</b>	<b>(26,340)</b>
-	Net increase/(decrease) in cash and cash equivalents	(1)	-	-	-	-	-	1	1	-	1
337	Forecast cash and cash equivalents at 1 July	337	336	336	336	336	336	336	337	338	338
<b>337</b>	<b>Forecast cash and cash equivalents at 30 June</b>	<b>336</b>	<b>336</b>	<b>336</b>	<b>336</b>	<b>336</b>	<b>336</b>	<b>337</b>	<b>338</b>	<b>338</b>	<b>339</b>
<b>Represented by:</b>											
337	Cash and cash equivalents	336	336	336	336	336	336	337	338	338	339
-	Bank overdraft	-	-	-	-	-	-	-	-	-	-
<b>337</b>	<b>Total cash and cash equivalents</b>	<b>336</b>	<b>336</b>	<b>336</b>	<b>336</b>	<b>336</b>	<b>336</b>	<b>337</b>	<b>338</b>	<b>338</b>	<b>339</b>

PROSPECTIVE OPERATING EXPENDITURE BY ACTIVITY (\$'000)

ANNUAL PLAN 2017/18	TEN YEAR PLAN										
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
<b>Local Democracy</b>											
1,552	Governance	1,913	2,735	2,794	2,919	3,050	3,047	3,090	3,238	3,208	3,276
1,117	Community Engagement	1,379	1,941	2,095	2,170	2,221	2,320	2,353	2,416	2,523	2,565
323	Community Leadership	433	422	574	447	463	621	490	507	677	538
606	Emergency Management	306	454	478	500	504	513	522	529	538	547
<b>3,598</b>		<b>4,031</b>	<b>5,552</b>	<b>5,941</b>	<b>6,036</b>	<b>6,238</b>	<b>6,501</b>	<b>6,455</b>	<b>6,690</b>	<b>6,946</b>	<b>6,926</b>
<b>Community</b>											
10,633	Community Facilities	12,233	12,654	13,411	14,708	14,785	14,960	15,099	14,684	14,697	14,801
9,378	Active & Passive Recreation	11,781	12,747	13,620	14,043	14,711	15,095	15,630	15,816	16,288	16,879
294	Community Property	243	245	252	257	259	264	268	273	278	284
1,316	Community Grants	1,334	1,356	1,479	1,404	1,428	1,455	1,483	1,512	1,542	1,574
2,195	Libraries	2,702	2,888	3,133	3,869	3,836	3,921	4,015	3,896	3,990	4,084
413	Waterways Facilities	280	290	291	328	424	467	458	432	409	397
204	Cemeteries	202	214	220	226	229	235	211	205	210	215
1,531	Public Toilets	1,716	1,792	1,864	1,954	2,014	2,081	2,135	2,183	2,237	2,290
3,719	Forestry	756	4,417	829	871	911	952	987	1,023	1,060	1,099
793	Wanaka Airport	354	316	291	283	235	196	197	199	200	202
<b>30,476</b>		<b>31,601</b>	<b>36,919</b>	<b>35,390</b>	<b>37,943</b>	<b>38,832</b>	<b>39,626</b>	<b>40,483</b>	<b>40,223</b>	<b>40,911</b>	<b>41,825</b>
<b>Economy</b>											
1,981	Property	1,600	1,523	1,407	1,203	1,106	1,076	1,046	977	978	999
1,443	Economic Development	2,069	2,720	2,811	2,893	2,926	2,970	3,515	3,055	3,102	3,150
4,664	Tourism Marketing	4,822	5,085	5,369	5,666	5,982	6,322	6,687	7,073	7,489	7,930
<b>8,088</b>		<b>8,491</b>	<b>9,328</b>	<b>9,587</b>	<b>9,762</b>	<b>10,014</b>	<b>10,368</b>	<b>11,248</b>	<b>11,105</b>	<b>11,569</b>	<b>12,079</b>
<b>Environmental Management</b>											
4,301	District Plan	6,210	5,374	5,366	5,552	4,992	5,085	5,153	5,255	5,404	5,564
6,978	Resource Consents	10,321	9,621	9,968	10,573	11,101	11,519	11,944	12,363	12,806	13,261
<b>11,279</b>		<b>16,531</b>	<b>14,995</b>	<b>15,334</b>	<b>16,125</b>	<b>16,093</b>	<b>16,604</b>	<b>17,097</b>	<b>17,618</b>	<b>18,210</b>	<b>18,825</b>
<b>Regulatory Functions and Services</b>											
4,640	Building Consents	8,454	8,259	8,729	9,120	9,390	9,640	9,904	10,165	10,456	10,685
4,385	Enforcement	5,380	5,736	6,169	6,399	6,559	6,755	6,910	7,058	7,225	7,399
<b>9,025</b>		<b>13,834</b>	<b>13,995</b>	<b>14,898</b>	<b>15,519</b>	<b>15,949</b>	<b>16,395</b>	<b>16,814</b>	<b>17,223</b>	<b>17,681</b>	<b>18,084</b>
<b>Transport</b>											
18,162	Roading and Footpaths	20,004	21,009	22,502	24,435	26,033	27,832	29,464	30,147	31,713	33,407
1,086	Parking Facilities	1,527	2,042	3,296	4,353	4,304	4,367	5,830	5,649	5,378	5,088
<b>19,248</b>		<b>21,531</b>	<b>23,051</b>	<b>25,798</b>	<b>28,788</b>	<b>30,337</b>	<b>32,199</b>	<b>35,294</b>	<b>35,796</b>	<b>37,091</b>	<b>38,495</b>
14,517	<b>Waste Water</b>	15,792	16,923	18,235	20,730	22,013	22,943	23,584	24,643	25,179	24,936
9,223	<b>Water Supply</b>	10,110	11,474	13,236	15,083	17,933	18,813	20,226	20,682	21,272	21,771
2,921	<b>Stormwater</b>	3,863	4,358	4,473	4,713	5,092	5,299	5,526	5,728	5,837	6,149
9,408	<b>Waste Management</b>	11,364	12,119	13,001	13,956	14,673	16,087	16,302	16,787	17,437	18,057
(232)	<b>Finance and Support Services</b>	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)	(178)
<b>117,551</b>	<b>Total operating expenditure</b>	<b>136,970</b>	<b>148,536</b>	<b>155,715</b>	<b>168,477</b>	<b>176,996</b>	<b>184,657</b>	<b>192,851</b>	<b>196,317</b>	<b>201,955</b>	<b>206,969</b>
24,369	Depreciation (included in above)	25,148	26,674	28,509	32,721	33,737	35,690	39,455	39,864	42,352	43,992
8,613	Interest (included in above)	6,742	10,254	14,820	17,914	19,667	20,890	20,593	19,379	17,935	16,582

**PROSPECTIVE DEPRECIATION EXPENSE BY ACTIVITY (\$'000)**

<b>ANNUAL PLAN</b>		<b>TEN YEAR PLAN</b>									
<b>2017/18</b>		<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
23	Local democracy	20	19	18	18	17	17	17	17	17	17
4,257	Community	4,292	4,679	4,945	6,258	5,948	6,019	6,261	5,374	5,430	5,584
11	Economy	21	46	252	256	225	229	234	194	199	203
22	Regulatory functions and services	25	26	26	28	27	42	46	41	38	35
9,770	Transport	9,270	9,515	9,966	10,860	11,397	12,287	14,906	15,364	16,909	18,711
4,480	Waste water	5,209	5,615	5,914	6,197	6,205	6,484	6,807	7,496	7,894	7,458
3,035	Water supply	3,340	3,616	4,156	4,618	5,487	5,769	6,214	6,338	6,640	6,667
1,952	Stormwater	2,369	2,604	2,668	2,743	2,935	3,015	3,141	3,324	3,422	3,509
129	Waste management	161	226	244	345	312	668	684	662	752	757
690	Finance and support services	441	328	320	1,398	1,184	1,160	1,145	1,054	1,051	1,051
<b>24,369</b>	<b>Total depreciation expense</b>	<b>25,148</b>	<b>26,674</b>	<b>28,509</b>	<b>32,721</b>	<b>33,737</b>	<b>35,690</b>	<b>39,455</b>	<b>39,864</b>	<b>42,352</b>	<b>43,992</b>

**PROSPECTIVE CAPITAL ASSET EXPENDITURE BY ACTIVITY (\$'000)**

ANNUAL PLAN 2017/18	TEN YEAR PLAN										
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
<b>Local Democracy</b>											
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
<b>Community</b>											
6,479	4,238	5,441	9,643	1,417	983	1,184	402	1,084	507	765	
5,420	9,185	11,696	6,757	7,443	9,774	7,312	4,849	5,253	4,484	4,811	
296	165	156	83	53	59	33	63	23	41	43	
322	952	1,475	4,386	406	421	529	426	490	437	444	
186	540	20	83	1,699	1,045	-	34	-	73	36	
21	130	-	-	-	-	-	-	-	-	-	
1,172	535	356	414	264	269	275	281	287	294	301	
150	-	-	-	-	-	-	-	-	-	-	
<b>14,046</b>	<b>15,745</b>	<b>19,144</b>	<b>21,366</b>	<b>11,282</b>	<b>12,551</b>	<b>9,333</b>	<b>6,055</b>	<b>7,137</b>	<b>5,836</b>	<b>6,400</b>	
<b>Economy</b>											
121	2,920	2,762	63	64	66	67	69	70	71	74	
-	-	-	-	-	-	-	-	-	-	-	
<b>121</b>	<b>2,920</b>	<b>2,762</b>	<b>63</b>	<b>64</b>	<b>66</b>	<b>67</b>	<b>69</b>	<b>70</b>	<b>71</b>	<b>74</b>	
<b>Regulatory Functions and Services</b>											
35	65	20	43	65	545	35	8	45	1	9	
<b>35</b>	<b>65</b>	<b>20</b>	<b>43</b>	<b>65</b>	<b>545</b>	<b>35</b>	<b>8</b>	<b>45</b>	<b>1</b>	<b>9</b>	
<b>Transport</b>											
23,137	28,773	64,228	86,988	59,345	82,572	57,066	29,976	15,724	14,430	18,416	
-	10,249	11,972	24,395	1,076	5,577	6,009	-	-	-	-	
<b>23,137</b>	<b>39,022</b>	<b>76,200</b>	<b>111,383</b>	<b>60,421</b>	<b>88,149</b>	<b>63,075</b>	<b>29,976</b>	<b>15,724</b>	<b>14,430</b>	<b>18,416</b>	
16,224	18,345	23,430	19,627	12,849	13,743	17,560	4,943	4,157	4,341	4,498	
12,299	23,469	31,774	27,686	28,129	17,815	12,344	6,081	9,483	9,657	15,693	
7,307	15,791	5,697	5,572	7,757	7,092	9,563	3,936	4,673	7,109	11,994	
552	2,371	5,812	3,894	5,101	6,906	892	855	864	474	487	
1,144	7,606	23,444	16,236	742	549	633	733	802	768	786	
<b>74,865</b>	<b>125,334</b>	<b>188,283</b>	<b>205,870</b>	<b>126,410</b>	<b>147,416</b>	<b>113,502</b>	<b>52,656</b>	<b>42,955</b>	<b>42,687</b>	<b>58,357</b>	

**PROSPECTIVE CAPITAL DEBT REPAYMENT EXPENDITURE BY ACTIVITY (\$'000)**

ANNUAL PLAN		TEN YEAR PLAN									
2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Local Democracy</b>											
-	Emergency Management	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-
<b>Community</b>											
2,095	Community Facilities	7,630	1,198	1,645	1,585	1,744	1,703	2,803	3,025	3,301	3,151
184	Active & Passive Recreation	67	67	1,265	1,319	1,357	983	1,807	1,640	2,016	2,491
-	Community Property	-	-	-	-	-	-	-	-	-	-
-	Libraries	-	-	-	497	438	478	515	353	393	431
52	Waterways Facilities	25	100	100	25	225	215	296	528	318	443
27	Cemeteries	-	-	-	-	-	-	-	-	-	-
180	Public Toilets	194	194	417	211	160	294	160	219	342	427
400	Wanaka Airport	200	200	200	200	74	-	-	-	-	-
<b>2,938</b>		<b>8,116</b>	<b>1,759</b>	<b>3,627</b>	<b>3,837</b>	<b>3,998</b>	<b>3,673</b>	<b>5,581</b>	<b>5,765</b>	<b>6,370</b>	<b>6,943</b>
<b>Economy</b>											
2,000	Property	1,000	6,000	3,000	2,213	1,000	1,000	1,000	793	-	-
-	Tourism Marketing	-	-	-	-	-	-	-	-	-	-
<b>2,000</b>		<b>1,000</b>	<b>6,000</b>	<b>3,000</b>	<b>2,213</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>793</b>	<b>-</b>	<b>-</b>
<b>Environmental Management</b>											
1,551	District Plan	1,551	1,551	1,551	1,551	1,551	1,551	1,551	181	-	-
<b>1,551</b>		<b>1,551</b>	<b>181</b>	<b>-</b>	<b>-</b>						
<b>Regulatory Functions and Services</b>											
15	Enforcement	23	23	4	23	23	223	223	23	23	65
<b>15</b>		<b>23</b>	<b>23</b>	<b>4</b>	<b>23</b>	<b>23</b>	<b>223</b>	<b>223</b>	<b>23</b>	<b>23</b>	<b>65</b>
<b>Transport</b>											
4,304	Roading and Footpaths	2,795	1,479	3,216	4,967	5,339	5,667	5,635	8,470	10,980	13,593
-	Parking Facilities	1,000	650	2,100	5,300	5,600	5,800	6,000	6,400	6,800	7,300
<b>4,304</b>		<b>3,795</b>	<b>2,129</b>	<b>5,316</b>	<b>10,267</b>	<b>10,939</b>	<b>11,467</b>	<b>11,635</b>	<b>14,870</b>	<b>17,780</b>	<b>20,893</b>
1,501	<b>Waste Water</b>	2,620	2,445	3,318	4,370	3,915	1,846	6,389	7,670	7,938	5,172
294	<b>Water Supply</b>	962	605	1,301	2,477	2,837	3,268	4,708	4,649	4,537	5,207
1,061	<b>Stormwater</b>	2,563	1,887	2,267	1,793	2,272	1,844	2,742	2,994	3,168	3,187
1,103	<b>Waste Management</b>	1,063	1,063	1,063	1,063	1,063	1,688	1,358	1,422	1,502	1,978
208	<b>Finance and Support Services</b>	1,344	1,790	2,487	2,824	3,104	3,896	4,855	6,115	7,003	6,610
<b>14,975</b>	<b>Total capital debt repayment expenditure</b>	<b>23,037</b>	<b>19,252</b>	<b>23,934</b>	<b>30,418</b>	<b>30,702</b>	<b>30,456</b>	<b>40,042</b>	<b>44,482</b>	<b>48,321</b>	<b>50,055</b>

**PROSPECTIVE TOTAL CAPITAL EXPENDITURE (INCLUDING DEBT REPAYMENT) BY ACTIVITY (\$'000)**

ANNUAL PLAN 2017/18	TEN YEAR PLAN										
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
<b>Local Democracy</b>											
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
<b>Community</b>											
8,574	11,868	6,639	11,288	3,002	2,727	2,887	3,205	4,109	3,808	3,916	
5,604	9,252	11,763	8,022	8,762	11,131	8,295	6,656	6,893	6,500	7,302	
296	165	156	83	53	59	33	63	23	41	43	
322	952	1,475	4,386	903	859	1,007	941	843	830	875	
238	565	120	183	1,724	1,270	215	330	528	391	479	
48	130	-	-	-	-	-	-	-	-	-	
1,352	729	550	831	475	429	569	441	506	636	728	
550	200	200	200	200	74	-	-	-	-	-	
<b>16,984</b>	<b>23,861</b>	<b>20,903</b>	<b>24,993</b>	<b>15,119</b>	<b>16,549</b>	<b>13,006</b>	<b>11,636</b>	<b>12,902</b>	<b>12,206</b>	<b>13,343</b>	
<b>Economy</b>											
2,121	3,920	8,762	3,063	2,277	1,066	1,067	1,069	863	71	74	
-	-	-	-	-	-	-	-	-	-	-	
<b>2,121</b>	<b>3,920</b>	<b>8,762</b>	<b>3,063</b>	<b>2,277</b>	<b>1,066</b>	<b>1,067</b>	<b>1,069</b>	<b>863</b>	<b>71</b>	<b>74</b>	
<b>Environmental Management</b>											
1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	181	-	-	
<b>1,551</b>	<b>1,551</b>	<b>1,551</b>	<b>1,551</b>	<b>1,551</b>	<b>1,551</b>	<b>1,551</b>	<b>1,551</b>	<b>181</b>	<b>-</b>	<b>-</b>	
<b>Regulatory Functions and Services</b>											
50	88	43	47	88	568	258	231	68	24	74	
<b>50</b>	<b>88</b>	<b>43</b>	<b>47</b>	<b>88</b>	<b>568</b>	<b>258</b>	<b>231</b>	<b>68</b>	<b>24</b>	<b>74</b>	
<b>Transport</b>											
27,441	31,568	65,707	90,204	64,312	87,911	62,733	35,611	24,194	25,410	32,009	
-	11,249	12,622	26,495	6,376	11,177	11,809	6,000	6,400	6,800	7,300	
<b>27,441</b>	<b>42,817</b>	<b>78,329</b>	<b>116,699</b>	<b>70,688</b>	<b>99,088</b>	<b>74,542</b>	<b>41,611</b>	<b>30,594</b>	<b>32,210</b>	<b>39,309</b>	
17,725	20,965	25,875	22,945	17,219	17,658	19,406	11,332	11,827	12,279	9,670	
12,593	24,431	32,379	28,987	30,606	20,652	15,612	10,789	14,132	14,194	20,900	
8,368	18,354	7,584	7,839	9,550	9,364	11,407	6,678	7,667	10,277	15,181	
1,655	3,434	6,875	4,957	6,164	7,969	2,580	2,213	2,286	1,976	2,465	
1,352	8,950	25,234	18,723	3,566	3,653	4,529	5,588	6,917	7,771	7,396	
<b>89,840</b>	<b>148,371</b>	<b>207,535</b>	<b>229,804</b>	<b>156,828</b>	<b>178,118</b>	<b>143,958</b>	<b>92,698</b>	<b>87,437</b>	<b>91,008</b>	<b>108,412</b>	

**CAPITAL ASSET EXPENDITURE (GROWTH) BY ACTIVITY GROUP (\$'000)**

ANNUAL PLAN	YEAR PLAN										
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
- Local Democracy	-	-	-	-	-	-	-	-	-	-	-
6,214 Community	4,943	6,151	7,372	3,881	3,831	2,976	2,727	2,825	2,741	2,740	
- Economy	654	429	-	-	-	-	-	-	-	-	
- Environmental Management	-	-	-	-	-	-	-	-	-	-	
Regulatory Functions and											
- Services	-	-	-	-	-	-	-	-	-	-	
12,489 Transport	12,081	27,885	41,251	25,570	32,693	27,400	9,080	5,677	5,614	6,658	
7,673 Waste Water	8,760	11,707	10,063	6,497	8,830	11,539	3,002	2,002	2,062	2,126	
5,749 Water Supply	11,529	18,484	13,065	12,078	5,410	3,179	2,204	3,055	3,400	7,210	
6,504 Stormwater	13,869	4,458	3,304	3,831	3,983	5,026	2,695	2,961	3,912	5,708	
81 Waste Management	620	1,801	1,261	1,621	2,233	243	101	232	105	108	
11 Finance and Support Services	121	145	-	8	-	-	-	14	-	-	
<b>Total capital asset</b>											
<b>38,721 expenditure (Growth)</b>	<b>52,577</b>	<b>71,060</b>	<b>76,316</b>	<b>53,486</b>	<b>56,980</b>	<b>50,363</b>	<b>19,809</b>	<b>16,766</b>	<b>17,834</b>	<b>24,550</b>	

**CAPITAL ASSET EXPENDITURE (RENEWAL) BY ACTIVITY GROUP (\$'000)**

ANNUAL PLAN	YEAR PLAN										
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
- Local Democracy	-	-	-	-	-	-	-	-	-	-	-
3,220 Community	5,876	4,746	2,976	3,632	3,114	2,750	2,144	3,025	2,026	2,476	
121 Economy	49	50	50	51	53	54	55	56	57	59	
- Environmental Management	-	-	-	-	-	-	-	-	-	-	
Regulatory Functions and											
- Services	-	15	-	-	-	17	-	40	-	-	
3,584 Transport	12,999	16,146	19,237	12,869	13,252	10,114	12,692	6,953	6,410	9,051	
3,011 Waste Water	1,470	1,079	902	1,489	3,907	3,805	1,274	1,854	1,913	1,975	
2,785 Water Supply	3,462	4,798	6,835	6,744	4,959	5,078	2,659	3,518	3,629	2,839	
274 Stormwater	539	548	617	690	709	848	751	1,027	1,352	926	
90 Waste Management	481	1,355	1,085	1,508	2,210	44	445	45	45	46	
571 Finance and Support Services	1,287	1,102	615	490	403	478	485	525	508	520	
<b>Total capital asset</b>											
<b>13,656 expenditure (Renewal)</b>	<b>26,163</b>	<b>29,839</b>	<b>32,317</b>	<b>27,473</b>	<b>28,607</b>	<b>23,188</b>	<b>20,505</b>	<b>17,043</b>	<b>15,940</b>	<b>17,892</b>	

**CAPITAL ASSET EXPENDITURE (OTHER) BY ACTIVITY GROUP (\$'000)**

ANNUAL PLAN 2017/18	YEAR PLAN										
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
- Local Democracy	-	-	-	-	-	-	-	-	-	-	-
4,612 Community	4,926	8,247	11,018	3,769	5,606	3,607	1,184	1,287	1,069	1,184	
- Economy	2,217	2,283	13	13	13	13	14	14	14	15	
- Environmental Management	-	-	-	-	-	-	-	-	-	-	
Regulatory Functions and											
35 Services	65	5	43	65	545	18	8	5	1	9	
7,064 Transport	13,942	32,169	50,895	21,982	42,204	25,561	8,204	3,094	2,406	2,707	
5,540 Waste Water	8,115	10,644	8,662	4,863	1,006	2,216	667	301	366	397	
3,765 Water Supply	8,478	8,492	7,786	9,307	7,446	4,087	1,218	2,910	2,628	5,644	
529 Stormwater	1,383	691	1,651	3,236	2,400	3,689	490	685	1,845	5,360	
381 Waste Management	1,270	2,656	1,548	1,972	2,463	605	309	587	324	333	
562 Finance and Support Services	6,198	22,197	15,621	244	146	155	248	263	260	266	
<b>Total capital asset expenditure (Other)</b>	<b>22,488</b>	<b>46,594</b>	<b>87,384</b>	<b>97,237</b>	<b>45,451</b>	<b>61,829</b>	<b>39,951</b>	<b>12,342</b>	<b>9,146</b>	<b>8,913</b>	<b>15,915</b>
<b>Total capital asset expenditure</b>	<b>74,865</b>	<b>125,334</b>	<b>188,283</b>	<b>205,870</b>	<b>126,410</b>	<b>147,416</b>	<b>113,502</b>	<b>52,656</b>	<b>42,955</b>	<b>42,687</b>	<b>58,357</b>

**CAPITAL DEBT REPAYMENT EXPENDITURE BY ACTIVITY GROUP (\$'000)**

ANNUAL PLAN 2017/18	YEAR PLAN										
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
- Local Democracy	-	-	-	-	-	-	-	-	-	-	-
2,938 Community	8,116	1,759	3,627	3,837	3,998	3,673	5,581	5,765	6,370	6,943	
2,000 Economy	1,000	6,000	3,000	2,213	1,000	1,000	1,000	793	-	-	
1,551 Environmental Management	1,551	1,551	1,551	1,551	1,551	1,551	1,551	181	-	-	
Regulatory Functions and											
15 Services	23	23	4	23	23	223	223	23	23	65	
4,304 Transport	3,795	2,129	5,316	10,267	10,939	11,467	11,635	14,870	17,780	20,893	
1,501 Waste Water	2,620	2,445	3,318	4,370	3,915	1,846	6,389	7,670	7,938	5,172	
294 Water Supply	962	605	1,301	2,477	2,837	3,268	4,708	4,649	4,537	5,207	
1,061 Stormwater	2,563	1,887	2,267	1,793	2,272	1,844	2,742	2,994	3,168	3,187	
1,103 Waste Management	1,063	1,063	1,063	1,063	1,063	1,688	1,358	1,422	1,502	1,978	
208 Finance and Support Services	1,344	1,790	2,487	2,824	3,104	3,896	4,855	6,115	7,003	6,610	
<b>Total capital debt repayment expenditure</b>	<b>14,975</b>	<b>23,037</b>	<b>19,252</b>	<b>23,934</b>	<b>30,418</b>	<b>30,702</b>	<b>30,456</b>	<b>40,042</b>	<b>44,482</b>	<b>48,321</b>	<b>50,055</b>

## STATEMENT OF RESERVE FUNDS (\$'000)

Reserve fund - Purpose of the fund	Opening Balance 2018/19	Deposits	Withdrawals	Closing Balance 2027/28
<b>Development funds</b>	14,165	155,364	(171,705)	(2,176)
These arise from Development and Financial Contributions levied by the Council for capital works and are intended to contribute to the growth related capital expenditure of Roothing, Water Supply, Sewerage, Stormwater, Reserve Land and Improvements and Community Facilities.				
<b>Asset renewal funds</b>	416	177,550	(162,708)	15,258
The Council sets aside funding to meet the renewal of its infrastructural and operating assets to ensure the continued ability to provide services.				
<b>Asset sale reserves</b>	16,286	45,217	(33,148)	28,355
Proceeds from asset sales which are used to fund the portion of capital expenditure attributable to increased level of service for Roothing, Water Supply, Sewerage, Stormwater, Reserve Land and Improvements and Community Facilities.				
<b>Arrowtown endowment land reserve</b>	740	-	-	740
Proceeds from asset sales from Arrowtown endowment land.				
<b>Trust funds</b>	17	-	-	17
Funds held on behalf of various community organisations.				
<b>Queenstown Airport dividend reserve</b>	212	70,961	(70,961)	212
Unallocated portion of dividends received from QAC.				
<b>Transport improvement fund</b>	324	-	-	-
Funds set aside to subsidise public transport and the development of public transport infrastructure.				
<b>Lakes Leisure reserve</b>	3,196	-	-	3,196
Funds transferred from Lakes Leisure at dis-establishment that are to be used to fund charitable purposes in line with the company's constitution.				
<b>Total Reserve Funds</b>	<b>35,356</b>	<b>449,092</b>	<b>(438,522)</b>	<b>45,602</b>

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# STATEMENT OF ACCOUNTING POLICIES

## Reporting Entity

The Queenstown Lakes District Council (“the Council” or “QLDC”) is a territorial local authority governed by the Local Government Act 2002.

The Council has controlling interests in Queenstown Events Centre Trust (100% - dormant) and Queenstown Airport Corporation Limited (75.01%). The Council has a controlling interest in Coronet Forest via Lakes Combined Afforestation Committee (75%), an unincorporated entity. Pursuant to the Local Government Act 2002, these controlled entities are council controlled organisations (“CCOs”). The Council has elected not to consolidate the CCOs for the purposes of the prospective financial information contained in this Ten Year Plan in accordance with the Local Government Act 2002.

The prospective financial statements have been prepared in accordance with Section 111 of the Local Government Act 2002, the Financial Reporting Act 1993 and generally accepted accounting practice. The prospective financial statements comply with Public Benefit Entity (PBE) Standards for Tier 1 entities. The Council has complied with PBE FRS42 in the preparation of these prospective financial statements.

The prospective financial information contained in this Ten Year Plan relates to the Queenstown Lakes District Council only as the controlling entity of the economic entity. The Council has not presented prospective financial statements for the economic entity because the Council believes that the controlling entity prospective financial statements are more relevant to users. The main purpose of prospective financial statements in the Ten Year Plan is to provide users with information about the core services that the Council intends to provide ratepayers, the expected cost of those services and as a consequence how much the Council requires by way of rates to fund the intended levels of service.

The level of rate funding required is not affected by controlled entities except to the extent that the Council obtains distributions from those controlled entities. Distributions from the Council’s controlled entity, Queenstown Airport Corporation Ltd are included in the prospective financial statements of the Council.

The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the

Council has designated itself as a public benefit entity (“PBE”) for the purposes of complying with generally accepted accounting practice.

In accordance with the Local Government Act 2002, Queenstown Airport Corporation Ltd (“QAC”) submits a draft Statement of Intent (“SOI”) for the coming financial year to QLDC by 1 March. After due consultation with QLDC, and after considering any comments from QLDC, the final SOI is approved by the QAC Board of Directors and delivered to QLDC by 30 June.

The QAC Statement of Intent 2019-21 was approved by the QAC Board on 5 June 2018 and includes the following financial performance measures which are monitored by Council on a monthly basis:

FINANCIAL RATIOS	2018/19	2019/20	2020/21
Revenue per passenger	\$21.55	\$23.18	\$23.72
Net profit after tax per passenger	\$6.01	\$5.82	\$5.61
Return on equity (net profit after tax to average shareholder funds)	5.4%	4.9%	4.4%
Return on assets (net profit after tax to average total assets)	3.7%	3.0%	2.7%
Earnings before interest, tax, depreciation and amortisation > 2 times funding expense	9.1	7.6	7.0
Shareholder funds to total tangible assets > 50%	61%	61%	61%

PASSENGER FORECAST	2018/19	2019/20	2020/21
Total passenger numbers (000)	2,325	2,468	2,500
International passengers (%)	29%	30%	31%

## Basis of Preparation

The financial statements have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the year. The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

### STATEMENT OF COMPLIANCE

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements of the Council comply with Public Benefit Entity (PBE) Standards.

The financial statements have been prepared in accordance with Tier 1 PBE Standards.

### PRESENTATION CURRENCY AND ROUNDING

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

## Summary of Significant Accounting Policies

### REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Council and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, taking into account contractually defined terms of payment, net of discounts and GST.

The specific recognition criteria described below must also be met before revenue is recognised.

### (I) REVENUE FROM NON-EXCHANGE TRANSACTIONS

#### General and Targeted Rates

General and targeted rates are set annually and invoiced within the year. The Council recognises revenue from rates when the Council has set the rate and provided the rates assessment. Rates revenue is measured at the amount assessed, which is the fair value of the cash received or receivable.

#### User Charges and Other Income – Subsidised

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as community activities, liquor licencing, water connections, dog licencing, etc.), and where a shortfall is subsidised by income from other activities, such as rates. Generally, there are no conditions attached to such revenue.

Revenue from subsidised services is recognised when the Council issues the invoice for the service. Revenue is recognised at the amount of the invoice, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that the Council has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from the Council) if the service is not completed.

#### Grants and Subsidies

Government grants are received from NZTA which subsidises part of the Council's costs in maintaining the local roading infrastructure. The subsidies represent revenue from non-exchange transactions and are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Other grants and subsidies are recognised upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

A deferred revenue liability is recognised instead of revenue to the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset.

### **Vested Assets**

Certain infrastructural assets have been vested to the Council as part of the subdivision covenant process. Vested assets are recognised at fair value at the date of recognition with an equal amount recognised as revenue unless there are conditions attached to the asset in which case revenue is deferred as a liability until the conditions are met.

### **Development Contributions**

The revenue recognition point for development and financial contributions is at the later of the point when the Council is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation.

## **(II) REVENUE FROM EXCHANGE TRANSACTIONS**

### **User Charges and Other Income – Full Cost Recovery**

Revenue from the rendering of services (for example, resource consents, building consents, waste management and car parking) is recognised by reference to the stage of completion of the service. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

### **Interest Revenue**

Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest revenue is included in other revenue.

### **Dividend Revenue**

Dividends are recognised when the entitlement to the dividends is established.

### **Property Sales**

Net gains or losses on the sale of investment property, property, plant and equipment, property intended for sale and financial assets are recognised when an unconditional contract is in place and it is probable that the Council and Group will receive the consideration due.

### **Grant Expenditure**

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

### **Borrowing Costs**

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Council have chosen not to capitalise borrowing costs directly attributable to the acquisition, construction or production of assets.

### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the Statement of Financial Performance on a basis representative of the pattern of benefits to be derived from the leased asset.

#### **(a) Council as Lessor**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

#### (b) Council as Lessee

Assets held under finance leases are recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

#### (c) Lease Incentives

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Tax currently payable is based on taxable profit for the period. Taxable profit differs from net surplus as reported in the Statement of Financial Performance because it excludes items of income or expense that are taxable in other years and it further excludes items that are never taxable or deductible. The Council's and Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements, and the corresponding tax bases used in the computation of taxable profit and is accounted for using the comprehensive balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting surplus. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Council is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Council expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised as an expense or income in the Statement of Financial Performance, except when it relates to items credited or debited to other comprehensive income, in which case the deferred tax is recognised directly in other comprehensive income.

### Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and other short-term highly liquid deposits that are readily convertible to a known amount of cash.

### Financial Instruments

Financial assets and financial liabilities are recognised on the Council's Statement of Financial Position when the Council becomes a party to contractual provisions of the instrument. Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery

of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through surplus or deficit which are initially valued at fair value.

## **(I) FINANCIAL ASSETS**

Financial assets are classified into the following specified categories: financial assets 'at fair value through surplus or deficit', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method, referred to below, is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

### **Financial Assets at Fair Value Through Surplus or Deficit**

Financial assets are classified as financial assets at fair value through surplus or deficit where the financial asset:

- > has been acquired principally for the purpose of selling in the near future;
- > is a part of an identified portfolio of financial instruments that the Council manages together and has a recent actual pattern of short-term profit-taking; or
- > is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the Statement of Financial Performance. The net gain or loss is recognised in the Statement of Financial Performance and incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described later in this note.

### **Held-to-Maturity Investments**

Investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The Council does not hold any financial assets in this category.

### **Available-for-Sale Financial Assets**

Equity investments held by the Council classified as being available-for-sale are stated at fair value. Fair value is determined in the manner described later in this note. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, with the exception of impairment losses which are recognised directly in the Statement of Financial Performance. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is included in the Statement of Financial Performance for the period.

Dividends on available-for-sale equity instruments are recognised in the Statement of Financial Performance when the Council's right to receive payments is established.

### **Loans and Receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is expensed in the Statement of Financial Performance.

Loans, including loans to community organisations made by the Council at nil, or below-market interest rates, are initially recognised at the present value of their

expected future cash flows and discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the Statement of Financial Performance as a grant.

### **Impairment of Financial Assets**

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

## **(II) FINANCIAL LIABILITIES**

### **Trade and Other Payables**

Trade payables and other accounts payable are recognised when the Council becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest method.

### **Borrowings**

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Statement of Financial Performance over the period of the borrowing using the effective interest method.

## **(III) DERIVATIVE FINANCIAL INSTRUMENTS**

The Council enters into certain derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. The resulting gain or loss is recognised in the Statement of Financial Performance.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

### **Fair Value Estimation**

The fair value of financial instruments traded in active markets (such as listed equities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Council is the current bid price; the appropriate quoted market price for financial liabilities is the current offer price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing as at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term investment and debt instruments held.

### Embedded Derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in the Statement of Financial Performance.

### Development Properties

Development properties are stated at the lower of cost or net realisable value. Cost includes planning expenditure and any other expenditure to bring the development property to its present condition.

### Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis with an appropriate allowance for obsolescence and deterioration.

### Properties Intended for Sale

Properties intended for sale are measured at the lower of carrying amount and fair value less costs to sell. Properties are classified as intended for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

### Property, Plant and Equipment

The Council has the following classes of property, plant and equipment:

#### Operational Assets

- > Council owned land, buildings and building improvements, plant and equipment, motor vehicles, furniture and office equipment, computer equipment and library books.

#### Infrastructure Assets

- > Infrastructural assets are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function:
  - > sewer, stormwater, water
  - > roads, bridges and lighting
  - > land under roads

#### (I) COST

Operational assets and land under roads are recorded at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Where an asset is acquired for no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

#### (II) ACCOUNTING FOR REVALUATIONS

Infrastructural assets, other than land under roads, are stated at fair value less accumulated depreciation and any impairment losses recognised after the date of revaluation.

Infrastructure assets, land, buildings and runways acquired or constructed after the date of the latest revaluation are carried at cost, which approximates fair value. Revaluations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the balance sheet date.

The results of revaluing are credited or debited to an asset revaluation reserve via other comprehensive income for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed to the Statement of Financial Performance.

Any subsequent increase in revaluation that offsets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial Performance up to the amount previously expensed, and then credited to the revaluation reserve via other comprehensive income for that class of asset.

### Sewer, Stormwater, Water

Sewer, stormwater and water assets are stated at fair value, which is optimised depreciated replacement cost value as at 1 July 2016 by Rationale, independent valuers. Acquisitions subsequent to 1 July 2016 are at cost.

### Roads, Bridges and Lighting

Roads, bridges and lighting are stated at fair value, which is optimised depreciated replacement cost value as at 1 July 2016 by Beca Valuations Limited, independent valuers.

### (III) DEPRECIATION

Operational assets with the exception of land, are depreciated on a straight-line basis to write off the asset to its estimated residual value over its estimated useful life.

Infrastructural assets, with the exception of land under roads, are depreciated on a straight-line basis to write off the fair value of the asset to its estimated residual values over its estimated useful life.

Expenditure incurred to maintain these assets at full operating capability is charged to the Statement of Financial Performance in the year incurred.

The following estimated useful lives are used in the calculation of depreciation.

OPERATIONAL ASSETS	Rate (%)	Method
Buildings	2.0% - 33%	SL
Building improvements	1.67% - 6.67%	SL
Plant and equipment	5.5% - 28%	SL
Motor vehicles	20% - 26%	DV
Furniture and office equipment	10% - 33%	SL
Computer equipment	25%	SL
Library books	10%	SL

INFRASTRUCTURAL ASSETS	Rate (%)	Method
Sewerage	1.67% - 10%	SL
Water supply	1.67% - 10%	SL
Stormwater	1.67% - 10%	SL
Roading	1% - 10%	SL

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

### (IV) DISPOSAL

An item of property, plant and equipment is derecognised upon disposal or recognised as impaired when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance in the period the asset is derecognised.

### Forestry Assets

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the Statement of Financial Performance.

The costs to maintain the forestry assets are included in the Statement of Financial Performance.

### **Emission Trading Scheme Accounting Policy**

New Zealand Units (NZUs) allocated as a result of the Council's participation in the Emissions Trading Scheme (ETS) are treated as intangible assets, and recorded at cost.

The difference between initial cost and the disposal price of the units is treated as revenue in surplus/(deficit) for the period.

Liabilities for surrender of NZUs (or cash) are accrued at the time the forests are harvested, or removed in any other way, in accordance with the terms of the ETS legislation.

Liabilities are accounted for at settlement value, being the cost of any NZUs on hand to meet the obligation plus the fair value of any shortfall in NZUs to meet the obligation.

### **Investment Properties**

Investment properties are held to earn rentals and/or for capital gains. Property held to meet service delivery objectives or held for strategic purposes is excluded from investment properties and included with property, plant and equipment. The investment properties are measured at fair value at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in the Statement of Financial Performance in the period in which they arise.

### **Finite Life Intangible Assets**

Finite life intangible assets are recorded at cost less accumulated amortisation. Amortisation is charged on a straight line basis over their estimated useful life. The estimated useful life and amortisation period is reviewed at the end of each annual reporting period.

### **Intangible Assets**

Acquired computer software licenses are recorded at cost less accumulated amortisation. Amortisation is charged on a straight line basis over their estimated useful life. The estimated useful life and amortisation period is reviewed at the end of each annual reporting period.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Council, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

### **Impairment of Non-Financial Cash-Generating Assets**

At each reporting date, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential. In assessing value in use for cash-generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Financial Performance immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease, via other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the Statement of Financial Performance immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase, via other comprehensive income.

### **Employee Benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Council in respect of services provided by employees up to reporting date.

### **Provisions**

Provisions are recognised when the Council and Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is

virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

### **Statement of Cash Flows**

Cash means cash balances on hand, held in bank accounts and demand deposits that the Council invests in as part of day to day cash management.

Operating activities include cash received from all income sources of the Council and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt structure of the Council.

### **Equity**

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves. Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

### **Restricted and Council Created Reserves**

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves are those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

## Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability the Council will be required to reimburse a holder for a loss incurred, discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if the Council assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

## Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with PBE FRS 42, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

## Allocation of Overheads

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on the cost drivers and related activity/usage information. Direct costs are those costs that are directly attributable to a significant activity. Indirect costs are those costs that cannot be linked in an economically feasible manner to a specific significant activity.

## Critical Accounting Estimates and Assumptions

In preparing these prospective financial statements the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the

circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### Infrastructural Assets

There are a number of assumptions and estimates used when determining fair value using optimised Depreciated Replacement Cost (DRC) for infrastructural assets. These include:

- > the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, sewerage and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- > estimating any obsolescence or surplus capacity of an asset;
- > estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under estimating the annual deprecation charge recognised as an expense in the Statement of Financial Performance. To minimise this risk the Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives the Council further assurance over its useful life estimate.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

### Provision for Legal Claims against Council

Council's liability in relation to claims relating to alleged weather tightness building defects has not been established. It is not possible to determine the outcome of claims at this stage. The loss provision is based on current knowledge and historic settlement of claims against Council.

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# FINANCIAL REPORTING AND PRUDENCE DISCLOSURE STATEMENT

## What is the Purpose of this Statement?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its LTP in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

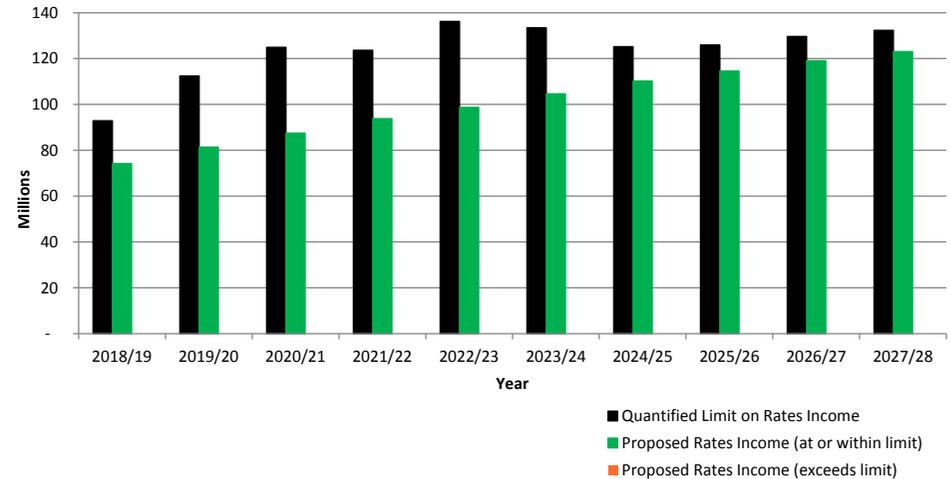
## RATES AFFORDABILITY BENCHMARK

The Council meets the rates affordability benchmark if:

- > its planned rates income equals or is less than each quantified limit on rates; and
- > its planned rates increases equal or are less than each quantified limit on rates increases.

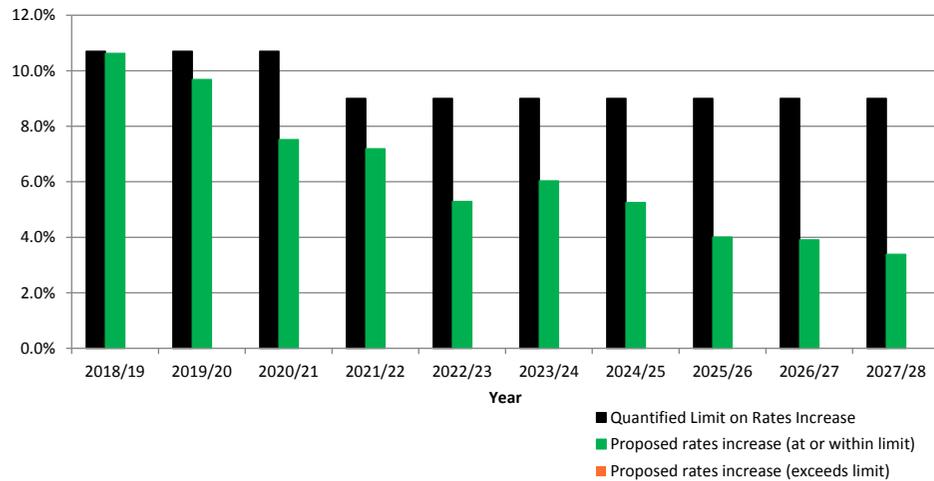
**Rates (income) affordability** - The following graph compares the Council's planned rates income with a quantified limit on rates contained in the Financial Strategy included in the Council's Ten Year Plan. The quantified limit is that rates income will not exceed 55% of total revenue.

### Rates Affordability Benchmark - Rates (Income) Affordability



**Rates (increases) affordability** - The following graph compares the Council's planned rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Ten Year Plan. The quantified limit is that rates increases are set at a maximum of 10.8% for the first three years of the 2018 Ten Year Plan and reducing to 9.0% for years four to ten of that plan per annum (subject to changes in growth).

**Rates Affordability Benchmark - Rates (Increases) Affordability**

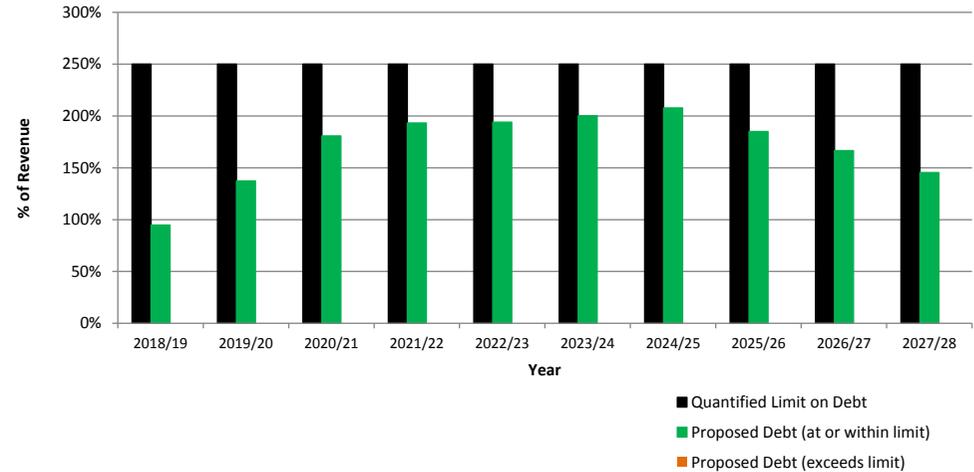


**DEBT AFFORDABILITY BENCHMARK**

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graph compares the Council's planned debt with the quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is that the debt to revenue ratio will be under 250%.

**Debt Affordability Benchmark (Net Debt/Total Revenue)**

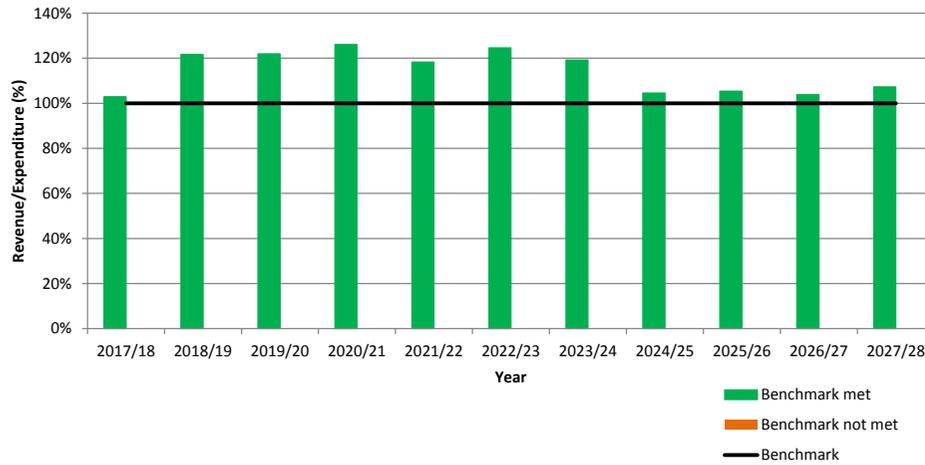


### BALANCED BUDGET BENCHMARK

The following graph displays the Council’s planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets this benchmark if its planned revenue equals or is greater than its planned operating expenses.

#### Balanced Budget Benchmark

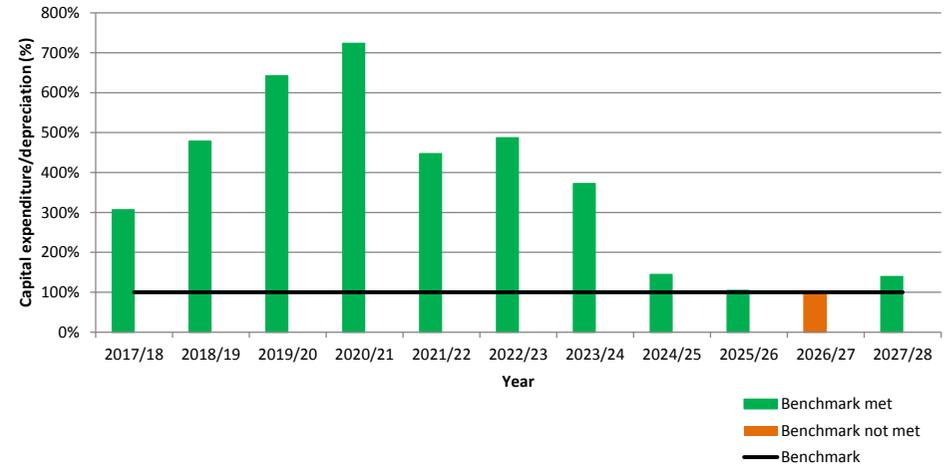


### ESSENTIAL SERVICES BENCHMARK

The following graph displays the Council’s planned capital expenditure on network services as a proportion of expected depreciation on network services.

The Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

### Essential Sevices Benchmark

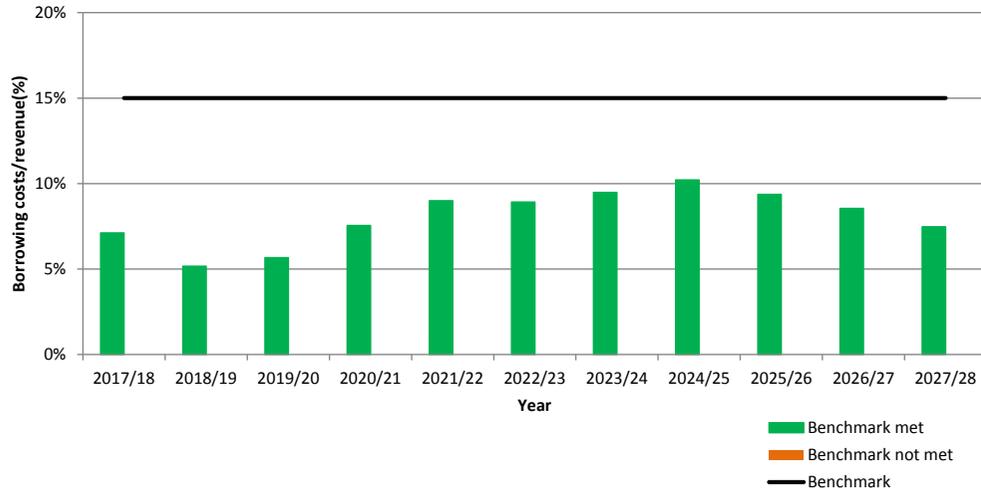


### DEBT SERVICING BENCHMARK

The following graph displays the Council’s planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Council’s population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15% of its planned revenue.

### Debt Servicing Benchmark

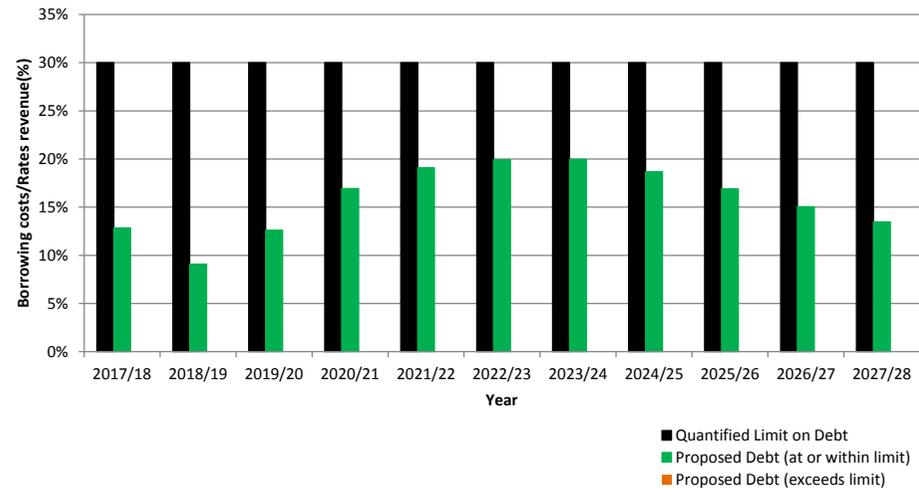


### ADDITIONAL INFORMATION OR COMMENT

The Council meets all of the forecast benchmarks except for a single instance for the Essential Services Benchmark in the 2026/27 year. This is not a serious concern as it is quite clear that the Ten Year Plan capital programme shows a significant investment in core infrastructural assets, and the breach is the result of a timing issue.

The following graph displays the Council’s planned borrowing costs as a proportion of planned rates revenue. The quantified limit stated in the Financial Strategy is that its debt servicing costs equal or are less than 30% of its rates revenue.

### Debt Servicing Benchmark (Borrowing Costs/Rates)



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# OUR POLICIES

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# REVENUE AND FINANCING POLICY

## Background

Section 102(4) (a) of the Local Government Act 2002 requires each Council to adopt a Revenue and Financing Policy, which must be adopted through the special consultation process.

Section 103 outlines that this Policy must state the Council's policies in respect of the funding of both operating expenses and capital expenditure from listed sources, with the sources as outlined in section 103(2) being:

- A general rates including:
  - i choice of valuation system;
  - ii differential rating; and
  - iii uniform annual general charges;
- B targeted rates;
- C fees and charges;
- D interests and dividends from investments;
- E borrowing;
- F proceeds from asset sales;
- G development contributions under the Local Government Act 2002;
- H financial contributions under the Resource Management Act 1991;
- I grants and subsidies; and
- J any other source.

Section 101(3) states that in identifying the appropriate sources the Council must consider the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community. The Council must also consider with regards to each activity to be funded:

- A the community outcomes to which the activity primarily contributes;
- B the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;
- C the period in or over which those benefits are expected to occur;
- D the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- E the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

Queenstown Lakes District Council has undertaken several comprehensive reviews of its funding principles in the past through the development, adoption and review of its Revenue and Financing Policy. These reviews were completed in 1998, 2001 and again in 2002. Comprehensive reviews under the Local Government Act 2002 were undertaken during 2005/06, 2008/09, 2011/12 and 2015/16.

## [A] Funding Sources - Operational Expenditure

The 'revenue' part of the title 'Revenue and Financing Policy' relates to funding of operating expenditure. The following sources of income are recognised in the operating statement:

### RATES

A number of the Council activities are funded by a combination of revenue types. The Council practice is to initially account for income from fees and charges, and grants and subsidies or other income sources. If the activity still requires additional funding, the remainder is funded by way of a rate which is applied to relevant properties within the district.

The Council will use a capital value rating system across the district. Capital value is preferred to land value because the Council believes that it generally provides a better surrogate for the allocation of cost for Council services. Rates are generally used where it is economically impractical to use fees and charges.

There are two classification types for rates:

- > General rates - include uniform annual general charge (UAGC) and capital valued based rate.
- > Targeted rates - include capital valued based roading rate, tourism promotion rate, governance rate, recreation and events rate, regulatory rate, water supply rate and stormwater rate. As well as fixed annual charges for sewerage, water supply, waste management, recreation and events, governance and regulatory, Queenstown Aquatic Centre, Wanaka Aquatic Centre and sports, halls and libraries.

In the next section of the policy 'Funding Operational Expenditure by Activity' the tables illustrate the outcome of the analysis undertaken by the Council in relation to Section 101 (3). The last table for each activity details how the activity is proposed to be funded. Generally, these tables show that where a private benefit exists, the cost of this is recovered by user fees or a targeted rate. The cost of public benefits is usually rate funded, with the general rate and a range of targeted capital value rates used to fund 'property' related activities and the UAGC, fixed targeted annual charges and a range of targeted capital value rates used to fund 'people' related activities.

### FEES AND CHARGES

There is a wide range of revenue under this general title. Generally, the Council will look to use fees and charges to recover the 'private benefit' costs of a particular activity (see table on following page) if it is economically viable to do so.

### GRANTS AND SUBSIDIES

Some activities of the Council qualify for a grant or subsidy from the Crown. In particular, the Council receives a subsidy from the New Zealand Transport Agency (NZTA) for qualifying roading expenditure. Other smaller grants are also received from the Crown, for example; NZ Fire Service and Creative NZ.

### INTEREST AND DIVIDENDS FROM INVESTMENTS

Interest income is recognised from all investment sources but is very minor. The majority of investment income is used to offset rates.

The Council receives a regular dividend from Queenstown Airport Corporation (QAC) via its 75.01% ownership stake. It is proposed to continue to utilise forecast dividends from QAC to repay generally funded debt.

### OTHER SOURCES OF INCOME

Other sources of income include parking infringement fines, petrol tax, rates penalties and concession income. This is a catch-all classification and the income is treated in the same way as fees and charges.

### FUNDING OPERATIONAL EXPENDITURE BY ACTIVITY

The tables in the following section illustrate the outcome of the analysis undertaken by the Council in relation to Section 101 (3). The first table in each activity analysis labelled 'Community Outcome' shows the community outcomes to which each activity primarily contributes and thereby satisfies the requirement of Section 101(3) (a) referred to in the background section. This table shows only the primary contributions and it is acknowledged that some activities contribute to more outcomes than those shown.

The second table in each activity analysis labelled 'Funding Principles' shows how the funding principles in Section 101(3) b) to e) above relate to the activity. This analysis assists the Council in determining which funding mechanisms are appropriate for each activity. Generally those activities which score low for user pays or for cost/benefit of separate funding are best funded by general rates, whilst those scoring higher in those areas are best funded by user charges or targeted rates. The low/medium/high rating relates to the degree by which each activity conforms to the following economic principles:

- 1 Distribution of benefit - degree to which benefits can be attributed to individuals/groups rather than community as a whole.
- 2 Period of benefit - degree to which benefits can be attributed to future period.
- 3 Extent of action/inaction - degree to which action or inaction of group or individuals give rise to need for expenditure.
- 4 Cost/benefit of separate funding - degree to which cost and benefits justify separate funding of this activity.

The third table in each activity details how each activity is proposed to be funded. Generally, this table shows that where a private benefit exists, the cost of this is recovered by user fees or a targeted rate. The cost of public benefits is usually general rate funded, with the capital value rate used to fund 'property' related activities and the UAGC used to fund 'people' related activities.

## Governance

### Community Leadership

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
<b>Community Leadership</b>				
	A responsive organisation	An organisation that consults effectively and makes sound decisions	An organisation that demonstrates leadership	An organisation that considers the district's partnership with Mana Whenua

This activity includes strategic planning and the setting of the overall direction by the Council, Community Board and various committees. This also includes all activities undertaken in relation to public involvement in the democratic process including elections, the holding of public meetings as well as the preparation of the statutory plans and reports, including the Council Community Plan, Annual Plan and Annual Report.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>Community Leadership</b>	Low	Med	Low	Low

This activity is completely public good with no scope for user charges and will therefore be funded 80% from the district-wide targeted capital value based Governance Rate and 20% from the Governance and Regulatory Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Community Leadership</b>	0%	100%	0%	0%	100%	-	Gov Rate (80%)/Gov & Reg Chg (20%)

## Communications

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
<b>Community Development</b>			
	Communities have a good standard of living and wellbeing	Communities are inclusive for all	Communities are resilient and prepared for civil defence emergency events

The purpose of this activity is to provide for the distribution of information to residents and ratepayers. It is also designed to help keep residents informed via the Council newsletter 'Scuttlebutt' and the website.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>Community Development</b>	Low	Low	Low	Low

This activity is largely public good and will therefore be funded 90% from the district-wide targeted capital value based Governance Rate and the Governance and Regulatory Charge with the remainder provided by cost recoveries.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Community Development</b>	0%	100%	0%	10%	90%	Fees & Charges	Gov Rate (80%)/Gov & Reg Chg (20%)

## Economic Development

### Tourism Promotion

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome	
<b>Tourism Marketing</b>		
	Partnering for success	Investing strategically

The Council makes grants to ward based promotion organisations, which market the district as a visitor destination and therefore increases the economic benefits to the district from its major industry.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>Tourism Marketing</b>	Low	Low	Low	Low

This activity exhibits a large degree of private benefit with a distinct group of beneficiaries and will be funded 95% from the Targeted Rate for Tourism Promotion based on capital value and applied on a ward basis, and 5% from the Uniform Annual General Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Tourism Marketing</b>	95%	5%	0%	95%	5%	Targeted CV Rate (Tourism Promotion)	UAGC

## Community Assets

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
<b>Community Assets</b>	 Sustainable growth management	 Partnering for success	 Investing strategically	 Enabling diversification

The Council is involved in these activities to provide the maximum possible return from assets involved. This activity includes residential and commercial subdivisions, Queenstown Lakeview Holiday Park, leased camping grounds, Wanaka Airport, forests, rental housing, elderly person housing and road closing/legalisation. This activity also includes any undeveloped areas of land which will be maintained at a minimum level until decisions about their final use is made.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
<b>Community Assets</b>	High	High	Low	High

This activity almost exclusively provides private goods to clearly distinct groups of beneficiaries and will be funded by user charges with any surplus derived used to reduce general rate requirement.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Community Assets</b>	100%	0%	0%	100%	0%	Fees & Charges	-

## Community

### Library Services

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
<b>Library Services</b>	 Communities have a good standard of living and wellbeing	 Communities are inclusive for all	 Strong cultural landscape that inspires, preserves and celebrates our heritage, arts and culture

The purpose of this activity is to help meet the information, cultural, educational and recreational needs of its users in a timely, convenient and cost effective manner. This is achieved through the joint management of libraries with the Central Otago District. There are six libraries within the district; at Queenstown, Arrowtown, Wanaka, Hawea, Kingston and Glenorchy. The services include book and magazine loans, a reference and information service, compact disc and video rentals and research. Some of the specialist services provided include a local history collection and a special needs service including large print and talking books and foreign language text. The libraries also act as community information centres holding community information and contact names and addresses.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
<b>Library Services</b>	Med	Low	Low	Low

This activity provides a relatively high degree of private good but there is also a significant element of public good. The Council wishes to encourage the use of library facilities and will therefore limit the user charge element to the minimum. The activity will therefore be funded 90% from the district-wide targeted fixed Sports, Halls and Libraries Charge and 10% from user charges for some specialised or high demand services. The Sports, Halls and Libraries Charge will be targeted at properties with a residential component and not at businesses.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Library Services</b>	65%	35%	0%	10%	90%	Fees, Charges & Fines	Fixed Sports, Halls & Libraries Charge

## Community Development

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome	
<b>Community Development</b>	 Communities have a good standard of living and wellbeing	 Communities are inclusive for all

The purpose of this activity is to help keep residents informed of the recreational, social and cultural opportunities in the area and to assist groups in maximising the benefits they provide to the community. Assistance will also be provided to those seeking financial support from organisations other than the Council. The Council is also involved in events including programmes at New Year and the annual Christmas Show.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>Community Development</b>	Low	Low	Low	Low

This activity is largely public good with for the recreational and cultural activities and will therefore be funded 90% from the district-wide targeted capital value based Recreation and Recreation and Events Charge with the remainder provided by cost recoveries.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Community Development</b>	0%	100%	0%	10%	90%	Fees & Charges	Rec & Events Rate (50%)/ Rec & Events Chg (50%)

## Community Grants

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
<b>Community Grants</b>	 Communities have a good standard of living and wellbeing	 Communities are inclusive for all	 Strong cultural landscape that inspires, preserves and celebrates our heritage, arts and culture

The purpose of this activity is the provision of grants to assist community groups to provide a range of activities and services in the district. These include the Lakes District Museum; Aspiring Arts Trust; Sports Central; the Wakatipu Trails Trust and various community associations.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>Community Grants</b>	Low	Low	Low	Low

This activity is largely public good with no scope for user charges and will therefore be 84% funded from the Uniform Annual General Charge and 16% funded from the district-wide targeted capital value based Recreation and Events Rate and Recreation and Events Charge for the grants made to organisations for recreational purposes. This analysis relates to the cost of the activity after allowing for the receipt of grants by the Council in its role as agent.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Community Grants</b>	0%	100%	0%	10%	100%	-	Rec & Events Rate (8%)/ Rec & Events Chg (8%)/ UAGC (84%)

## Public Toilets

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
<b>Public Toilets</b>			
	Communities have a good standard of living and wellbeing	Efficient and effective community facilities	Quality built environments that meet local needs and respect the local character

The purpose of this activity is to provide a range of public toilets throughout the district to meet the needs of locals and visitors. The principal objective is to protect the public environment through the provision of clean, accessible and conveniently located public toilets.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
<b>Public Toilets</b>	Med	Med	Low	Low

This activity provides a relatively high degree of private good but there is also a significant element of public good. Council recognises that these facilities are used to a large degree by visitors to the district and has considered the option of user charges but has rejected this on the basis of efficiency. The activity will therefore be funded 100% from the district-wide targeted capital value based Recreation and Events Rate and the Recreation and Events Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Public Toilets</b>	80%	20%	0%	0%	100%	-	Rec & Events Rate (50%)/ Rec & Events Chg (50%)

## Cemeteries

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome	
<b>Cemeteries</b>		
	Communities are inclusive for all	Strong cultural landscape that inspires, preserves and celebrates our heritage, arts and culture

The purpose of this activity is to provide for cemeteries throughout the district. Services provided by the Council include areas for the burial of human remains, interment of human ashes, the maintenance of burial records and the maintenance of grounds.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
<b>Cemeteries</b>	High	Med	Low	Med

This activity provides a relatively high degree of private good but there is also a significant element of public good. This activity will therefore be funded 60% from user charges in the form of plot sales and burial fees with the balance of 40% coming from the Uniform Annual General Charge

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Cemeteries</b>	60%	40%	0%	60%	40%	Fees & Charges	UAGC

## Community Facilities

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
<b>Community Facilities</b>				
	Communities have a good standard of living and wellbeing	Communities are inclusive for all	Efficient and effective community facilities	Quality built environments that meet local needs and respect the local character

The purpose of this activity is to help provide community halls, community swimming pools and other multi-use indoor facilities for the district. This includes the facilities at the Queenstown Events Centre; Lake Wanaka Centre; Memorial Hall; Lake Hayes Pavilion; Arrowtown Hall; Arrowtown Pool and Wanaka Community Pool. The Queenstown and Wanaka Aquatic Centres are included in a separate activity – Aquatics (see below).

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>Community Facilities</b>	High	Med	Low	Med

This activity provides a relatively high degree of private good but there is also a significant element of public good. Council wishes to encourage the use of community facilities and will therefore limit the user charge element to 30%. The Council has also determined that it will not seek to fund the depreciation expense associated with these assets. The activity will therefore be funded 70% from the district-wide targeted fixed Sports, Halls and Libraries Charge and 30% from user charges. The Sports, Halls and Libraries Charge will be targeted at properties with a residential component and not at businesses.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Community Facilities</b>	70%	30%	0%	30%	70%	Fees & Charges	Fixed Sports, Halls & Libraries Charge

## Aquatics

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
<b>Aquatics</b>				
	Communities have a good standard of living and wellbeing	Communities are inclusive for all	Efficient and effective community facilities	Quality built environments that meet local needs and respect the local character

The purpose of this activity is to help provide indoor aquatic facilities for the district. This includes the Queenstown Aquatic Centre (Alpine Aqualand) and the new Wanaka Aquatic Centre.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>Aquatics</b>	High	High	Low	Med

This activity provides a relatively high degree of private good but there is also a significant element of public good. The Council wishes to encourage the use of aquatic facilities and will therefore limit the user charge element to 60%; this is in line with the original feasibility report which indicated that 60% of operational costs should be recovered from users directly. The Council has also determined that it will not seek to fund the depreciation expense associated with these assets.

This activity will therefore be funded 40% from the ward based Aquatic Centre Charges only and 60% from user charges. The Aquatic Centre Charge will be targeted at properties with a residential component and not at businesses. The remaining 10% of the operating short-fall attributable to visitors will be funded from the proposed district-wide targeted capital value based Recreation and Events Rate.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Aquatics</b>	70%	30%	0%	60%	40%	Fees & Charges	Fixed Aquatics Charge (90%) / Recreation & Events CV Rate (10%)

## Waterways Facilities

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
<b>Waterways Facilities</b>				
	Communities have a good standard of living and wellbeing	Communities are inclusive for all	World class landscapes are protected	Environmental sustainability and low impact living is highly valued

The purpose of this activity is to help provide affordable and accessible water based recreation facilities throughout the district that may also be used by commercial operators. This activity includes the maintenance and development of the Council owned waterways facilities including ramps, jetties and marinas. This does not include facilities which are attached to Council land but owned by other organisations i.e. yacht clubs, individuals or companies, nor does it include facilities that are leased out such as the Queenstown Main Town Pier.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>Waterways Facilities</b>	High	Med	Low	Med

Over the past five years, the Council has made a substantial investment to improve waterways assets throughout the district. It is now appropriate for the target for recovery from user charges be increased from 10% to 40%. It is recognised that there are real difficulties in terms of designing an effective and efficient regime for the collection of boating user fees and that we must rely on our local bylaw for fees.

This activity will be funded 40% from user charges with the balance of 60% coming from the revenue generated from waterways based concessions.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Waterways Facilities</b>	90%	10%	0%	40%	60%	Fees & Charges	Waterways Concession

## Parks & Recreation Facilities

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome				
<b>Parks &amp; Recreation Facilities</b>					
	Communities have a good standard of living and wellbeing	Appropriate public access	Efficient and effective community facilities	World class landscapes are protected	Environmental sustainability and low impact living is highly valued

The purpose of the activity is to help provide affordable and accessible recreation facilities throughout the district. This includes the maintenance and development of primarily outdoor recreation facilities that are owned by the Council. This activity includes most items that are traditionally called parks and reserves and covers the maintenance and development of outdoor passive recreation areas, as well as sports fields, playgrounds and the trail network.

This activity does not include facilities which are on Council land, but are owned by other organisations i.e. some bowling, tennis and golf clubs. Multi-use indoor facilities are covered in the Community Facilities activity.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>Parks &amp; Recreation Facilities</b>	Low	Med	Low	Low

The analysis delivers a funding target of 5% for user fees with the balance of 35% (for the private funding target) being met from commercial lease income derived from reserves. This leaves 60% recovered from the district-wide targeted fixed Sports, Halls and Libraries Charge (17.5%) for sports fields and 42.5% from the district-wide targeted capital value based Recreation and Events Rate and the Recreation and Events Charge for the balance of costs.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Parks &amp; Recreation Facilities</b>	35%	65%	0%	40%	60%	Lease Income (35%) / Fees & Charges (5%)	Fixed Sports, Halls & Libraries Charge (17.5%) / Rec & Events Rate (21.25%) / Rec & Events Chg (21.25%)

## Environmental Management

### District Plan

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome				
<b>District Plan</b>					
	Quality built environments that meet local needs and respect the local character	World class landscapes are protected	Communities have a good standard of living and wellbeing	Strong cultural landscape that inspires, preserves and celebrates our heritage, arts and culture	Environmental sustainability and low impact living is highly valued

This activity includes work on the development, adoption and refinement of the District Plan. (note that processing of resource consents is covered under Regulatory Services). The objectives of the District Plan are set out in the Resource Management Act, “the establishment, implementation and review of the objectives, policies and methods of achieving integrated management of the effects of the use, development or management of land and associated natural and physical resources of the district”.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>District Plan</b>	Low	High	Med	Low

This activity is largely public good with some scope for user charges (private plan changes and district plan sales). The balance of the cost of this activity will be funded from the proposed district-wide targeted capital value based Regulatory Rate and the Governance and Regulatory Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>District Plan</b>	5%	95%	0%	5%	95%	Fees & Charges	Regulatory CV Rate / Reg Chg

## Resource Consent Administration

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
<b>Resource Consent Administration</b>			
	Quality built environments that meet local needs and respect the local character	World class landscapes are protected	Communities have a good standard of living and wellbeing

This activity includes all aspects of the resource consent process, including receiving and processing the applications; managing files; monitoring consents and responding to public enquiries.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>Resource Consent Administration</b>	Low	High	Med	Low

The private benefit element of resource consent processing activities (assessed at 80%) will be funded from user charges, with the public element funded from the proposed district-wide targeted capital value based Regulatory Rate and the Governance and Regulatory Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Resource Consent Administration</b>	80%	20%	0%	80%	20%	Fees & Charges	Regulatory CV Rate / Reg Chg

## Building Consent Administration

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
<b>Building Consent Administration</b>			
	Quality built environments that meet local needs and respect the local character	Communities have a good standard of living and wellbeing	A responsive organisation

This activity includes all aspects of the building consent process, including receiving and processing applications; managing files; inspecting building work; issuing PIMS and LIMs and responding to public enquiries.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>Building Consent Administration</b>	High	Med	Med	High

The private benefit element of building consent processing activities (assessed at 80%) will be funded from user charges, with the public element funded from the proposed district-wide targeted capital value based Regulatory Rate and the Governance and Regulatory Charge. The exacerbator factor reflects the time and cost incurred in managing weather-tightness claims.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Building Consent Administration</b>	80%	5%	15%	80%	20%	Application Fees & Hourly Charges	Regulatory CV Rate / Reg Chg

## Bylaw and General Enforcement

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome				
<b>Bylaw and General Enforcement</b>					
	Communities have a good standard of living and wellbeing	Communities are inclusive for all	Appropriate public access	Quality built environments that meet local needs and respect the local character	A responsive organisation

This activity includes the management and enforcement of the Council bylaws, managing files, issuing permits and responding to public enquiries

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>Bylaw and General Enforcement</b>	High	Low	High	Med

This activity provides some degree of private good but there is also a significant element of public good and exacerbator factor. The private benefit element of bylaw and enforcement activities (assessed at 40%) will be funded from user charges with the public element funded from the proposed district-wide targeted capital value based Regulatory Rate and the Governance and Regulatory Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Bylaw and General Enforcement</b>	25%	50%	25%	40%	60%	Permit Fees and Hourly Charges	Reg Rate (80%)/ Reg Chg (20%)

## Parking Administration

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
<b>Parking Administration</b>				
	Communities have a good standard of living and wellbeing	Communities are inclusive for all	Appropriate public access	A responsive organisation

This activity includes the patrolling of all designated, time restricted and metered areas in Queenstown, Wanaka and Arrowtown and other general patrolling; managing files; issuing and processing of parking infringement notices and responding to public enquiries.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>Parking Administration</b>	Med	Low	High	Med

The private benefit element of parking administration activities (assessed at 100%) will be funded from infringement fees and user charges.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Parking Administration</b>	15%	15%	70%	100%	0%	Infringement Fines and Rental Charges	N/A

## Environmental Health

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome	
<b>Environmental Health</b>		
	Communities have a good standard of living and wellbeing	A responsive organisation

This activity includes the inspection and licensing of premises involved in the manufacture/preparation/sale of food, hair dressers, mortuaries, camping grounds, winemakers etc.; managing files; investigation and enforcement of public health issues and responding to public enquiries.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>Environmental Health</b>	High	Low	Med	High

This activity provides some degree of private good but there is also a significant element of public good. Environmental health will therefore be funded 70% from user charges and 30% from the district-wide targeted capital value based Regulatory Rate and the Governance and Regulatory Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Environmental Health</b>	60%	30%	10%	70%	30%	Certification Fees and Hourly Charges	Reg Rate (80%)/ Reg Chg (20%)

## Liquor Licensing

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome	
<b>Liquor</b>	 Communities have a good standard of living and wellbeing	 A responsive organisation

This activity includes the inspection, monitoring and licensing of premises involved in the sale of liquor; managing files; issuing and renewal of licences and certificates and responding to public enquiries.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
<b>Liquor</b>	High	Low	Med	High

This activity provides some degree of private good but there is also an element of public good and exacerbator factor. Liquor licensing will therefore be funded 70% from user charges and 30% from the district-wide targeted capital value based Regulatory Rate and the Governance and Regulatory Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Liquor</b>	60%	30%	10%	70%	30%	Licensing and Certification Fees and Hourly Charges	Reg Rate (80%)/ Reg Chg (20%)

## Animal Control

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome	
<b>Animal Control</b>	 Communities have a good standard of living and wellbeing	 A responsive organisation

This activity includes provision of animal ranger services including impounding; managing files; disposal of animals and responding to public enquiries.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
<b>Animal Control</b>	Med	Low	High	High

This activity provides some degree of private good but there is also a significant element of public good and a significant exacerbator factor. Animal Control will therefore be funded 70% from registration fees and impounding charges and 30% from the district-wide targeted capital value based Regulatory Rate and the Governance and Regulatory Charge

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Animal Control</b>	10%	30%	60%	70%	30%	Registration and Impound Fees	Reg Rate (80%)/ Reg Chg (20%)

## Waterways Control

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome				
<b>Waterways Control</b>					
	Communities have a good standard of living and wellbeing	Appropriate public access	World class landscapes are protected	Environmental sustainability and low impact living is highly valued	A responsive organisation

The purpose of this activity is to control waterway based activities in the district. This is achieved under the Waterways Bylaw through the activities of the Harbourmaster in the inspection, enforcement and promotion of the safe use of local waterways.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
<b>Waterways Control</b>	Med	Low	Med	Med

This activity provides some degree of private good but there is also a significant element of public good. Waterways Control will therefore be funded from user charges under the Bylaw as far as practicable (estimated at 35%), and thereafter from the revenue generated from waterways based concessions.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Waterways Control</b>	35%	65%	0%	35%	65%	Fees & Charges	Waterways Concession

## Emergency Management

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
<b>Emergency Management</b>			
	Communities are resilient and prepared for civil defence emergency events	Efficient and effective infrastructure	Efficient and effective community facilities

The purpose of this activity is to ensure the district is prepared to respond appropriately to Civil Defence or Rural Fire emergencies by having appropriate plans and procedures in place. This is primarily achieved by the development of a Civil Defence Plan and the establishment and maintenance of the required communications and other infrastructure. With rural fire this also includes supporting one Rural Fire Unit, two volunteer fire brigades based at Kingston and Glenorchy, and providing limited financial support to the Arrowtown, Hawea and Luggate volunteer fire brigades with respect to rural fire response. There are also arrangements in place to ensure additional trained resources are available when required.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
<b>Emergency Management</b>	Low	Low	Med	Low

This activity is largely public good with no scope for user charges and will therefore be funded by the capital value based General Rate. This analysis relates to the cost of the activity after allowing for any central government subsidies in this area (estimated at 30%).

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Emergency Management</b>	0%	100%	0%	0%	100%	-	General CV Rate (70%) / Grants (30%)

## Landfill Provision and Management

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
<b>Landfill Provision and Management</b>				
	Communities have a good standard of living and wellbeing	World class landscapes are protected	Environmental sustainability and low impact living is highly valued	Partnering for success

The purpose of this activity is to provide facilities for the purpose of disposing of solid waste and the provision of hazardous waste facilities for the district in accordance with Regional Council and environmental requirements. This activity includes the operation of one sanitary landfill and transfer stations in Queenstown and Wanaka. In addition, the Council is required to monitor and rehabilitate its disused landfill sites at Hawea, Tuckers Beach, Wanaka, Kingston, Glenorchy and Makarora.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>Landfill Provision and Management</b>	Med	High	High	Med

This activity provides some degree of private good, but there is also a significant element of public good and exacerbator factor. This activity will therefore be funded 60% from user charges in the form of transfer station fees and disposal fees (excluding landfill levy), 35% coming from the targeted fixed Waste Management Charge, with the balance of 5% coming from the general capital value based rate to cover the cost of existing waste management loans and the rehabilitation of disused tips.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Landfill Provision and Management</b>	70%	20%	10%	60%	40%	Fees & Charges	Waste Management Charge (35%) / General CV Rate (5%)

## Recycling

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
<b>Recycling</b>				
	Communities have a good standard of living and wellbeing	World class landscapes are protected	Environmental sustainability and low impact living is highly valued	Partnering for success

The purpose of this activity is to provide recycling throughout the district. This includes the provision of recycling services in Queenstown, Arrowtown, Glenorchy, Kingston, Wanaka, Hawea, Albert Town, Luggate and Makarora. It also includes the operation of the resource recovery centre in Frankton.

The Wanaka resource recovery centre is owned and operated by Wanaka Wastebusters Incorporated. Wanaka Wastebusters is a community enterprise with charitable status. Council has granted a 35 year peppercorn rental lease to Wastebusters to occupy the site.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Separate Funding
<b>Recycling</b>	Med	High	High	Med

This activity provides some degree of private good, but there is also a significant element of public good and exacerbator factor. This activity will therefore be funded 50% from user charges in the form of landfill levy and disposal fees and 50% coming from the targeted fixed Waste Management Charge.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Recycling</b>	50%	20%	30%	50%	50%	Fees & Charges (includes landfill levy)	Waste Management Charge

## Refuse Collection

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome			
<b>Refuse Collection</b>	 Communities have a good standard of living and wellbeing	 World class landscapes are protected	 Environmental sustainability and low impact living is highly valued	 Partnering for success

The purpose of this activity is to provide a kerbside residual waste collection service in Queenstown, Arrowtown, Glenorchy, Kingston, Wanaka, Hawea, Albert Town Luggate and Makarora.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
<b>Refuse Collection</b>	High	Low	Med	High

This activity is largely private good and will be funded 100% from user charges.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Refuse Collection</b>	90%	10%	0%	100%	0%	Fees & Charges	-

## Utilities

### Water Supply

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
<b>Water Supply</b>	 Communities have a good standard of living and wellbeing	 Efficient and effective infrastructure	 Sustainable growth management

The purpose of this activity is to provide reliable, high quality water supplies for domestic and commercial consumers and for fire fighting purposes. The Council has provided water schemes in Queenstown, Arrowtown, Glenorchy, Lake Hayes, Arthurs Point, Wanaka, Hawea, Albert Town and Luggate.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
<b>Water Supply</b>	High	High	Med	High

This activity is largely private good in nature and the Council recognises that the best way of recovering cost would be via volumetric charges and water meters. However, the costs of introducing such a system are seen as prohibitive at present, and this activity will therefore be funded 40% from the Targeted Uniform Rate (Water) which will be charged to all serviceable properties in the nature of a supply charge and 60% from a Targeted Water Rate based on capital value and applied on a scheme basis to all properties connected to the public water supply.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Water Supply</b>	90%	10%	0%	100%	0%	Targeted Uniform Rate (water) / Targeted CV Rate (water)	-

## Stormwater

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
<b>Stormwater</b>	 Communities have a good standard of living and wellbeing	 Efficient and effective infrastructure	 Sustainable growth management

The primary purpose is to provide reliable and efficient stormwater collection and disposal systems from buildings and land in Queenstown, Arrowtown, Glenorchy, Wanaka, Hawea and Albert Town.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
<b>Stormwater</b>	Low	Med	Med	Med

This activity is largely public good in nature and will therefore be funded 100% from a Targeted Stormwater Rate based on capital value and applied on a ward basis to all urban properties.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Stormwater</b>	0%	100%	0%	0%	100%	-	Stormwater CV Rate/ Waterways concession

## Wastewater

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
<b>Wastewater</b>	 Communities have a good standard of living and wellbeing	 Efficient and effective infrastructure	 Sustainable growth management

The primary purpose is to provide reliable and efficient sewage collection, treatment and disposal systems that meet all discharge consent conditions. Sewerage schemes are provided in Queenstown, Arrowtown, Arthur's Point, Wanaka, Hawea, Albert Town and Lake Hayes with feasibility studies underway for Kingston, Glenorchy.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
<b>Wastewater</b>	High	High	Med	High

This activity is largely private good and the operational costs will therefore be funded by a Targeted Uniform Sewerage Charge, which is charged out on the basis of the number of connected pans/urinals within the property. A rating unit used primarily as a residence for one household shall be deemed to have not more than one pan / urinal in accordance with the Local Government (Rating) Act 2002. Remission policies have been developed in relation to the application of this rate to businesses with multiple connections and to various non profit organisations.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Wastewater</b>	90%	10%	0%	100%	0%	Sewerage Charge	-

## Roading and Footpaths

### Town Centres

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome				
<b>Town Centres</b>					
	Communities have a good standard of living and wellbeing	Communities are inclusive for all	Strong cultural landscape that inspires, preserves and celebrates our heritage, arts and culture	Efficient and effective community facilities	Efficient and effective infrastructure

The purpose of this activity is to provide attractive and safe town centres that are well maintained and developed to meet the changing needs of the district. This includes the maintenance and development of street furniture, specialised lighting, signage and other facilities that contribute to the atmosphere of the town centres. It also includes street cleaning in these areas. This is considered as a separate activity as the requirements of these areas are significantly different to that of an urban street.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
<b>Town Centres</b>	Med	Med	High	Med

This activity provides some degree of private good but there is also a significant element of public good. After allowing for any NZTA subsidy this activity will be funded 100% from a Targeted Rooding Rate based on Capital Value and applied on a ward basis to all properties.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Town Centres</b>	50%	50%	0%	50%	50%	Rooding CV Rate	Rooding CV Rate

### Parking Facilities

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
<b>Parking Facilities</b>			
	Appropriate public access	Efficient and effective infrastructure	Sustainable growth management

The objective of this activity is to provide a range of on and off street parking in the town centres of the district. The enforcement of parking and other restrictions are covered as a separate activity within Regulatory Services.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
<b>Parking Facilities</b>	High	Med	Med	High

This activity provides a large degree of private good, but there is also a minor element of public good. This activity will therefore be funded 100% from user charges.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Parking Facilities</b>	80%	20%	0%	100%	0%	Fees & Charges	-

## Roading

The community outcomes that this activity primarily contributes to:

Activity	Community Outcome		
<b>Roading</b>	 <p>Communities have a good standard of living and wellbeing</p>	 <p>Efficient and effective infrastructure</p>	 <p>Sustainable growth management</p>

The purpose of this activity is to provide a reliable, efficient and safe roading network that is well maintained and developed to meet the changing needs of the district. This covers all the requirements of a 'boundary to boundary' corridor and includes pavement, footpath and bridge maintenance and development. It also includes traffic safety services such as road marking, sign posting, street lighting and accident. It does not include the items covered under the town centre activity.

Activity	Funding Principles			
	Distribution of Benefit (user pays)	Period of Benefit (Intergenerational Equity)	Extent of Action/Inaction (Exacerbator Pays)	Cost/Benefit of Seperate Funding
<b>Roading</b>	Low	Med	High	Med

This activity provides some degree of private good, but there is also a significant element of public good and exacerbator factor. After allowing for any NZTA subsidy and petrol tax (estimated at 45%), this activity will be funded from a Targeted Roding Rate based on capital value and applied on a ward basis to all properties.

Activity	Economic Benefit Assessment			Funding Targets		Funding Mechanism	
	Private	Public	Exacerbator	Private	Public	Private	Public
<b>Roading</b>	50%	20%	30%	45%	55%	NZTA Subsidy / Petrol Tax	Roding CV Rate

## [B] Funding Sources - Capital Expenditure

Funding to pay for new assets will come from a mix of borrowing, development or financial contributions, grants and subsidies, capital revenue, reserves and asset sales. Generally the costs of new assets will not be met from rates; however a portion the costs of servicing loans will be funded from rates.

Funding for new capital works will depend on the nature of the work in particular the reasons (cost drivers) which have made the work necessary. There are three main cost drivers recognised by Council:

- > Growth
- > Level of service shift
- > Renewal

### [A] CAPITAL EXPENDITURE DUE TO GROWTH

The Queenstown Lakes District has experienced significant growth in its resident population, visitors, housing and commercial development and the local economy. This growth generates high levels of subdivision and development activity which places increasing pressure on the assets and services provided by the Council. Significant investment in additional assets and services is therefore required to meet the demands of growth. The Council intends to fund the portion of capital expenditure that is attributable to growth from development contributions wherever it is reasonable to do so.

The Council considers that development contributions are the best mechanism available to ensure the cost of growth (net of any external funding) is funded by those who have created the need for that cost. The Council considers it inappropriate to burden the community as a whole, by way of rating or other payment means, to meet the cost of growth. The Council has adopted a Policy on Development Contributions (DC Policy) as part of the Ten Year Plan since 2004. This is updated on an annual basis.

Types of assets included in the DC Policy are:

- > Network infrastructure for water supplies, wastewater, stormwater and roading.
- > Community infrastructure including the development and acquisition of reserve land to use as reserve and facilities needed on that reserve and other public amenities such as halls, libraries, public toilets, parking facilities and the like.

Section 101(3) of the LGA 2002 requires that the following be considered:

The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of:

- (i) the community outcomes to which the activity primarily contributes.*
- (ii) the distribution of benefits between the community as a whole, any identifiable part of the community and individuals.*
- (iii) the period in or over which those benefits are expected to occur.*
- (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.*
- (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.*
- (vi) the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural wellbeing of the community.*

Responses to these requirements in relation to the Development Contributions and Financial Contributions Policy are:

#### **(i) Community outcomes**

This policy contributes to:

- > Sustainable growth management

- > World class landscapes are protected
- > Appropriate public access
- > Effective and efficient infrastructure
- > Effective and efficient community facilities
- > Quality built environments that meet local needs and respect the local character.

#### **(ii) Distribution of Benefits**

The Council apportions all capital expenditure into the classifications of growth, renewal, level of service and statutory obligations by the geographic areas of benefit. This apportionment represents the distribution of benefit to the community as a whole, to identifiable parts of the community and to individuals.

#### **(iii) Period Over Which the Benefits are Expected to Occur**

Once a Development or Financial contribution has been paid in relation to a subdivision or development, the benefits of the asset, service, or environmental enhancement shall occur indefinitely (at a set level of service for that asset, service, or environmental enhancement as defined at any one time).

#### **(iv) Action or Inaction that Contributes to the Need for this Activity**

The provision of assets, services, or environmental standards that promote the community outcomes may not be willingly provided by the development community. In addition the Council is often the only viable supplier (often legally required to provide services) of these services and therefore the Council has a moral and legal obligation to supply additional assets, services to meet the new community needs.

#### **(v) Costs and Benefits of Funding this Activity (Development and Financial Contributions)**

The benefits to the existing community are significantly greater than the cost of policy making, calculations, collection, accounting and distribution of funding for development and financial contributions.

#### **(iv) Allocation of Liability for Revenue Needs**

The liability for revenue falls directly with the development community. At the effective date of this Policy, the Council does not perceive any impact on the social, economic, environmental and cultural wellbeing of this particular sector of the community. At any stage in the future where there may be impacts of this nature, the Council may revisit this Policy.

Types of assets included in the Development Contribution Policy are:

- > network infrastructure for water supplies, wastewater, stormwater and roading
- > reserve land
- > community infrastructure, including the development and acquisition of reserve land to use as reserve and facilities needed on that reserve and other public amenities such as halls, libraries, public toilets, parking facilities and the like.
- > other assets, financial contributions can be required to avoid remedy or mitigate adverse effects of development that are of a non-fiscal nature. These may include contributions that avoid, remedy or mitigate the effects of development on biodiversity, landscape, amenity values or the provision of specific assets by the developer/subdivider (i.e. access easements in gross). As the development contributions provisions of the LGA 2002 specifically relate to fiscal impacts or effects of growth, financial contributions for non-fiscal impacts of effects of development will need to be assessed through the RMA and District Plan processes. Chapter 15 of the District Plan (not operative) and any subsequent variations shall be considered in this policy.

#### **Funding Sources for Growth Capital Expenditure in Order of Priority:**

- i. Vested assets
- ii. Development or financial contributions
- iii. Capital grants and subsidies attributable to growth portion
- iv. Borrowing

#### **[B] CAPITAL EXPENDITURE DUE TO SHIFTS IN LEVELS OF SERVICE, STATUTORY REQUIREMENTS OR OTHER REASONS BUT NOT INCLUDING GROWTH OR RENEWALS**

The cost driver for a significant portion of capital works within the Queenstown Lakes District relates to increasing of levels of service for the community. Sometimes these improvements to levels of service are required because of changes to legislation or resource consent conditions, which means that there is often little discretion with regard to the decision. An example of this would be the requirement to provide additional water treatment facilities as a result of the introduction of new Water Treatment Standards.

In other cases, the increase in level of service is a community driven decision. An example of this would be the construction of Aquatic Centres. The Council's approach to funding for this type of capital expenditure is to initially apply for grants from national and local funding organisations and to apply the proceeds of land sales from the Commonage in Queenstown or Scurr Heights in Wanaka.

Funding from the Commonage in Queenstown is restricted by statute to be applied for the benefit of the Old Queenstown Borough for the purposes of water and sewerage upgrades. Proceeds from Scurr Heights land in Wanaka is restricted for use to the Wanaka ward and can be applied to variety of infrastructure purposes including water, wastewater, roading or community (recreational) purposes.

#### **Funding Sources for Other Capital Expenditure in Order of Priority:**

- i. Capital grants and subsidies
- ii. Capital revenues and asset sale proceeds
- iii. Capital reserves
- iv. Borrowing
- v. Rates

## **[C] CAPITAL EXPENDITURE DUE TO RENEWALS**

Renewal capital works are those capital expenditure costs that are incurred in restoring an asset to previous service levels, usually reflected in the amount that an asset has depreciated. Therefore by using those depreciation funds the Council is attempting to maintain infrastructural networks to at least their existing service level.

The funding of depreciation is an implied requirement of the 'balanced budget' provision of the new Local Government Act. It requires that the Council fully fund all operating costs, including reductions in the useful life or quality of assets. The requirement arises from Government concern that some local authorities were not adequately maintaining infrastructural assets. In instances where this occurred, current ratepayers were paying too little and leaving a major financial burden for future generations.

Queenstown Lakes District has in recent years provided adequately for asset renewal. A major effort has been made over the past decade to address deferred maintenance and the budgets have provided for the renewal of infrastructure. The Council now has far more reliable asset information and a much better understanding of the life cycle of its assets.

The new Act provides a more flexible approach in the requirement to fully fund depreciation. The revised interpretation has allowed Councils flexibility in four key areas which we have taken advantage of in preparing these budgets:

- i. The Council needs to fund depreciation only on its share of roading funding. The component attributable to Transfund is excluded. Allowing for special purpose road roading arrangements and other subsidisable costs 54% of roading depreciation will be funded.
- ii. Depreciation on community facilities may not need to be funded as they are often funded by non-Council sources and will never be replaced in the same form at the end of their useful life. Depreciation on halls, libraries, and other facilities (including the Events Centre) will therefore not be funded.

- iii. The Council has accepted that it is not reasonable to fund depreciation where a community has funded a water or sewerage scheme, by lump sum contributions or loan charges. That community ends up paying twice, for loan charges and depreciation.
- iv. Because we have generally maintained the value of our infrastructure the Council will use funded depreciation to finance renewal projects and repay loans. It cannot be used to fund new assets or asset improvements.

### **Funding Sources Renewal Capital Expenditure in Order of Priority:**

- i. Depreciation reserves
- ii. Borrowing
- iii. Rates

**FUNDING IMPACT STATEMENT - WHOLE COUNCIL (\$'000)**

ANNUAL PLAN 2017/18	TEN YEAR PLAN										
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
<b>Sources of operating funding</b>											
3,460											
64,310											
27,149											
1,945											
3,822											
9,891											
<b>110,577</b>	<b>129,129</b>	<b>141,581</b>	<b>149,370</b>	<b>163,059</b>	<b>171,040</b>	<b>180,274</b>	<b>189,730</b>	<b>197,515</b>	<b>204,092</b>	<b>211,144</b>	
<b>Applications of operating funding</b>											
88,853											
7,566											
-											
<b>96,419</b>	<b>111,822</b>	<b>121,862</b>	<b>127,208</b>	<b>135,755</b>	<b>143,260</b>	<b>148,968</b>	<b>153,397</b>	<b>156,454</b>	<b>159,603</b>	<b>162,977</b>	
<b>14,158</b>	<b>17,307</b>	<b>19,719</b>	<b>22,162</b>	<b>27,304</b>	<b>27,780</b>	<b>31,306</b>	<b>36,333</b>	<b>41,061</b>	<b>44,489</b>	<b>48,167</b>	
<b>Sources of capital funding</b>											
10,446											
6,616											
-											
29,660											
-											
-											
<b>46,722</b>	<b>97,293</b>	<b>149,699</b>	<b>172,608</b>	<b>84,140</b>	<b>108,154</b>	<b>67,312</b>	<b>4,908</b>	<b>(13,435)</b>	<b>(13,695)</b>	<b>(5,647)</b>	
<b>Applications of capital funding</b>											
27,972											
13,656											
22,488											
(3,236)											
-											
<b>60,880</b>	<b>114,600</b>	<b>169,418</b>	<b>194,770</b>	<b>111,444</b>	<b>135,934</b>	<b>98,618</b>	<b>41,241</b>	<b>27,627</b>	<b>30,793</b>	<b>42,520</b>	
<b>(14,158)</b>	<b>(17,307)</b>	<b>(19,719)</b>	<b>(22,162)</b>	<b>(27,304)</b>	<b>(27,780)</b>	<b>(31,306)</b>	<b>(36,333)</b>	<b>(41,062)</b>	<b>(44,488)</b>	<b>(48,167)</b>	
-											

**RECONCILIATION OF FUNDING IMPACT STATEMENT TO PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE (\$'000)**

ANNUAL PLAN 2017/18	YEAR PLAN										
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
<b>INCOME</b>											
<b>Statement of Financial Performance</b>											
<b>138,388</b>	<b>Total operating income</b>	<b>194,973</b>	<b>212,803</b>	<b>228,541</b>	<b>229,537</b>	<b>249,107</b>	<b>247,435</b>	<b>229,238</b>	<b>234,005</b>	<b>237,469</b>	<b>245,887</b>
<b>Funding Impact Statement</b>											
110,577	Total sources of operating funding	129,129	141,581	149,370	163,059	171,040	180,274	189,730	197,515	204,092	211,144
<i>Plus sources of capital funding:</i>											
10,446	Subsidies & grants for capital expenditure	12,816	32,446	46,977	32,885	49,578	36,631	11,980	6,039	5,619	7,629
6,616	Development & financial contributions	16,239	19,422	19,787	17,651	15,574	14,491	14,546	13,819	14,087	9,748
	- Gross proceeds from sale of assets	24,800	7,153	-	3,316	-	3,316	-	3,316	-	3,316
	- Less cost of property sales	-	-	-	-	-	-	-	-	-	-
<i>Plus non-cash items:</i>											
10,749	Vested assets	10,733	10,917	11,095	11,285	11,483	11,194	11,416	11,645	11,892	12,153
	- Revaluation - non-current assets	1,256	1,284	1,312	1,341	1,432	1,529	1,566	1,670	1,780	1,897
<b>138,388</b>	<b>Total income</b>	<b>194,973</b>	<b>212,803</b>	<b>228,541</b>	<b>229,537</b>	<b>249,107</b>	<b>247,435</b>	<b>229,238</b>	<b>234,005</b>	<b>237,469</b>	<b>245,887</b>
<b>EXPENDITURE</b>											
<b>Statement of Financial Performance</b>											
<b>117,550</b>	<b>Total operating expenditure</b>	<b>136,970</b>	<b>148,536</b>	<b>155,715</b>	<b>168,477</b>	<b>176,996</b>	<b>184,657</b>	<b>192,851</b>	<b>196,317</b>	<b>201,955</b>	<b>206,969</b>
<b>Funding Impact Statement</b>											
96,419	Total applications of operating funding	111,822	121,862	127,208	135,755	143,260	148,968	153,397	156,454	159,603	162,977
<i>Plus non-cash items:</i>											
21,131	Depreciation	25,148	26,674	28,507	32,722	33,736	35,689	39,454	39,863	42,352	43,992
<b>117,550</b>	<b>Total expenditure</b>	<b>136,970</b>	<b>148,536</b>	<b>155,715</b>	<b>168,477</b>	<b>176,996</b>	<b>184,657</b>	<b>192,851</b>	<b>196,317</b>	<b>201,955</b>	<b>206,969</b>

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# RATES

# RATES IMPACT

The proposed rates increase for 2018/19 is sitting at 6.89% (after allowing for growth of 3.5% 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 within the Ten Year Plan.

Operating expenditure (excluding interest and depreciation) is shown to increase over the ten year period by an average of 3.8% (2015: 5.1%) per annum. The forecasts do include a provision for inflation after the first year as well as increases as a result of projected growth within the district. Operating revenue for the same period increases by an average of 2.7% (2015: 3.5%) per annum.

With the significant increase in capital expenditure and debt, forecast rates increases are also higher. The average net annual increase over the ten years (after allowing for growth) is now 3.4% up from 2.8% (2015). Rates are influenced by a number of factors including core recurring operating costs; growth in the district; inflation and the capital programme. The capital expenditure in previous years will affect rates through the impact of depreciation and interest costs.

Rates can also be affected if the community demands or central government requires an improvement in levels of service for a particular activity. Where there is a significant rates impact for a proposal of this nature (i.e. water treatment and Queenstown transportation improvements), the Council will disclose the rating impact as part of the consultation process.

The impact of a 6.89% 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 has balanced the impact of the change in values by adjusting the differentials that apply to some rating categories. This will ensure that the existing allocation of capital value rates to each rate category is largely maintained. The main exception to this is vacant land for whom the existing differentials are maintained (see the section below on the impact of the 2017 Rating Revaluation for more information).

The following tables show the indicative impacts for a range of properties:

**SUMMARY OF INDICATIVE TOTAL RATES MOVEMENTS FOR 2018/19 -  
MEDIAN VALUES**

Property Type	CV	Location	Rates Movement*	
			%	\$
Residential	\$1,090,000	Queenstown	7.08%	\$193
Commercial	\$1,890,000	Queenstown	5.44%	\$322
Accommodation	\$2,081,000	Queenstown	6.71%	\$625
M/U Accommodation	\$1,260,000	Queenstown	3.72%	\$138
Vacant	\$700,000	Queenstown	7.94%	\$157
M/U Commercial	\$1,250,000	Queenstown	9.57%	\$315
Residential	\$845,000	Wanaka	7.09%	\$185
Commercial	\$1,045,000	Wanaka	1.40%	\$68
Accommodation	\$1,100,000	Wanaka	1.92%	\$135
M/U Accommodation	\$900,000	Wanaka	1.98%	\$70
Primary Industry	\$5,050,000	Wanaka	1.48%	\$59
Country Dwelling	\$1,560,000	Wanaka	2.08%	\$45
Vacant	\$550,000	Wanaka	11.85%	\$225
M/U Commercial	\$880,000	Wanaka	3.34%	\$108
Residential	\$890,000	Arrowtown	6.55%	\$167
Commercial	\$1,650,000	Arrowtown	3.40%	\$195
Accommodation	\$1,700,000	Arrowtown	5.82%	\$414
M/U Accommodation	\$900,000	Arrowtown	3.60%	\$116
Vacant	\$720,000	Arrowtown	6.76%	\$134
M/U Commercial	\$900,000	Arrowtown	5.93%	\$177
Primary Industry	\$4,100,000	Wakatipu	7.69%	\$214
Country Dwelling	\$2,050,000	Wakatipu	7.19%	\$154
Residential	\$700,000	Glenorchy	2.38%	\$52
Residential	\$820,000	Lake Hayes	8.30%	\$201
Residential	\$570,000	Hawea	3.55%	\$84
Residential	\$700,000	Luggate	2.96%	\$61
Residential	\$650,000	Kingston	0.86%	\$12
Residential	\$860,000	Arthurs Point	8.96%	\$238

**SUMMARY OF INDICATIVE TOTAL RATES MOVEMENTS FOR 2018/19 -  
LOWER VALUES**

Property Type	CV	Location	Rates Movement*	
			%	\$
Residential	\$750,000	Queenstown	9.47%	\$224
Commercial	\$430,000	Queenstown	7.95%	\$193
Accommodation	\$685,000	Queenstown	-1.82%	-\$73
M/U Accommodation	\$830,000	Queenstown	8.40%	\$249
Vacant	\$345,000	Queenstown	9.34%	\$155
M/U Commercial	\$800,000	Queenstown	10.55%	\$285
Residential	\$730,000	Wanaka	6.88%	\$171
Commercial	\$520,000	Wanaka	3.55%	\$108
Accommodation	\$570,000	Wanaka	-5.24%	-\$218
M/U Accommodation	\$690,000	Wanaka	8.23%	\$244
Primary Industry	\$1,330,000	Wanaka	3.47%	\$63
Country Dwelling	\$1,100,000	Wanaka	7.39%	\$129
Vacant	\$440,000	Wanaka	17.79%	\$302
M/U Commercial	\$600,000	Wanaka	7.19%	\$194
Residential	\$925,000	Arrowtown	5.74%	\$149
Commercial	\$550,000	Arrowtown	3.36%	\$97
Accommodation	\$520,000	Arrowtown	2.14%	\$74
M/U Accommodation	\$760,000	Arrowtown	4.76%	\$142
Vacant	\$390,000	Arrowtown	6.07%	\$104
M/U Commercial	\$775,000	Arrowtown	9.55%	\$260
Primary Industry	\$1,410,000	Wakatipu	8.43%	\$133
Country Dwelling	\$1,015,000	Wakatipu	7.49%	\$112
Residential	\$480,000	Glenorchy	5.14%	\$101
Residential	\$730,000	Lake Hayes	8.83%	\$207
Residential	\$480,000	Hawea	5.74%	\$128
Residential	\$570,000	Luggate	4.74%	\$90
Residential	\$460,000	Kingston	6.99%	\$85
Residential	\$690,000	Arthurs Point	7.02%	\$177

## SUMMARY OF INDICATIVE TOTAL RATES MOVEMENTS FOR 2018/19 - HIGHER VALUES

Property Type	CV	Location	Rates Movement*	
			%	\$
Residential	\$3,650,000	Queenstown	7.79%	\$393
Commercial	\$22,700,000	Queenstown	2.07%	\$1,604
Accommodation	\$57,000,000	Queenstown	8.59%	\$21,159
M/U Accommodation	\$4,250,000	Queenstown	-1.01%	-\$83
Vacant	\$1,010,000	Queenstown	3.06%	\$72
M/U Commercial	\$1,655,000	Queenstown	9.99%	\$378
Residential	\$1,820,000	Wanaka	1.70%	\$65
Commercial	\$10,700,000	Wanaka	-5.42%	-\$2,827
Accommodation	\$16,900,000	Wanaka	-2.71%	-\$2,299
M/U Accommodation	\$3,550,000	Wanaka	0.22%	\$20
Primary Industry	\$21,750,000	Wanaka	-5.68%	-\$818
Country Dwelling	\$3,710,000	Wanaka	-3.65%	-\$148
Vacant	\$1,430,000	Wanaka	10.68%	\$300
M/U Commercial	\$1,150,000	Wanaka	7.63%	\$270
Residential	\$2,230,000	Arrowtown	6.28%	\$239
Commercial	\$4,400,000	Arrowtown	4.61%	\$646
Accommodation	\$3,000,000	Arrowtown	15.79%	\$1,992
M/U Accommodation	\$2,200,000	Arrowtown	-2.30%	-\$125
Vacant	\$980,000	Arrowtown	6.75%	\$149
M/U Commercial	\$1,070,000	Arrowtown	5.21%	\$168
Primary Industry	\$18,300,000	Wakatipu	-1.13%	-\$124
Country Dwelling	\$6,080,000	Wakatipu	5.19%	\$245
Residential	\$920,000	Glenorchy	-0.06%	-\$1
Residential	\$1,150,000	Lake Hayes	6.75%	\$183
Residential	\$870,000	Hawea	-2.98%	-\$84
Residential	\$830,000	Luggate	-1.97%	-\$45
Residential	\$900,000	Kingston	-3.97%	-\$68
Residential	\$1,275,000	Arthurs Point	12.13%	\$364

\* the rates movement incorporates the impact of capital values as at 1 July 2017 and changes in underlying rating factors as per rates and charges for 2018/19

## THE MAIN FEATURES OF THE RATES INCREASES FOR 18/19 ARE:

- > Increase in rates for wastewater - Queenstown \$38 per connection per annum; Wanaka \$60, Luggate \$60 and Arthurs Point \$90;
- > Increase in rates for water supply - Wanaka and Arrowtown \$20 per connection per annum; Lakes Hayes/Shotover Country \$30 per annum;
- > Increase in rates for the sports, halls and libraries charge of \$48 per annum which impacts residential properties only;
- > Increase in rates for Wanaka Pool of \$40 per annum - this is within forecast. This impacts residential in the Wanaka ward;
- > Increase in waste management rates of \$24 for residential properties and \$35 for non residential;
- > Decrease in uniform annual general charge of \$5 per property;
- > Decrease in rates for Alpine Aqualand of \$3 per annum; this impacts residential in the Wakatipu/Arrowtown wards;
- > Change in rates differential factors following the 2017 Rating Revaluation (this was a matter consulted on); and
- > Change in rating policy for Arthurs Point water to the urban 2 tier model (this was a matter consulted on).

## LTP RATING POLICY MATTERS

There are a number of rating policy related matters that we need to highlight as part of the Ten Year Plan:

1. Impact of the 2017 Rating Revaluation.
2. Funding of capital costs for new water or wastewater schemes for small communities.
3. Targeted rates for water supply, extended the current urban approach to Arthurs Point and other smaller schemes.
4. A new targeted rate for cost recovery of Queenstown Town Centre Masterplan (QTCMP).

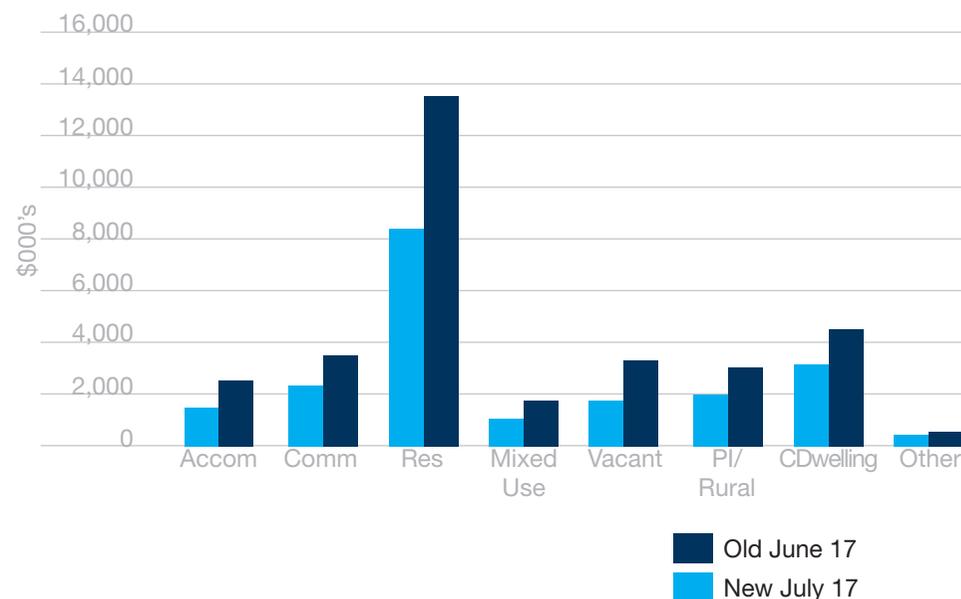
## IMPACT OF THE 2017 RATING REVALUATION

Every three years the rating valuations for the district are updated by Quotable Valuation. The new values, with an effective date of 1 July 17, will be used for rating purposes for 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 main features of the latest revaluation are shown in the table below and graph following.

SECTOR	RATING VALUES		CV MOVE
	(\$000'S)		
	OLD JUNE 17	NEW JULY 17	
Accommodation	1,527,817	2,526,501	65.4%
Commercial	2,318,904	3,443,217	48.5%
Residential	8,317,040	13,546,138	62.9%
Mixed use*	1,095,105	1,769,874	61.6%
Vacant	1,705,342	3,248,999	90.5%
Primary industry /rural	1,986,061	2,997,061	50.9%
Country dwelling	3,100,582	4,463,732	44.0%
Other	463,305	597,291	28.9%
<b>Total</b>	<b>20,514,155</b>	<b>32,592,814</b>	<b>58.9%</b>

\* treated as 25% commercial or accommodation and 75% residential or country dwelling as appropriate

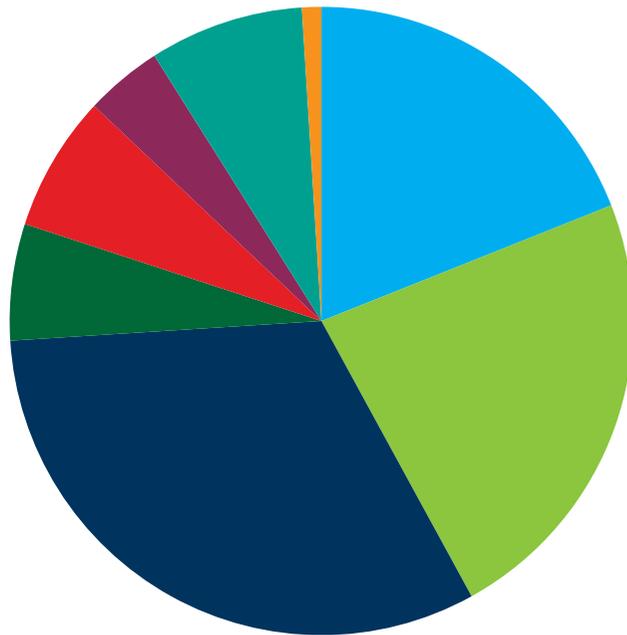
The table shows an overall value movement of around 59% with the predominant group residential increasing by around 63%. Country dwellings show a lesser increase at 44% whilst vacant land shows the highest increase at 90%. In the business sectors, accommodation has increased by 65% with commercial properties showing a lesser increase at 49%.



The bar chart above shows the relative size of the main rating categories and illustrates the movement in value as a result of the revaluation. The impact of the change in rating values for the district needs to be considered from both a macro level as well as at the individual property level.

At a macro level, the Council is concerned that the differing changes in value for the main rating categories will distort the existing system for the allocation of costs across different land uses. An upward change in capital value for a group of properties compared to a lesser change for another group does not mean that the group with the higher values is creating more demand for council services than was the case before.

The pie chart below shows the allocation of capital value rates as per the Annual Plan 2017/18. It reflects the allocation using the current rating values and the existing rating differentials. This reflects the status quo position which the Council is comfortable with as it represents the allocation achieved when the existing differentials were updated in 2012.



- Accom 19%
- Com 23%
- Res 32%
- Mixed Use 6%
- Vacant 7%
- PI/Rural 4%
- CDwelling 8%
- Other 1%

Table A below represents the allocation of capital value rates for the 2018/19 year using the old rating values and existing differentials. This is a hypothetical scenario as we are required to use the new values but is shown here to illustrate the allocation based on the preferred status quo regime.

A) 2018/19 LTP	Old Vals/Old Diffs	
Accommodation	6,581,726	18.3%
Commercial	8,100,882	22.6%
Residential	11,762,929	32.7%
Mixed Use	2,288,126	6.4%
Vacant land	2,344,927	6.5%
Primary industry / rural	1,433,895	4.0%
Country dwelling	3,038,792	8.5%
Other	370,815	1.0%
<b>Total CV Rates</b>	<b>35,922,092</b>	<b>100.0%</b>

Table B following represents the allocation of capital value rates for the 2018/19 year using the new rating values and existing differentials. This is not a preferred outcome as it represents an unjustified change in allocation of rates for several rates categories. The residential share of rates increases by 0.6%; accommodation by 0.5%; vacant by 1.4%, but commercial decreases by 1.4%; country dwellings by 0.8% and primary industry by 0.2%. These changes are driven by the varying changes in value for different rating categories as a result of the recent revaluation. There has been no change to the underlying demand for the Council services and as such the Council is adjusting the existing differentials to largely preserve the pre-existing allocation (i.e. status quo).

B) 2018/19 LTP	New Vals/Old Diffs	
Accommodation	6,765,118	18.8%
Commercial	7,598,664	21.2%
Residential	11,950,702	33.3%
Mixed use	2,336,204	6.5%
Vacant land	2,822,644	7.9%
Primary industry / rural	1,367,499	3.8%
Country dwelling	2,764,279	7.7%
Other	316,983	0.9%
<b>Total CV Rates</b>	<b>35,922,092</b>	<b>100.0%</b>

Table C following represents the allocation of capital value rates for the 2018/19 year using the new rating values and the new differentials. This is the preferred outcome as it largely neutralises the impact of the recent revaluation. This scenario reflects an allocation of capital value rates which is much closer to the status quo (Table A). The main exception to this is the increased proportion for vacant land. The differentials for vacant land remain unchanged and because of the high valuation movement (over 90%), vacant properties pick up an additional 1.2% of rates allocation.

C) 2018/19 LTP	New Vals/New Diffs	
Accommodation	6,590,634	18.3%
Commercial	7,907,529	22.0%
Residential	11,673,322	32.5%
Mixed Use	2,284,076	6.4%
Vacant land	2,774,072	7.7%
Primary industry / rural	1,436,590	4.0%
Country dwelling	2,924,384	8.1%
Other	331,484	0.9%
<b>Total CV Rates</b>	<b>35,922,092</b>	<b>100.0%</b>

The main reasons for this is to preserve the existing policy position that vacant will have the same differential as residential for all capital value rates except roading for which the differential is 1.5. This reflects a cost recovery similar to that of a developed section for the roading network which is deemed available for use as soon as the title is issued. The Council has provided the network to service new subdivisions and it is reasonable to expect new properties to make a significant contribution. The impact of maintaining the higher differential for vacant properties is that the 2018/19 rates increase for this category will be higher than other property types. The Council has considered this and is comfortable with the outcome as the vacant category is a transitory one, and only applies for the period that a section remains undeveloped.

The tables below highlight the detail of the changes to differential levels in order to provide the preferred outcome represented by Table C above. Mixed use properties will also be impacted as the differential for these is calculated by applying 75% residential or country dwelling and 25% commercial or accommodation.

CV Rates Differential Factors	Existing	Proposed	Existing	Proposed	Existing	Proposed
	Gen Rate	Gen Rate	Rec Rate	Rec Rate	Gov Rate	Gov Rate
Residential	1.000	1.000	1.000	1.000	1.000	1.000
Hydro Electric Power/Utilities (50% Comm)	0.405	0.500	0.365	0.500	0.500	0.500
Vacant Sections	1.000	1.000	1.000	1.000	1.000	1.000
Accommodation	1.260	1.200	3.620	3.500	1.000	1.000
Commercial	0.810	1.000	0.730	1.000	1.000	1.000
Primary Industry	1.160	1.200	0.130	0.200	0.710	0.750
Country Dwelling	1.080	1.200	0.380	0.600	1.000	1.000
50% Rateable	0.500	0.500	0.500	0.500	0.500	0.500
Other	1.000	1.000	1.000	1.000	1.000	1.000

CV Rates Differential Factors	Existing	Proposed	Existing	Proposed	Existing	Proposed
	Reg Rate	Reg Rate	Rdg Rates	Rdg Rates	Water Rates	Water Rates
Residential	1.000	1.000	1.000	1.000	1.000	1.000
Hydro Electric Power/Utilities (50% Comm)	0.450	0.525	0.250	0.250		
Vacant Sections	1.000	1.000	1.500	1.500		
Accommodation	1.050	1.050	3.750	3.750	1.800	1.800
CBD Accommodation (Town Centre Zone)	1.050	1.050	3.750	3.750	1.800	1.800
Commercial	0.900	1.050	3.750	3.750	1.460	1.600
CBD Commercial (Town Centre Zone)	0.900	1.050	3.750	3.750	1.460	1.600
Primary Industry	0.650	0.750	0.810	0.810	0.740	0.740
Country Dwelling	0.930	1.000	1.020	1.000	0.820	0.820
50% Rateable	0.500	0.500	0.500	0.500	0.500	0.500
Other	1.000	1.000	1.000	1.000	1.000	1.000

## FUNDING OF CAPITAL COSTS FOR NEW WATER OR WASTEWATER SCHEMES FOR SMALL COMMUNITIES

This relates to the Council's approach to the recovery of the capital cost of providing reticulated water or wastewater services to small communities. The Council's current practice is that the full per property cost is recovered from the ratepayer in the following ways:

1. Developed property – choice of lump sum payment or deferred payment spread over defined period (i.e. 15 years). The deferred payment includes an interest component and is recovered as a targeted rate. This approach was used for the most recent schemes in Lake Hayes, Arthurs Point and Luggate.
2. Vacant properties – the Council has the option to require a payment as per 1. or to defer payment until development occurs at which time a development contribution (DC) can be sought. The amount of the DC should equate to the original lump sum (adjusted for interest).

The rationale for this approach is that the cost of servicing for water or wastewater represents a private benefit to the ratepayer. The value of the property in question is enhanced by the availability of the new infrastructure and it is not appropriate for the community at large to subsidise it.

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. There is no general subsidy provided or expected for this.

The Council 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 the Council.

The case for providing a subsidy must rest on the assumption that there is some wider general benefit to the provision of small scheme infrastructure. It could be argued that reticulated wastewater services provide some element of environmental protection to groundwater and/or waterways. This may be the case but it is difficult to quantify this benefit against the private benefit.

At best, it is assumed that this general benefit is unlikely to be greater than 10 to 20%. If the case for a subsidy is more about affordability, then there are some issues of equity which must be addressed. The Council does not subsidise DC's in any way and this approach recognises that growth related costs must be seen to be recovered. It is therefore important to be clear that any general subsidy applied is offset against the cost driver related to change in level of service rather than growth.

If a general subsidy of say 20% were to be promoted based on environmental protection, it is not clear how this could be argued for water supply. However, if it did apply to wastewater and water services, 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
20% general subsidy	\$2.7m
Annual subsidy cost to ratepayers	\$176k (\$2.7m loan @ 5% for 30 years)

(Equates to approximately 0.4% rates increase)

New schemes for small communities	Wastewater \$000's	Water \$000's	Total \$000's
Kingston (existing township only)	\$3,770	\$1,309	\$5,079
Luggate	\$3,901	\$0	\$3,901
Cardrona	\$3,355	\$1,136	\$4,491
<b>Total</b>	<b>\$11,026</b>	<b>\$2,445</b>	<b>\$13,471</b>

The Council is introducing a general subsidy of up to 20% funded by the district-wide general rate for new reticulated water or wastewater schemes for small communities. Small communities are defined as existing townships without either reticulated water or wastewater services.

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

There are currently two broad approaches to the rating of water supply. For the main urban areas of Queenstown, Wanaka and 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 reasoning for this approach is based on the charging regime used by most electricity supply companies. The fixed targeted rate which everyone pays, represents the “lines charge” which covers the cost of providing the network, whilst the capital value based rate which varies according to the value (size) and type of property represents a surrogate for actual usage.

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 (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 (i.e. Lake Hayes/Shotover Country low density residential) but is less desirable where there is a mix of property types and therefore assumed water usage. The Council’s position is that the two-tier charging regime will be progressively applied to other areas as they develop.

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

The impact of the existing charging regime is illustrated below (as it applies to Queenstown):

Property Type	CV	2 Tier Charge	Fixed Charge
Residential (low)	422k	\$371	\$520
Residential (med)	670k	\$436	\$520
Residential (high)	2,245k	\$852	\$520
Accommodation (low)	462k	\$479	\$520
Accommodation (med)	1,227k	\$843	\$520
Accommodation (high)	42,565k	\$20,464	\$520

The two tier column represents the water rates charged under the current system as opposed to a fixed charge regime. As expected the smaller properties pay less and the larger ones pay more. The difference is particularly evident with the larger hotels and this approach is consistent with our objective of protecting the residential rates from visitor related costs.

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 \$000's	Proposed 2 Tier Charge	Existing Fixed Charge
Residential (low CV)	432k	\$475	\$600
Residential (med CV)	543k	\$520	\$600
Residential (high CV)	831k	\$637	\$600

Property Type	CV \$000's	Proposed 2 Tier Charge	Existing Fixed Charge
Accommodation (low CV)	463k	\$637	\$600
Accommodation (med CV)	2,200k	\$1,904	\$600
Accommodation (high CV)	6,500k	\$5,038	\$600

Property Type	CV \$000's	Proposed 2 Tier Charge	Existing Fixed Charge
Mixed Use (low CV)	476k	\$531	\$600
Mixed Use (med CV)	806k	\$692	\$600
Mixed Use (high CV)	N/A	-	-

The result, 80% of residential properties would pay less for water supply; with the balance paying more. A property with a capital value of \$740k will pay around \$600 under the new proposal; this increases by \$50 per \$125k increase in capital value.

The impact for non-residential properties is that most will pay more. The medium value accommodation property with a capital 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 benefited significantly from the current fixed charge regime and that the residential properties have effectively provided a sizeable subsidy.

In terms of implementation, the two tier charge system will be applied to the Arthurs Point Scheme from 1 July 2018. This same approach will be implemented in the Glenorchy, Hawea and Luggate schemes a year later from 1 July 2019.

## TARGETED RATE FOR COST RECOVERY OF QUEENSTOWN TOWN CENTRE MASTERPLAN (QTCMP)

The Ten Year Plan contains significant levels of expenditure coming out of the QTCMP:

QTCMP Category	Ten Year Total \$000's	Assumed NZTA Funded %	QLDC Funded \$000's
Parking buildings	\$47,995	0%	\$47,995
Public transport improvements stage two - hubs	\$25,451	51%	\$12,471
Public realm upgrades	\$6,223	0%	\$6,223
Queenstown town centre pedestrianisation	\$49,479	41%	\$29,193
Queenstown workplace travel plans	\$516	51%	\$253
New town centre arterials	\$148,803	80%	\$29,761
Town Centre Masterplan	\$408	51%	\$200
Travel management	\$8,286	30%	\$5,800
Wakatipu active travel network	\$26,002	51%	\$12,741
Water taxi / ferry infrastructure	\$6,113	51%	\$2,995
Community heart business case	\$10,926	0%	\$10,926
<b>Total</b>	<b>\$330,202</b>		<b>\$158,558</b>

The total cost is \$330.2m with the assumed local (QLDC) share at \$158.6m. It is important that we clarify in the Ten Year Plan how we intend to fund this expenditure from a rating perspective. It is important to emphasize that any rating impact will not occur until the completion of stage one of the arterials project (Melbourne/Henry St). This is programmed for 2021/22 (Year four of the Ten Year Plan).

It is possible that the funding assumptions we have applied to this expenditure will change in the short term. The local share could be significantly impacted if the assumed subsidy from NZTA is confirmed at a higher or lower rate. Any additional capital contribution from central government could also reduce the local share for the tourist related elements of the programme.

To construct an equitable and efficient rating proposal for the recovery of costs associated with the QTCMP programme requires some analysis of the capital cost to determine who benefits from the expenditure and to apply a suitable cost recovery approach.

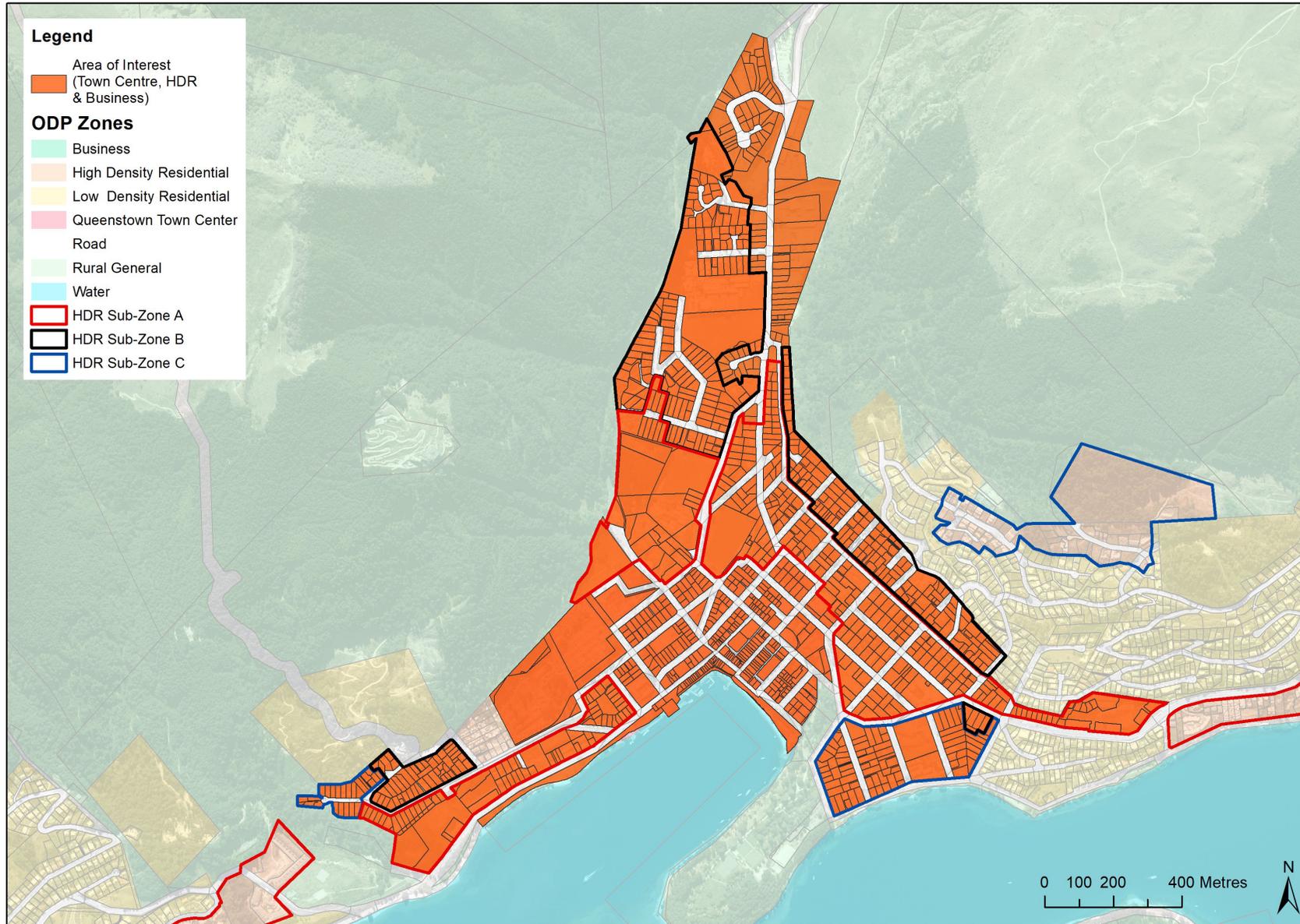
For some elements, this is relatively straight forward; for parking facilities for example we would expect that 100% of the cost recovery to come from users through parking charges. This may be delivered by the Council or a private operator.

For the balance of the expenditure, we are looking at rates as the recovery mechanism. The main issue to address here is how to determine and apportion the relative benefits provided by the infrastructure investment. The following objectives were used to assess the various options:

- > those that benefit share the cost (value capture) 40%;
- > on a fair and equitable basis 40%;
- > administratively efficient 10%; and
- > the Town Centre Masterplan objectives (vision) 10%.

It is clear that much of this investment benefits both the local businesses in and around the town centre but also the wider Wakatipu community. The primary area of benefit for the QTCMP programme has been investigated and the area on the following map denotes this. The area includes primarily the town centre zone and surrounding high density zone.

All properties within this area will be subject to the new targeted transport improvements rate. The proportion of costs allocated to this area will be determined by the relative benefit assessed as accruing to the area of benefit versus the balance of the ward.



The 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.

For most of the categories of work, the benefit assessment has resulted in a 50/50 split of benefit. The pedestrianisation category, however, shows a 94% local benefit to the greater town centre area with 6% applying to the wider ward. Overall, the assessment denotes around 66% of the benefits accruing to the wider town centre area (see table below).

Rating Impact Property Type	Total Capex \$000's	Rates Funded \$000's	Town Centre %	Benefit Allocation		
				Balance of Ward %	Town Centre \$000's	Balance of Ward \$000's
Public transport improvements	\$25,451	\$10,600	50%	50%	\$5,300	\$5,300
Town centre pedestrianisation	\$49,479	\$21,019	94%	6%	\$19,758	\$1,262
Travel management	\$8,286	\$4,060	50%	50%	\$2,030	\$2,030
Wakatipu active travel network	\$23,543	\$8,652	50%	50%	\$4,326	\$4,326
Water taxi / ferry infrastructure	\$6,113	\$2,546	50%	50%	\$1,273	\$1,273
Town centre arterials	\$148,803	\$13,392	50%	50%	\$6,696	\$6,696
<b>Total</b>	<b>\$261,675</b>	<b>\$60,269</b>			<b>\$39,383</b>	<b>\$20,887</b>
					<b>65%</b>	<b>35%</b>

### New Transport Improvements Rate

The new rate recovers 65% of the cost of the QTCMP programme from the wider town centre area. The rate will be based on capital value and will use the existing Wakatipu roading rate differentials. The balance of the recovery (35% for the wider benefits) will be recovered from properties outside the wider town centre area, but within the Wakatipu/Arrowtown wards.

The rating impact of recovering the annualised cost of the QTCMP programme in this way follows. The amount recovered assumes a 30 year repayment period with 5% interest and amounts to \$3.92m per annum.

**SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS  
MEDIUM VALUES**

Property Type	CV	Location	Rates Movement	
			%	\$
Residential	\$670,176	Town centre	8.51%	\$232
Residential	\$670,176	Ward	1.96%	\$54
Commercial	\$1,230,333	Town centre	26.96%	\$1,597
Commercial	\$1,230,333	Ward	6.22%	\$368
Accommodation	\$1,227,414	Town centre	17.10%	\$1,593
Accommodation	\$1,227,414	Ward	3.94%	\$368
Mixed use accommodation	\$806,305	Town centre	12.73%	\$471
Mixed use accommodation	\$806,305	Ward	2.94%	\$109
Primary industry	\$2,781,412	Ward	6.50%	\$181
Country dwelling	\$1,428,348	Ward	5.43%	\$116
Vacant	\$418,860	Town centre	10.99%	\$217
Vacant	\$418,860	Ward	2.54%	\$50
Mixed use commercial	\$806,305	Town centre	13.77%	\$471
Mixed use commercial	\$806,305	Ward	3.18%	\$109

**SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS  
LOW VALUES**

Property Type	CV	Location	Rates Movement	
			%	\$
Residential	\$422,255	Town centre	6.19%	\$146
Residential	\$422,255	Ward	1.43%	\$34
Commercial	\$273,910	Town centre	14.65%	\$356
Commercial	\$273,910	Ward	3.38%	\$82
Accommodation	\$462,440	Town centre	15.03%	\$600
Accommodation	\$462,440	Ward	3.47%	\$138
Mixed use accommodation	\$475,705	Town centre	9.39%	\$278
Mixed use accommodation	\$475,705	Ward	2.17%	\$64
Primary industry	\$1,000,320	Ward	4.13%	\$65
Country dwelling	\$734,019	Ward	4.00%	\$60
Vacant	\$187,075	Town centre	5.86%	\$97
Vacant	\$187,075	Ward	1.35%	\$22
Mixed use commercial	\$448,980	Town centre	9.74%	\$262
Mixed use commercial	\$448,980	Ward	2.25%	\$60

**SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS  
HIGH VALUES**

Property Type	CV	Location	Rates Movement	
			%	\$
Residential	\$2,244,900	Town centre	15.42%	\$777
Residential	\$2,244,900	Ward	3.56%	\$179
Commercial	\$21,860,125	Town centre	30.34%	\$28,377
Commercial	\$21,860,125	Ward	7.00%	\$6,546
Accommodation	\$42,565,500	Town centre	19.08%	\$55,255
Accommodation	\$42,565,500	Ward	4.40%	\$12,745
Mixed use accommodation	\$2,859,575	Town centre	20.11%	\$1,670
Mixed use accommodation	\$2,859,575	Ward	4.64%	\$385
Primary industry	\$7,294,000	Ward	8.12%	\$474
Country dwelling	\$4,209,060	Ward	7.24%	\$343
Vacant	\$684,160	Town centre	15.13%	\$355
Vacant	\$684,160	Ward	3.49%	\$82
Mixed use commercial	\$983,480	Town centre	15.19%	\$575
Mixed use commercial	\$983,480	Ward	3.50%	\$133

The increases for properties within the wider town centre area are significant in some instances depending on the capital value. Residential shows 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 of between 1.4% and 3.6%; commercial from 3.4% to 7.0% and accommodation from 3.5% to 4.4%.

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# RATES AND CHARGES FOR 2018/2019

The rating system used by the Council is based on capital value. Property valuations produced by Quotable Value as at 1 July 2017 are to be used for the 2018/19 rating year. All proposed rates in the section that follow are inclusive of GST.

## Uniform Annual General Charge

Pursuant to section 15 of the Local Government (Rating) Act 2002 (the Act), the Council proposes to set a uniform annual general charge of \$75.00 on each separately used or inhabited part of every rating unit in the district.

The uniform annual general charge revenue (\$1,927,665) will be used to fund the costs associated with the following activities:

- > cemeteries.
- > community development and grants.
- > property, including housing and Wanaka airport.
- > a general contribution to the promotion of the district.

## Sports, Halls and Libraries Annual Charge

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted annual charge of \$375.00 on each separately used or inhabited part of every rating unit with a residential component in the district:

1. Residential	\$375.00
2. Residence plus Flat	\$525.00
3. Hydro Electric/Utilities	\$0.00
4. Vacant Sections	\$375.00
5. Accommodation	\$0.00
6. CBD Accommodation	\$0.00
7. Commercial	\$0.00
8. CBD Commercial	\$0.00
9. Primary Industry	\$375.00
10. Country Dwelling	\$375.00
11. Country Dwelling plus Flat	\$525.00
12. Other	\$0.00
13. Mixed Use Apportioned	\$375.00

The targeted Sports, Halls & Libraries Annual charge revenue (\$8,242,795) will be used to fund the costs associated with the following activities:

- > Community grants (for recreational activities).
- > District library services.
- > Public halls and other community facilities.
- > Active recreation facilities including sportsfields and community swimming pools (excludes Alpine Aqualand and Wanaka Aquatic Centre).

## Governance Rate

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted differential governance rate based on land use on the rateable capital value of all property within the Queenstown Lakes District as follows:

1. Residential	0.000109 cents in the \$
2. Residence plus Flat	0.000109 cents in the \$
3. Hydro Electric/Utilities	0.000055 cents in the \$
4. Vacant Sections	0.000109 cents in the \$
5. Accommodation	0.000109 cents in the \$
6. CBD Accommodation	0.000109 cents in the \$
7. Commercial	0.000109 cents in the \$
8. CBD Commercial	0.000109 cents in the \$
9. Primary Industry	0.000082 cents in the \$
10. Country Dwelling	0.000109 cents in the \$
11. Country Dwelling plus Flat	0.000109 cents in the \$
12. Other	0.000109 cents in the \$
13. Mixed use apportioned, see note (i)	

Note (i): The mixed use apportioned properties will be treated as 25% commercial or accommodation and 75% residential or country dwelling as appropriate.

The governance rate revenue (\$3,435,605) will be used to fund 80% of the costs associated with the following activities:

- > Cost of democratic functions including the Council and standing committees
- > Cost of communications and management of the Council including corporate, financial and rating administration services.

## Regulatory Rate

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted differential regulatory rate based on land use on the rateable capital value of all property within the Queenstown Lakes District as follows:

1. Residential	0.000182 cents in the \$
2. Residence plus Flat	0.000182 cents in the \$
3. Hydro Electric/Utilities	0.000096 cents in the \$
4. Vacant Sections	0.000182 cents in the \$
5. Accommodation	0.000191 cents in the \$
6. CBD Accommodation	0.000191 cents in the \$
7. Commercial	0.000191 cents in the \$
8. CBD Commercial	0.000191 cents in the \$
9. Primary Industry	0.000137 cents in the \$
10. Country Dwelling	0.000182 cents in the \$
11. Country Dwelling plus Flat	0.000182 cents in the \$
12. Other	0.000182 cents in the \$
13. Mixed use apportioned, see note (i)	

Note (i): The mixed use apportioned properties will be treated as 25% commercial or accommodation and 75% residential or country dwelling as appropriate.

The regulatory rate revenue (\$5,793,926) will be used to fund 80% of the costs associated with the following activities:

- > Regulatory and advisory services relating to planning and resource management, the district plan, building control, dog control and health and liquor licensing.

## Governance and Regulatory Charge

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted Governance & Regulatory Charge on each separately used or inhabited part of every rating unit in the district as follows:

1. Residential	\$78.00
2. Residence plus Flat	\$109.00
3. Hydro Electric/Utilities	\$144.00
4. Vacant Sections	\$78.00
5. Accommodation	\$103.00
6. CBD Accommodation	\$103.00
7. Commercial	\$144.00
8. CBD Commercial	\$144.00
9. Primary Industry	\$174.00
10. Country Dwelling	\$78.00
11. Country Dwelling plus Flat	\$78.00
12. Other	\$78.00
13. Mixed use apportioned, see note (i)	

Note (i): The mixed use apportioned properties will be treated as 25% commercial or accommodation and 75% residential or country dwelling as appropriate.

The governance and regulatory charge revenue (\$2,307,383) will be used to fund 20% of the costs associated with the following activities:

- > Cost of democratic functions including the Council and standing committees
- > Cost of communications and management of Council including corporate, financial and rating administration services.
- > Regulatory and advisory services relating to planning and resource management, the district plan, building control, dog control and health and liquor licensing.

## Recreation and Events Rate

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted differential recreation and events rate based on land use on the rateable capital value of all property within the Queenstown Lakes District as follows:

1. Residential	0.000155 cents in the \$
2. Residence plus Flat	0.000155 cents in the \$
3. Hydro Electric/Utilities	0.000078 cents in the \$
4. Vacant Sections	0.000155 cents in the \$
5. Accommodation	0.000543 cents in the \$
6. CBD Accommodation	0.000543 cents in the \$
7. Commercial	0.000155 cents in the \$
8. CBD Commercial	0.000155 cents in the \$
9. Primary Industry	0.000031 cents in the \$
10. Country Dwelling	0.000093 cents in the \$
11. Country Dwelling plus Flat	0.000093 cents in the \$
12. Other	0.000155 cents in the \$
11. Mixed use apportioned, see note (i)	

Note (i): The mixed use apportioned properties will be treated as 25% commercial or accommodation and 75% residential or country dwelling as appropriate.

The recreation and events rate revenue (\$5,520,150) will be used to fund 50% of the costs associated with the following activities:

- > Passive recreation areas, gardens, walkways and reserves.
- > The provision of public toilets.
- > Provision and facilitation of events.
- > Contribution to the operating shortfall of Alpine Aqualand attributable to non-residents.

## Recreation and Events Charge

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a new targeted Recreation & Events Charge on each separately used or inhabited part of every rating unit in the district as follows:

1. Residential	\$159.00
2. Residence plus Flat	\$223.00
3. Hydro Electric/Utilities	\$245.00
4. Vacant Sections	\$159.00
5. Accommodation	\$719.00
6. CBD Accommodation	\$719.00
7. Commercial	\$245.00
8. CBD Commercial	\$245.00
9. Primary Industry	\$104.00
10. Country Dwelling	\$104.00
11. Country Dwelling plus Flat	\$146.00
12. Other	\$159.00
13. Mixed use apportioned, see note (i)	

Note (i): The mixed use apportioned properties will be treated as 25% commercial or accommodation and 75% residential or country dwelling as appropriate.

The recreation and events charge revenue (\$5,520,150) will be used to fund 50% of the costs associated with the following activities:

- > Passive recreation areas, gardens, walkways and reserves.
- > The provision on public toilets.
- > Provision and facilitation events.
- > Contribution to the operating shortfall of Alpine Aqualand attributable to non-residents

## General Rate

Pursuant to Sections 13 and 14 of the Act, the Council proposes to set a differential general rate based on land use on the rateable capital value of all property within the Queenstown Lakes District as follows:

- |   |                          |
|---|--------------------------|
| 1. Residential                          | 0.000035 cents in the \$ |
| 2. Residence plus Flat                  | 0.000035 cents in the \$ |
| 3. Hydro Electric/Utilities             | 0.000018 cents in the \$ |
| 4. Vacant Sections                      | 0.000035 cents in the \$ |
| 5. Accommodation                        | 0.000042 cents in the \$ |
| 6. CBD Accommodation                    | 0.000042 cents in the \$ |
| 7. Commercial                           | 0.000035 cents in the \$ |
| 8. CBD Commercial                       | 0.000035 cents in the \$ |
| 9. Primary Industry                     | 0.000042 cents in the \$ |
| 10. Country Dwelling                    | 0.000042 cents in the \$ |
| 11. Country Dwelling plus Flat          | 0.000042 cents in the \$ |
| 12. Other                               | 0.000035 cents in the \$ |
| 13. Mixed use apportioned, see note (i) |                          |

Note (i): The mixed use apportioned properties will be treated as 25% commercial or accommodation and 75% residential or country dwelling as appropriate.

The general rate revenue (\$1,203,206) will be used to fund the costs associated with the following activities:

- > Provision of emergency services (civil defense and rural fire).
- > Waste management, including landfill establishment.
- > Forestry, including wilding pine control

## Roading Rate (Wanaka Ward)

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted differential roading rate based on land use on the rateable capital value of all property within the Wanaka ward on the Queenstown Lakes District as follows:

- |   |                          |
|---|--------------------------|
| 1. Residential                          | 0.000349 cents in the \$ |
| 2. Residence plus Flat                  | 0.000349 cents in the \$ |
| 3. Hydro Electric/Utilities             | 0.000087 cents in the \$ |
| 4. Vacant Sections                      | 0.000524 cents in the \$ |
| 5. Accommodation                        | 0.001309 cents in the \$ |
| 6. CBD Accommodation                    | 0.001309 cents in the \$ |
| 7. Commercial                           | 0.001309 cents in the \$ |
| 8. CBD Commercial                       | 0.001309 cents in the \$ |
| 9. Primary Industry                     | 0.000283 cents in the \$ |
| 10. Country Dwelling                    | 0.000349 cents in the \$ |
| 11. Country Dwelling plus Flat          | 0.000349 cents in the \$ |
| 12. Other                               | 0.000349 cents in the \$ |
| 13. Mixed use apportioned, see note (i) |                          |

Note (i): the mixed use apportioned properties will be treated as 25% commercial or accommodation and 75% residential or country dwelling as appropriate.

The Wanaka roading rate revenue (\$4,599,524) will be used to fund the costs associated with the following activities:

- > Wanaka wards roading network, which includes footpaths and other amenities within the road reserve.
- > The development of town centre areas.
- > The maintenance and upgrading of roading drainage systems.

## Roading Rate (Queenstown/Wakatipu and Arrowtown Wards)

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted differential roading rate based on land use on the rateable capital value of all property within the Queenstown/Wakatipu and Arrowtown wards of the Queenstown Lakes District as follows:

1. Residential	0.000233 cents in the \$
2. Residence plus Flat	0.000233 cents in the \$
3. Hydro Electric/Utilities	0.000058 cents in the \$
4. Vacant Sections	0.000350 cents in the \$
5. Accommodation	0.000874 cents in the \$
6. CBD Accommodation	0.000874 cents in the \$
7. Commercial	0.000874 cents in the \$
8. CBD Commercial	0.000874 cents in the \$
9. Primary Industry	0.000189 cents in the \$
10. Country Dwelling	0.000233 cents in the \$
11. Country Dwelling plus Flat	0.000233 cents in the \$
12. Other	0.000233 cents in the \$
13. Mixed use apportioned, see note (i)	

Note (i): the mixed use apportioned properties will be treated as 25% commercial or accommodation and 75% residential or country dwelling as appropriate.

The Wakatipu/Arrowtown roading rate revenue (\$8,780,295) will be used to fund the costs associated with the following activities:

- > Wakatipu/Arrowtown ward's roading network, which includes footpaths and other amenities within the road reserve.
- > The development of town centre areas.
- > The maintenance and upgrading of roading drainage systems.

## Stormwater Rate (Wanaka Ward)

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted stormwater rate based on land use of the rateable capital value of the following categories of property within the Wanaka ward of the Queenstown Lakes District as follows:

1. Residential	0.000121 cents in the \$
2. Residence plus Flat	0.000121 cents in the \$
3. Hydro Electric/Utilities	0.000030 cents in the \$
4. Vacant Sections	0.000121 cents in the \$
5. Accommodation	0.000121 cents in the \$
6. CBD Accommodation	0.000121 cents in the \$
7. Commercial	0.000121 cents in the \$
8. CBD Commercial	0.000121 cents in the \$
9. Other	0.000121 cents in the \$
10. Mixed use apportioned, see note (i)	

Note (i): the mixed use apportioned properties will be treated as 25% commercial or accommodation and 75% residential as appropriate.

The Wanaka stormwater rate revenue (\$843,578) will be used to fund the costs associated with the following activities:

- > The maintenance and upgrading of stormwater reticulation systems.

## Stormwater Rate (Queenstown/Wakatipu and Arrowtown Wards)

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted stormwater rate based on land use of the rateable capital value of the following categories of property within the Queenstown/Wakatipu and Arrowtown wards of the Queenstown Lakes District as follows:

1. Residential (ii)	0.000084 cents in the \$
2. Residence plus Flat plus Flat (ii)	0.000084 cents in the \$
3. Hydro Electric/Utilities	0.000021 cents in the \$
4. Vacant Sections (ii)	0.000084 cents in the \$
5. Accommodation	0.000084 cents in the \$
6. CBD Accommodation	0.000084 cents in the \$
7. Commercial	0.000084 cents in the \$
8. CBD Commercial	0.000084 cents in the \$
9. Other	0.000084 cents in the \$
10. Mixed use apportioned, see note (i)	

Note (i): The mixed use apportioned properties will be treated as 25% commercial or accommodation and 75% residential as appropriate.

Note (ii): Excludes property within the Jacks Point Special Zone.

The Wakatipu/Arrowtown stormwater rate revenue (\$1,447,777) will be used to fund the costs associated with the following activities:

- > The maintenance and upgrading of stormwater reticulation systems.

## Tourism Promotion Rate (Wanaka Ward)

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted tourism promotion rate based on land use on the rateable capital value of the following categories of property within the Wanaka ward of the Queenstown Lakes District as follows:

1. Accommodation	0.001075 cents in the \$
2. CBD accommodation	0.001075 cents in the \$
3. Commercial	0.001075 cents in the \$
4. CBD commercial	0.001075 cents in the \$
5. Hydro electric / utilities	0.000269 cents in the \$
6. Mixed use apportioned, see note (i)	

Note (i): the mixed use apportioned properties will be treated as 25% commercial or accommodation and 75% residential or country dwelling as appropriate.

The Wanaka tourism promotion rate revenue (\$1,184,335) will be used to fund the costs associated with the following activities:

- > To finance promotional activities of Lake Wanaka Tourism.

## Tourism Promotion Rate (Queenstown/Wakatipu Wards)

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted tourism promotion rate based on land use on the rateable capital value of the following categories of property within the Queenstown/Wakatipu Wards of the Queenstown Lakes District as follows:

1. Accommodation 0.000742 cents in the \$
2. CBD accommodation 0.000742 cents in the \$
3. Commercial 0.000742 cents in the \$
4. CBD commercial 0.000742 cents in the \$
5. Hydro electric / utilities 0.000186 cents in the \$
6. Mixed use apportioned, see note (i)

Note (i): the mixed use apportioned properties will be treated as 25% commercial or accommodation and 75% residential as appropriate.

The Wakatipu tourism promotion rate revenue (\$3,943,129) will be used to fund the costs associated with the following activities:

- > To finance promotional activities of Destination Queenstown.

## Tourism Promotion Rate (Arrowtown Ward)

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted tourism promotion rate based on land use on the rateable capital value of the following categories of property within the Arrowtown ward of the Queenstown Lakes District as follows:

1. Accommodation 0.000911 cents in the \$
2. CBD accommodation 0.000911 cents in the \$
3. Commercial 0.000911 cents in the \$
4. CBD commercial 0.000911 cents in the \$
5. Hydro electric / utilities 0.000228 cents in the \$
6. Mixed use apportioned, see note (i)

Note (i): the mixed use apportioned properties will be treated as 25% commercial or accommodation and 75% residential as appropriate.

The Arrowtown tourism promotion rate revenue (\$140,930) will be used to fund the costs associated with financing the following activities:

- > To finance promotional activities of the Arrowtown Promotion Association.

## Waste Management Charges

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted waste management charge on each separately used or inhabited part of every rating unit in the district, as follows:

1. Residential	\$153.00
2. Residence plus Flat	\$214.00
3. Hydro Electric/Utilities	\$128.00
4. Vacant Sections	\$128.00
5. Accommodation	\$128.00
6. CBD Accommodation	\$128.00
7. Commercial	\$128.00
8. CBD Commercial	\$128.00
9. Primary Industry	\$153.00
10. Country Dwelling	\$153.00
11. Country Dwelling plus Flat	\$214.00
12. Other	\$128.00
13. Mixed Use Apportioned	\$153.00

The Waste Management Charge revenue (\$3,743,145) will be used to fund the costs associated with the following activities:

- > To fund the operating deficit of the transfer stations and the recycling initiatives proposed in the Waste Management and Minimisation Strategy.

## Aquatic Centre Charge (Queenstown/Wakatipu and Arrowtown Wards)

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted Aquatic Centre charge of \$94.00 on each separately used or inhabited part of every rating unit with a residential component in the Queenstown / Wakatipu and Arrowtown Wards:

1. Residential	\$97.00
2. Residence plus Flat	\$136.00
3. Hydro Electric/Utilities	\$0.00
4. Vacant Sections	\$97.00
5. Accommodation	\$0.00
6. CBD Accommodation	\$0.00
7. Commercial	\$0.00
8. CBD Commercial	\$0.00
9. Primary Industry	\$97.00
10. Country Dwelling	\$97.00
11. Country Dwelling plus Flat	\$136.00
12. Other	\$0.00
13. Utilities	\$0.00
14. Mixed Use Apportioned	\$97.00

The Aquatic Centre Charge revenue (\$1,312,213) will be used to fund the costs associated with the following activities:

- > To fund the operating shortfall of Alpine Aqualand attributable to residents.

## Aquatic Centre Charge (Wanaka Ward)

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted Aquatic Centre charge on each separately used or inhabited part of every rating unit with a residential component in the Queenstown / Wakatipu and Arrowtown Wards:

1. Residential	\$180.00
2. Residence plus Flat	\$252.00
3. Hydro Electric/Utilities	\$0.00
4. Vacant Sections	\$180.00
5. Accommodation	\$0.00
6. CBD Accommodation	\$0.00
7. Commercial	\$0.00
8. CBD Commercial	\$0.00
9. Primary Industry	\$180.00
10. Country Dwelling	\$180.00
11. Country Dwelling	\$252.00
12. Other	\$0.00
13. Utilities	\$0.00
14. Mixed Use Apportioned	\$180.00

The Aquatic Centre Charge revenue (\$1,508,136) will be used to fund the costs associated with the following activities:

- > To fund the operating shortfall of Wanaka Aquatic Centre attributable to residents.

## Water Supply Rates

### I. QUEENSTOWN AND DISTRICT WATER SUPPLY, ARROWTOWN WATER SUPPLY, WANAKA WATER SUPPLY AND ARTHURS POINT WATER SUPPLY

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted rate for water supply on each separately used or inhabited part of every connected or serviceable rating unit within the respective water supply areas as follows:

Queenstown and District water supply:	\$260.00
Arrowtown water supply:	\$200.00
Wanaka and District water supply:	\$200.00
Arthurs Point water supply:	\$350.00

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted differential water supply rate based on land use on the rateable capital value of all rating units connected in the following water supply areas.

	Queenstown (cents in the \$)	Arrowtown (cents in the \$)	Wanaka (cents in the \$)	Arthurs Point (cents in the \$)
1. Residential	0.000161	0.000170	0.000157	0.000301
2. Residential plus Flat	0.000161	0.000170	0.000157	0.000301
3. Accommodation	0.000290	0.000306	0.000283	0.000542
4. CBD Accommodation	0.000290	0.000306	0.000283	0.000542
5. Commercial	0.000258	0.000272	0.000251	0.000482
6. CBD Commercial	0.000258	0.000272	0.000251	0.000482
7. Primary Industry	0.000119	0.000126	0.000116	0.000223
8. Country Dwelling	0.000132	0.000139	0.000129	0.000247
9. Other	0.000161	0.000170	0.000157	0.000301
10. Mixed Use Apportioned	See note (i)	See note (i)	See note (i)	See note (i)

Note (i): the mixed use apportioned properties will be treated as 25% commercial or accommodation and 75% residential or country dwelling as appropriate.

Note (ii): those properties comprising a residence plus flat will be charged the targeted rate at a factor of 1.5.

## II. OTHER WATER SUPPLIES

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted rate for water supply on each separately used or inhabited part of every rating unit connected to the respective scheme, and a half charge on each separately used or inhabited part of every serviceable rating unit.

Water Supply	Full Charge (\$)	Half Charge (\$)
Glenorchy	750.00	375.00
Hawea	350.00	175.00
Lake Hayes	530.00	265.00
Luggate	560.00	280.00

The Targeted Water Supply Rates revenue (\$9,998,307) will be used to fund the costs associated with the following activities:

- (i) To provide supplies of potable (drinkable) water to the above communities.

## Sewerage Rates

Pursuant to sections 16, 17 and 18 of the Act, the Council proposes to set a targeted sewerage rate on every rating unit connected to a district sewerage scheme, on the basis on one full charge per first pan or urinal connected, with a discounted charge on every subsequent pan or urinal connected. A half charge will apply to every serviceable rating unit. The charges for each scheme are set out in the schedule below.

Sewerage Scheme	Charge for first pan connected (\$)	Half charge capable of connection (\$)	Charge per pan after one connected (\$)
Wanaka/Albert Town	614.00	307.00	307.00
Arrowtown	690.00	345.00	345.00
Arthur's Point	620.00	310.00	446.40
Hawea	530.00	265.00	265.00
Lake Hayes	506.00	253.00	253.00
Luggate	740.00	370.00	370.00
Queenstown	650.00	325.00	325.00

Note (i): every rating unit used exclusively or principally as a residence of not more than one household is deemed to have not more than one connection.

Note (ii) those properties comprising a residence plus flat will be charged the targeted rate at a factor of 1.5.

The Targeted Sewerage Rates revenue (\$13,864,951) will be used to fund the costs associated with providing public sewerage services to the above communities.

## Due Dates for Payments

The Council proposes that the above rates and charges for the financial year commencing on the 1st day of July 2018 are payable in four instalments, the due dates and last days for payment without penalty being as follows:

	Posted	Last Day for Payment (without 10% penalty)
Instalment One	7 September 2018	28 September 2018
Instalment Two	19 October 2018	23 November 2018
Instalment Three	18 January 2019	22 February 2019
Instalment Four	19 April 2019	24 May 2019

## Payment of Rates

Rates payments can be made during normal office hours at:

- > Civic Centre, 10 Gorge Road, Queenstown
- > Wanaka Service Centre, Ardmore Street, Wanaka
- > Arrowtown Public Library, Buckingham Street, Arrowtown

Or by direct debit and internet banking.

## Additional Charges (Penalties)

Pursuant to Sections 24, 57 and 58 of the Act, Council proposes that the following penalties will apply under delegated authority to the Rating Administrator:

- > A penalty of 10% will be added to the rates and charges levied in each instalment which remains unpaid on the day after the last day for payment date as shown above (i.e. the penalty will be added on 29 September 2018, 24 November 2018, 23 February 2019 and 25 May 2019 respectively).
- > A penalty of 10% will be added to the amount of rates or instalments (including penalties) levied in any previous financial year and remaining unpaid on 30 September 2018.
- > A second penalty of 10% will be added to the amount of rates or instalments (including penalties) levied in any previous financial year which remains unpaid on 31 March 2019.

## Differential Matters Used to Define Categories of Rateable Land

Where Council's propose to assess rates on a differential basis they are limited to the list of matters specified in Schedule Two of the Local Government (Rating) Act 2002. The Council is required to state which matters will be used for what purpose, and the category or categories of any differentials.

### DIFFERENTIALS BY LAND USE

The categories are:

#### 1. Residential

All rating units which are used exclusively or principally for residential purposes, but excluding properties categorised as pursuant to clause 8 (primary industry), clause 9 (country dwelling) or to clause 11 (mixed use apportioned).

#### 2. Residence plus flat

All rating units comprising a single dwelling and a residential flat which are used exclusively or principally for residential purposes, but excluding properties categorised as clause 11 (country dwelling plus flat).

#### 3. Hydro electric / utilities

All rating units on which there are structures used exclusively or principally for, or in connection with, the generation of hydro-electric power, including structures used to control the flow of water to other structures used for generating hydro-electric power and all rating units used exclusively or principally for network utility services including water supply, wastewater, stormwater, electricity, gas and telecommunications.

#### 4. Vacant sections

All rating units which are vacant properties and suitable for development.

#### 5. Accommodation

All rating units used exclusively or principally for the accommodation of paying guests on a short term basis (nightly, weekly or for periods up to a month) including hotels, motels, houses and flats used for such purposes, commercial time share units, managed apartments, bed and breakfast properties, motor camps and home stay properties; but excluding properties categorised as pursuant to clause 11 (mixed use apportioned) or clause 5 (CBD accommodation).

#### 6. CBD accommodation

All rating units used exclusively or principally for the accommodation of paying guests on a short term basis including hotels, motels, houses and flats used for such purposes, commercial time share units, managed apartments, bed and breakfast properties, motor camps and home stay properties located within the town centre zones contained in the Queenstown Lakes District Council's District Plan as at 1 July of the current rating year; but excluding properties categorised as pursuant to clause 11 (mixed use apportioned).

#### 7. Commercial

All rating units used exclusively or principally for commercial activities including industrial, retail, transport, utility services, storage, recreation and tourist operations, offices, or rest homes; but excluding properties categorised as hydro-electric power, accommodation, CBD accommodation, primary industry, or pursuant to clause 11 (mixed use apportioned) or clause 7 (CBD commercial).

### 8. CBD commercial

All rating units used exclusively or principally for commercial activities including industrial, retail, transport, utility services, storage, recreation and tourist operations, offices, or rest homes located within the town centre zones contained in the Queenstown Lakes District Council's District Plan as at 1 July of the current rating year; but excluding properties categorised as CBD accommodation or pursuant to clause 11 (mixed use apportioned).

### 9. Primary industry

All rating units used exclusively or principally for agricultural or horticultural purposes including dairying, stock fattening, arable farming, sheep, market gardens, vineyards, orchards, specialist livestock, forestry or other similar uses, or which are ten hectares or more in area and located in any of the Rural or Special Zones contained in the Queenstown Lakes District Council's District Plan as at 1 July of the current rating year.

### 10. Country dwelling

All rating units of less than 10 hectares, located in any of the Rural Zones (except for the land zoned as Rural Residential north of Wanaka township in the vicinity of Beacon Point Road bounded by the low density residential zone to the south, Penrith Park zone to the north and Peninsula Bay to the east and the land zoned as Rural General off Mt Iron Drive comprising of Liverpool Way; Cascade Drive; Bevan Place and Islington Place) or Special Zones (excluding Penrith Park; Remarkables Park; Quail Rise; Woodbury Park; Lake Hayes Estate; Shotover Country; Jacks Point; Peninsula Bay; and Meadow Park) as shown in the Queenstown Lakes District Council's District Plan, which are used exclusively for residential purposes.

### 11. Country dwelling plus flat

All rating units comprising a single dwelling pursuant to clause 10 and a residential flat which are used exclusively or principally for residential purposes.

### 12. Other

Any rating unit not classified under any of the other categories.

### 13. Mixed use apportioned

All rating units which are used in part, but not exclusively, for residential purposes, and in part, but not principally, for commercial or accommodation purposes. Usage in part may be determined by:

- a. the physical portion of the rating unit used for the purpose, or
- b. the amount of time (on an annual basis) that the rating unit is used for the purpose.

Note: the mixed use apportioned classification will not be applied to residential rating units used for accommodation purposes for a single period of up to 28 consecutive days in any rating year.

These categories are used to differentiate the following rates:

- > general rate, targeted rates: sports halls & libraries charge; governance rate; regulatory rate; recreation & events rate; governance & regulatory charge; recreation & events charge; roading rate; stormwater rate; tourism promotion rates; waste management charge; aquatic centre charge; and water supply rates.

## Targeted Rates Based on Location

The categories are:

1. Location within the Wanaka ward.
2. Location within the Queenstown/Wakatipu ward or the Arrowtown ward.

These categories are used to differentiate the following targeted rates:

- > roading rate; stormwater rate; tourism promotion rates; aquatic centre charge.

## Targeted Rates Based on Availability of Service

The categories are:

### 1. Connected

Any rating unit that is connected to a Council operated water scheme or is connected to a public sewerage drain.

### 2. Serviceable

Any rating unit within the area of service that is not connected to a Council operated water scheme but is within 100 metres of any part of the waterworks and to which water can be supplied. Any rating unit within the area of service, that is not connected to a public sewerage drain, but is within 30 metres of such a drain, and is capable of being connected.

These categories are used to differentiate the following targeted rates:

- > water supply rates, water scheme loan rates, sewerage rates, sewerage scheme loan rates.

## Definition of 'Separately Used or Inhabited Parts of a Rating Unit'

Where rates are calculated on each separately used or inhabited part of a rating unit, the following definitions will apply:

- > Any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.
- > Any part or parts of a rating unit that is used or occupied by the ratepayer for more than one single use.

The following are considered to be separately used parts of a rating unit:

- > Individual flats or apartments.
- > Separately leased commercial areas which are leased on a rating unit basis.
- > Vacant rating units.
- > Single rating units which contain multiple uses such as a shop with a dwelling or commercial activity with a dwelling.
- > A residential building or part of a residential building that is used, or can be used as an independent residence.

An independent residence is defined as a liveable space with its own kitchen, living and toilet/ bathroom/laundry facilities that can be deemed to be a secondary unit to the main residence. Note: the definition of a kitchen comes from the District Plan.

The following are not considered to be separately used parts of a rating unit:

- > A residential sleep-out or granny flat that does not meet the definition of an independent residence.
- > A hotel room with or without kitchen facilities.
- > A motel room with or without kitchen facilities.
- > Individual storage garages/sheds/portioned areas of a warehouse.
- > Individual offices or premises of business partners.

District Plan definition of a kitchen:

Means any space, facilities and surfaces for the storage, rinsing preparation and/ or cooking food, the washing of utensils and the disposal of waste water, including a food preparation bench, sink, oven, stove, hot-plate or separate hob, refrigerator, dish-washer and other kitchen appliances.

# RATES REMISSION AND POSTPONEMENT POLICIES

These policies are prepared pursuant to Sections 102, 109 and 110 of the Local Government Act 2002.

## Remission Policies

### A. COMMUNITY, SPORTING AND OTHER ORGANISATIONS

#### Objective

To facilitate the ongoing provision of community services or recreational opportunities for the residents of the Queenstown Lakes District Council.

The purpose of granting rates remission to an organisation is to:

- > Assist the organisation's survival.

- > Make membership of the organisation more accessible to the general public, particularly children, youth, young families, aged people and economically disadvantaged people.

#### Conditions and Criteria

The land must be owned by the Council or owned, occupied or leased by an organisation (with liability for rates), which is used exclusively or principally for sporting, recreation, or community purposes.

The organisation must not operate for private pecuniary profit.

The application for rate remission must be made to the Council prior to 15 July of the rating year in question. New applications received during a rating year will be applicable from the commencement of the following year. Applications will not be backdated.

Organisations making application should include the following documents in support of their application:

- > statement of objectives,
- > full financial accounts,
- > details of any leases (where applicable),
- > information on activities and programmes, and
- > details of membership or clients.

### **Application**

Generally, the Policy will not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.

Remissions to any qualifying organisation shall be on the basis of 100% reduction in rates and charges except that no remission will be granted on targeted rates/charges for water supply, sewerage disposal or refuse collection or areas used for bars.

The policy shall apply to the ratepayers who meet the relevant criteria as jointly approved by the Chair of the Community and Services Committee and the Financial Controller.

## **B. LAND PROTECTED FOR NATURAL, HISTORIC OR CULTURAL CONSERVATION PURPOSES**

### **Objective**

To preserve and promote natural resources and heritage, to encourage the protection of land for natural, historic or cultural purposes.

### **Conditions and Criteria**

Ratepayers with rating units which have some feature of cultural, natural or historic heritage which is voluntarily protected may qualify for remission of rates under this part of the Policy.

Land that is non-rateable under Section 8 of the Local Government (Rating) Act 2002 and is liable only for targeted rates covering water supply, sewage disposal or refuse collection will not qualify for remission under this part of the Policy.

### **Application**

Applications must be in writing and should be supported by documentary evidence of the protected status of the rating unit e.g. a copy of the covenant or other legal mechanism. This may include areas of land protected under the District Plan as significant indigenous vegetation or heritage buildings classified as QLDC Category 1.

In considering any application for remission of rates under this part of the policy the Council will consider the following criteria:

- > The extent to which the preservation of natural, cultural and historic heritage will be promoted by granting remission of rates on the rating unit.
- > The degree to which features of natural, cultural or historic heritage are present on the land.
- > The degree to which features of natural, cultural or historic heritage inhibit the economic utilisation of the land.

The extent of any remission shall be determined by the Community and Services Committee on a case by case basis.

If an application is approved, the Council may direct its valuation service provider to inspect the rating unit and prepare a valuation that will take into account any restrictions on the use that may be made of the land imposed by the protection mechanism. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal, for valuations of this nature.

In granting remissions under this part of the Policy, the Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

### **C. LAND AFFECTED BY NATURAL CALAMITY**

#### **Objective**

To enable rate relief to be provided where the use that may be made of any land has been detrimentally affected by natural calamity.

#### **Conditions and Criteria**

The Council may remit wholly or in part, any rate or charge made and levied in respect of the land, where it considers it to be fair and reasonable to do so.

#### **Application**

The extent of any remission shall be determined by the Community and Services Committee on a case by case basis.

If an application is approved the Council may direct its valuation service provider to inspect the rating unit and prepare a valuation that will take into account any restrictions on the use that may be made of the land as a result of the natural calamity. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal, for valuations of this nature.

### **D. UNIFORM ANNUAL CHARGES AND TARGETED RATES ON CONTIGUOUS RATING UNITS IN SEPARATE OWNERSHIP, USED JOINTLY AS A SINGLE ENTITY**

#### **Objective**

To limit the incidence of multiple charges where a farming or other business entity consists of a number of contiguous rating units with different owners.

#### **Conditions and Criteria**

Each rating unit must be leased to the operator for a term not less than five years.

The operator must provide the Council with a statutory declaration confirming that each unit will be operated as part of the entity.

The ratepayer will remain liable for at least one uniform annual general charge and one set of each type of targeted rate calculated as a fixed amount per rating unit.

#### **Application**

The policy shall apply to the ratepayers who meet the relevant criteria as approved by the Financial Controller.

### **E. RATE PENALTIES**

#### **Objective**

To enable the Council to remit penalties where:

- > payment has not been received by the penalty date, due to circumstances outside the ratepayer's control; or
- > it is deemed equitable to remit the penalty for other reasons.

#### **Conditions and Criteria**

Each application will be considered on its merits and remission may be granted where it is considered just an equitable to do so.

The Council will consider remission of rate penalties where an application is made and meets any of the following criteria:

- > payment has been late due to significant family disruption. [significant family disruption would include death, illness, or accident]; or
- > the ratepayer is able to provide evidence that their payment has gone astray in the post, or the late payment has otherwise resulted from matters outside their control; or

- > penalties have arisen through processing errors in the Council's records or an outstanding balance has arisen as a result of a shortfall caused by the operation of an agreed payment plan; or
- > the ratepayer provides a reasonable explanation of the circumstances which caused the late payment, and this is the first occasion on which late payment has occurred.

#### **Application**

The policy shall apply to the ratepayers who meet the relevant criteria as approved by the Financial Controller.

### **F. SUNDRY REMISSIONS**

#### **Objective**

To remit rates and charges that are the result of fundamental errors; or where the balance owing is considered uneconomic to recover; or where the amount levied is unable to be recovered pursuant to Sections 67-76 of the Local Government (Rating) Act 2002, or where the Council or its delegated officer(s) consider the levy impractical to recover.

#### **Conditions and Criteria**

The policy shall apply to the ratepayers who meet the relevant criteria as approved by the Financial Controller.

#### **Application**

The policy shall apply to the ratepayers who meet the relevant criteria as jointly approved by the Chair of the Community and Services Committee and the Financial Controller.

### **G. POLICY FOR REMISSION AND POSTPONEMENT OF RATES ON MAORI FREEHOLD LAND**

Section 102(4)(f) of the Local Government Act 2002 requires the Council to adopt a policy on the remission and postponement of rates on Maori freehold land; section 108 and Schedule 11 set out the matters to be considered.

#### **Objective**

To recognise that certain Maori freehold land may have particular conditions, features, ownership structures, or other circumstances that make it appropriate to provide for remission from certain rates and to avoid further alienation of Maori freehold land.

#### **Conditions and Criteria**

Maori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by a freehold order issued by the Maori Land Court. Only land that is subject of such an order may qualify for remission under this policy.

Council will consider remission of rates on land that comes within the following criteria:

- > the land is unoccupied and no income is derived from that land; and/or
- > the land is better set aside for non-use (whenua rahui) because of its natural features; and/or
- > the land is inaccessible and unoccupied.

#### **Application**

The policy shall apply to ratepayers who meet the relevant criteria as approved by the Financial Controller.

## H. REMISSION OF POSTPONED RATES

### Objective

The Council has adopted a number of policy statements that grants a postponement of rates to ratepayers under certain circumstances. A number of these policies contain a provision that allow the postponed rates to be written off or remitted after a predetermined period, subject to the terms and conditions of the policy being complied with.

This policy statement provides the power for those postponements to be remitted in accordance with the postponement policies.

### Conditions and Criteria

1. The conditions that gave rise to the postponement of the rates must have been fully complied with over the term of the postponement period.
2. Subject to the conditions and criteria being complied with as set out in (1) above, Council will remit the applicable postponed rates without any further applications being required from the ratepayer.
3. This policy statement will only apply to those rate postponement policy statements that provide for the rates to be remitted after a predetermined period of time.

### Application

The policy shall apply to the ratepayers who meet the relevant criteria as approved by the Financial Controller.

## I. REMISSION OF RATES ON LAND THAT HAS MADE LUMP SUM CONTRIBUTIONS

### Objective

A number of water and sewerage schemes have been developed using loans. In certain cases the ratepayers were offered the opportunity to make a lump sum contribution rather than paying an annual loan rate. Because some ratepayers made the lump sum contributions it would be inappropriate to charge them any costs

relating to these loans. The most appropriate solution to resolving this problem would be to offer these ratepayers a remission of rates equal to the amount of the rate that they were previously exempt from paying.

This policy statement provides the authority to make the necessary remissions.

### Conditions and Criteria

1. Rating unit must have previously paid a lump sum contribution in lieu of paying a loan rate.
2. The amount of the remission must not exceed the amount of the exemption from paying the loan rate.
3. The remission will only apply for so long as the underlying loan which gave rise to the loan rate remains in existence.

### Application

The policy shall apply to the ratepayers who meet the relevant criteria as approved by the Financial Controller.

## J. RATING OF SEPARATELY USED OR INHABITED PARTS OF A RATING UNIT

### Objective

To limit the incidence of multiple charges on a property containing separate uses or separate inhabitants, where it is equitable to do so.

### Conditions and Criteria

Where rates are calculated on each separately used or inhabited part of a rating unit, the following definitions will apply:

- > Any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement.
- > Any part or parts of a rating unit that is used or occupied by the ratepayer for more than one single use.

The following are considered to be separately used parts of a rating unit:

- > Individual flats or apartments.
- > Separately leased commercial areas which are leased on a rating unit basis.
- > Vacant rating units.
- > Single rating units which contain multiple uses such as a shop with a dwelling or commercial activity with a dwelling.
- > A residential building or part of a residential building that is used, or can be used as an independent residence.

An independent residence is defined as a liveable space with its own kitchen, living and toilet/ bathroom/laundry facilities that can be deemed to be a secondary unit to the main residence. Note: the definition of a kitchen comes from the District Plan.

The following are not considered to be separately used parts of a rating unit:

- > A residential sleep-out or granny flat that does not meet the definition of an independent residence.
- > A hotel room with or without kitchen facilities.
- > A motel room with or without kitchen facilities.
- > Individual storage garages/sheds/portioned areas of a warehouse.
- > Individual offices or premises of business partners.

District Plan definition of a kitchen:

Means any space, facilities and surfaces for the storage, rinsing preparation and/ or cooking food, the washing of utensils and the disposal of waste water, including a food preparation bench, sink, oven, stove, hot-plate or separate hob, refrigerator, dish-washer and other kitchen appliances.

### Application

The policy shall apply to the ratepayers who meet the relevant criteria as approved by the Financial Controller.

## Postponement Policies

### K. RESIDENTIAL LAND SUBJECT TO ZONE CHANGES

#### Objective

To ensure that owners of residential rating units which are rezoned are not unduly penalised by an increase in rates as a result of the zone change.

#### Conditions and Criteria

To qualify for postponement under this part of the Policy, the rating unit must:

- > Be situated within the area of land that has been rezoned.
- > Be listed as a 'residential' property for differential rating purposes.

In addition the ratepayer must:

- > Have been the property owner prior to the zone change being initiated.
- > Reside permanently in the rating unit.
- > Will not have actively sought rezoning.

Postponement of rates will apply to the change in land value only of the property as a result of zoning changes.

Any postponed rates will be postponed until:

- > the death of ratepayer(s); or
- > until the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
- > until the ratepayer(s) ceases to use the property as his/her residence; or
- > until a date determined by the Council in any particular case.

At any time, the applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed per this Policy by paying the postponed rates or any part thereof.

Postponed rates will be registered as a Statutory Land Charge on the rating unit's title.

The Council will add to the postponed rates all financial and administrative costs to ensure neutrality. The financial cost will be the interest the Council will incur at the rate of Council's cost of borrowing for funding rates postponed, plus a margin to cover other costs (these will include the Council's own in-house administrative costs).

### **Application**

The application for rate postponement must be made to the Council prior to 15 July of the rating year in question. New applications received during a rating year will be applicable from the commencement of the following year. Applications will not be backdated.

If an application is approved the Council will direct its valuation service provider to inspect the rating unit and prepare a valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in the district. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal, for valuations of this nature.

The policy shall apply to the ratepayers who meet the relevant criteria as approved by the Financial Controller. The extent of any postponement will be based on valuations supplied by its valuation service provider.

## **L. POSTPONEMENT POLICY - EXTREME FINANCIAL HARDSHIP**

### **Objective**

To assist ratepayers experiencing extreme financial hardship.

### **Conditions and Criteria**

The ratepayer must make written application to the Council.

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant.

The Council must postpone rates in accordance with the Policy where the application meets all of the following criteria:

- > The ratepayer must be the current owner of the rating unit.
- > Generally, this policy will apply to rating units used for residential purposes.
- > The Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over after the payment of rates, for normal health care, appropriate provision for maintenance of his/her home and chattels at an adequate standard, as well as making provision for normal day to day living expense.
- > The ratepayer must not own any other rating units or investment properties or other realisable assets.
- > The ratepayer must make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

The Council may add a postponement fee to the rating year in which the application is made although the Council may consider backdating past the rating year in which the application is made depending on the circumstances.

Any postponed rates will be postponed until:

- > the death of ratepayer(s); or
- > until the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
- > until the ratepayer(s) ceases to use the property as his/her residence; or
- > until a date determined by the Council in any particular case.

At any time, the applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed to this Policy by paying the postponed rates or any part thereof.

### **Application**

Postponed rates will be registered as a Statutory Land Charge on the rating unit's title.

The policy shall apply to the ratepayers who meet the relevant criteria as jointly approved by the Chair of the Community and Services Committee and the Financial Controller.

## **M. POLICY FOR RATE POSTPONEMENT FOR FARMLAND**

### **Objective**

To ensure that owners of rural rating units used as farmland but with the potential for non-farming development are not unduly penalised by rating valuations which reflect in some measure the potential use to which the land may be put.

### **Conditions and Criteria**

The policy will apply to the rating units that are:

- > Actively farmed by the ratepayer as an economic farming unit and be the primary source of income for the property owner.
- > Ten hectares in area or more.
- > Farmland whose rateable value in some measure is attributed to the potential use to which the land may be put for residential, commercial, industrial, or other non-farming development.

The application for rate postponement must be made to the Council prior to 15 July of the rating year in question. New applications received during a rating year will be applicable from the commencement of the following year. Applications will not be backdated.

Ratepayers making application should include the following documents in support of their application:

- > Details of ownership of the rating unit.
- > Full financial accounts.
- > Information on the farming activities.

### **Application**

If an application is approved, the Council will request its Valuation Service Provider to determine a rates-postponement value of the land. The purpose of this requirement is to exclude any potential value that, at the date of valuation, the land may have for residential purposes, or for commercial, industrial, or other non-farming use in order to preserve uniformity and equitable relativity with comparable parcels of farmland whose valuation do not contain any such potential value.

The rates postponed for any rating period will be an amount equal to the difference between the amount of the rates for that period calculated according to the rateable land value of the property and the amount of the rates that would be payable for that period if the rates postponement land value of the property were its rateable land value.

No objection to the amount of any rate-postponement value determined by the Council and its Valuation Service Provider will be upheld.

- > All rates whose payment has been postponed and which have not been written off become due and payable immediately on.
- > The land ceasing to be farmland.
- > The land being subdivided.
- > The value of the land ceasing to include a portion of its value attributable to the potential use to which the land may be put for residential, commercial, industrial, or other non-farming development.
- > The interest of the person who was the ratepayer at the date on which the rates postponement land value was entered on the Council's Rating Information Database becoming vested in another person other than the ratepayer's spouse, the executor/administrator of the ratepayer's estate or where the ratepayer was the proprietor of the interest as a trustee, a new trustee under the trust.

Postponed rates may be registered as a charge against the land so that in the event that the property is sold the Council has first call against any of the proceeds of that sale.

The policy shall apply to the ratepayers who meet the relevant criteria as approved by the Financial Controller.

## **N. POLICY FOR RATE POSTPONEMENT FOR ELDERLY**

### **Objective**

To give ratepayers 65 years of age and over a choice between paying rates now or later subject to the full cost of postponement being met by that ratepayer and Council being satisfied that the risk of loss in any case is minimal.

### **General Approach**

Only rating units defined as residential or country dwelling and resided in permanently by the applicant(s) will be eligible for consideration of rates postponement under the criteria and conditions of this policy.

Current and all future rates may be postponed indefinitely if at least one ratepayer (or, if the ratepayer is a family trust, at least one named occupier) is 65 years of age or older, until one of the conditions a-c (under conditions) becomes applicable.

Owners of units in retirement villages will be eligible provided that the Council is satisfied payment of postponed rates can be adequately secured.

The Council will add to the postponed rates all financial and administrative costs to ensure neutrality.

The Council will establish a reserve fund out of which to meet any shortfall between the net realisation on sale of a property and the amount outstanding for postponed rates and accrued charges, at the time of sale. This will ensure, that neither the ratepayer(s) nor the ratepayer(s)' estate will be liable for any shortfall.

### **Conditions and Criteria**

#### **a) Eligibility**

Ratepayers are eligible for postponement provided that the following criteria are met by the ratepayer(s):

- > Be at least 65 years of age.
- > Reside permanently in the residence and use for personal residential purposes.
- > Be a New Zealand citizen.
- > Own no other property.
- > The rateable property must be classified as 'residential' or 'country dwelling' in the Council's rates database.

## b) Risk

The Council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and accrued charges are ultimately paid is negligible. To determine this, a financial model has been developed that will forecast expected equity when the payment falls due. Eligibility for full postponement is dependent upon remaining equity forecast by this model being acceptable to the Council. If it is not, the Council will adjust its postponement offer to bring it within an acceptable level.

## c) Insurance

The property must be insured for its full value and evidence of this produced annually.

## Conditions

Any postponed rates (under this policy) will be postponed until:

- a) The death of the ratepayer(s) or named individual or couple;
- b) Until the ratepayer(s) ceases to be the owner or occupier of the rating unit (if the ratepayer sells the property in order to purchase another within the Council's District, Council will consider transferring the outstanding balance, or as much as is needed, to facilitate the purchase, provided it is satisfied that there is adequate security in the new property for eventual repayment); or
- c) Until the ratepayer(s) ceases to use the property as his/her residence.

The Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs and may vary from year to year.

The financial cost will be the interest the Council will incur at the rate of the Council's cost of borrowing for funding rates postponed, plus a margin to cover other costs (these will include the Council's own in-house costs, a 1% p.a. levy on outstanding balances to cover external management and promotion costs, and a reserve fund levy of 0.25% p.a., and a contribution to cover the cost of counselling).

To protect the Council against any suggestion of undue influence, applicants will be asked to obtain advice from an appropriately qualified and trained counsellor.

A counsellor's certificate confirming this, will be required before postponement is granted. This service will be provided by a council approved and suitably qualified organisation.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

## Review or Suspension of Policy

The policy is in place indefinitely and can be reviewed subject to the requirements of the Local Government Act 2002 at any time. Any resulting modifications will not change the entitlement of people already in the scheme. This includes the suspension while the ratepayers having to pay future rates but not previously postponed rates, until the ratepayer is required under conditions (a-c) to make payment.

The Council reserves the right not to postpone any further rates once the total of postponed rates and accrued charges exceeds 80% of the rateable value of the property as recorded in the Council's rating information database.

The policy consciously acknowledges that future changes in policy could include withdrawal of the postponement option.

## Application

Applications for rate postponement must be made on the required application form which will be available from the QLDC offices.

The application must be made to the Council prior to 15 July of the rating year in question. New applications received during a rating year will be applicable from the commencement of the following year. Applications will not be backdated.

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# DEVELOPMENT CONTRIBUTIONS AND FINANCIAL CONTRIBUTIONS POLICY

## Amendments to the 2018/19 Policy on Development Contributions and Financial Contributions

We have completed consultation on the proposed amendments to the Policy on Development Contributions and Financial Contributions for 2018/19. Five submissions were received in relation to this matter. As a result of submissions received, Council agreed to the following additional amendments:

1. Include further Reserve Land disclosures.
2. Include revised growth assumptions for Hawea and Luggate.

After due consideration all the other proposed amendments to the Policy on Development Contributions and Financial Contributions were approved as follows:

1. Deletion of the paragraph referring to applications received prior to 8 May 2004.
2. Quail Rise, Ladies Mile and Kingston added as new contributing areas.
3. Creation of a single fixed water supply contribution by incorporating the Network Factor Charge.
4. Updated policy differentials.
5. Inclusion of two new Development Types – retirement villages and childcare centres.

6. Amendment of the Average Unit size to 140m<sup>2</sup>.
7. Inclusion of an explanation of when home occupation will be assessed and how.
8. Inclusion of an explanation for Mixed Use Accommodation.
9. Updating of the references to the Parks Strategy 2002 to Parks and Open Space Strategy 2017
10. Updating of the 2015 assessed reserve land values to current land value rates.
11. Inclusion of guidance on when a stormwater remission will not be granted.
12. Extension of the Queenstown water and wastewater scheme boundaries to include Hanley Downs Subdivision, Kingston and Woolshed Road, Kawarau Falls.
13. Subject to Housing Infrastructure Funding, inclusion of three new water, wastewater and stormwater contributing areas for Kingston Village, Ladies Mile and Quail Rise.

These changes will apply to any application for resource consent, building consent or application for service connection lodged on or after 1 July 2018.

## Overview

The Queenstown Lakes District is experiencing significant growth in its population, visitors, development and the local economy. This growth generates high levels of subdivision and development activity which places increasing pressure on the assets and services provided by the Council. Significant investment in additional assets and services is accordingly required to meet the demands of growth.

Historically, the Council has sought a contribution towards the expansion of the district's reserves, community facilities and infrastructure from those developments which place additional demands on these services. In order to levy these contributions Council may employ:

**Financial Contributions** imposed as a condition of a resource consent pursuant to Section 108, 220, 407 or 409 of the Resource Management Act (RMA) 1991. Council has withdrawn most of the provision relating to Financial Contributions from Section 15 of the District Plan.

**Development Contributions** (DCs) as defined by the provisions of Part 8 Subpart 5 and Schedule 13 of the Local Government Act 2002 (LGA 2002). To make use of these provisions Council must adopt a Policy on Development Contributions as part of the Council's Ten Year Plan. Note that this can be amended at any time. Development Contributions are based on the fiscal implications of growth.

Development contributions may be sought in respect of any development that generates a demand for reserves, network or community infrastructure. The Council will assess whether development contributions are payable in relation to the development when an application for one of the following is made:

- i. Resource consent
- ii. Building consent
- iii. Authorisation for a service connection

When a development has both a resource consent and building consent, QLDC intend to assess DC's on the consent that contains all the required information to make the correct assessment, for example subdivisions creating newly serviced lots will be assessed at the subdivision resource consent stage and land use consents

that require a building consent to give effect to the development will be assessed under the relevant building consent once the final plans and gross floor areas of the development are confirmed. For land use consents with no related building consents (i.e. registration of a building platform and some change in use consents) will be assessed at the land use resource consent stage.

This policy has been prepared to meet the requirements of Section 106(2) of the LGA 2002. The full methodology that demonstrates how the calculations for development contributions were made is contained in a separate document which is available to the public as per section 106 (3) of the Act.

## Reasons for Using Development and Financial Contributions

The Council intends to entirely fund the portion of capital expenditure (CAPEX) that is attributable to growth by either Financial or Development Contributions wherever it is legally, fairly, reasonably and practically possible to do so.

The Council considers that Development and Financial Contributions are the best mechanism available to ensure the cost of growth sits with those who have created the need for that cost. The Council considers it inappropriate to burden the community as a whole, by way of rating or other payment means, to meet the cost of existing growth.

Section 101(3) of the LGA 2002 requires that the following be considered:

The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of:

- A in relation to each activity to be funded -
  - > the community outcomes to which the activity primarily contributes; and
  - > the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and

- > the period in or over which those benefits are expected to occur; and
- > the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- > the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and

**B** the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community

The Council's Revenue and Financing Policy considers each of these factors in relation to each activity to be funded. In addition, the Council has specifically considered these factors in relation to the Development Contributions and Financial Contributions Policy:

### **(I) COMMUNITY OUTCOMES**

This policy contributes to:

- > Managing growth in a sustainable way
- > Quality landscapes, natural environment and enhanced public access
- > Effective and efficient infrastructure that meets the needs of growth
- > High quality urban environments respectful of the character of the individual communities.

### **(II) DISTRIBUTION OF BENEFITS**

Council apportions all capital expenditure into the classifications of growth, renewal, level of service and statutory obligations, by the geographic areas of benefit. This apportionment represents the distribution of benefit to the community as a whole, to identifiable parts of the community and to individuals.

### **(III) PERIOD OVER WHICH THE BENEFITS ARE EXPECTED TO OCCUR**

Once a Development or Financial contribution has been paid in relation to a subdivision or development, the benefits of the asset, service, or environmental enhancement shall occur indefinitely (at a set level of service for that asset, service, or environmental enhancement as defined at any one time).

### **(IV) ACTION OR INACTION THAT CONTRIBUTES TO THE NEED FOR THIS ACTIVITY**

The provision of assets, services, or environmental standards that promote the community outcomes may not be willingly provided by the development community. In addition the Council is often the only viable supplier (often legally required to provide services) of these services and therefore the Council has a moral and legal obligation to supply additional assets, services to meet the new community needs.

### **(V) COSTS AND BENEFITS OF FUNDING THIS ACTIVITY (DEVELOPMENT AND FINANCIAL CONTRIBUTIONS)**

The benefits to the existing community are significantly greater than the cost of policy making, calculations, collection, accounting and distribution of funding for development and financial contributions.

### **(VI) ALLOCATION OF LIABILITY FOR REVENUE NEEDS**

The liability for revenue falls directly with the development community. At the effective date of this Policy, the Council does not perceive any impact on the social, economic, environmental and cultural well-being of this particular sector of the community. At any stage in the future where there maybe impacts of this nature, the Council may revisit this Policy.

## Assets Included in the Development and Financial Contributions Policy

Assets included in this policy are:

- > Network infrastructure for water supplies, wastewater, stormwater and transportation;
- > Reserve land;
- > Community infrastructure including the development and acquisition of reserve land to use as reserve and facilities needed on that reserve and other public amenities such as halls, libraries, public toilets, parking facilities and the like; and
- > Other Assets. Financial Contributions can be required to avoid remedy or mitigate adverse effects of development that are of a non-fiscal nature. These may include contributions that avoid, remedy or mitigate the effects of development on biodiversity, landscape, amenity values or the provision of specific assets by the developer/subdivider (i.e. access easements in gross). As the Development Contributions provisions of the LGA 2002 specifically relate to fiscal impacts or effects of growth, Financial Contributions for non-fiscal impacts of effects of development will need to be assessed through the RMA and District Plan processes.

## Which Contributions will apply

The Council has completed the process of removing parts of the Financial Contributions rules, policies and objectives under the provisions of Part 15 of the Queenstown Lakes District Plan. This has made Section 15 operative and the Council can no longer impose Financial Contributions pursuant to Section 489 of the RMA.

The Council cannot require a Development Contribution for a reserve, network infrastructure or community infrastructure if and to the extent that it has under Section 108, 407 or 409 of the RMA imposed a condition on a resource consent in relation to the same development for the same purpose. The Council shall in requiring contributions, clearly identify under what circumstances and upon which legislation (RMA 1991, LGA 2002) a contribution is required.

The following tables indicate:

- > Where Financial and Development Contributions are to be sought such that no duplication of levy for the same effect/benefit will occur; and
- > How much is to be charged per dwelling equivalent for each asset type within each area.

**TYPES OF CONTRIBUTIONS REQUIRED BY GEOGRAPHIC AREA - WITHIN URBAN AREAS AND TOWNSHIPS (INCLUDES ALL LAND USES WITHIN AN URBAN AREA)**

	<b>WATER SUPPLY</b>	<b>WASTEWATER</b>	<b>STORMWATER</b>	<b>TRANSPORTATION</b>	<b>TRANSPORTATION EASTERN ACCESS ROAD</b>	<b>RESERVE LAND</b>	<b>RESERVE IMPROVEMENTS</b>	<b>COMMUNITY FACILITIES</b>	<b>OTHER/ MISCELLANEOUS</b>
<b>GEOGRAPHICAL AREA</b>	Queenstown Arrowtown Glenorchy Lake Hayes Shotover Country Arthurs Point Wanaka Albert Town Hawea Luggate Kingston Quail Rise Ladies Mile	Queenstown Arrowtown Glenorchy Lake Hayes Shotover Country Arthurs Point Wanaka Albert Town Hawea Luggate Kingston Quail Rise Ladies Mile	Queenstown Frankton Flats Arrowtown Glenorchy Wanaka Albert Town Hawea Kingston Luggate Ladies Mile	Queenstown Arrowtown Glenorchy Lake Hayes Shotover Country Arthurs Point Kingston Wanaka Albert Town Hawea Luggate Cardrona Quail Rise Ladies Mile	Eastern Access Road Contributing Area	Queenstown Arrowtown Glenorchy Lake Hayes Shotover Country Arthurs Point Kingston Wanaka Albert Town Hawea Luggate Cardrona Quail Rise Ladies Mile			
<b>CONTRIBUTION TYPE</b>	Development Contributions	Development Contributions	Development Contributions	Development Contributions	Development Contributions	Development Contributions  Land, Money or Combination of Both	Development Contributions	Development Contributions	Financial Contributions
<b>LEGISLATION</b>	Assess and collect development contributions as provided by Part 8, Subpart 5 and Schedule 13 of LGA 2002 from 1 July 2004.	Assess and collect development contributions as provided by Part 8, Subpart 5 and Schedule 13 of LGA 2002 from 1 July 2004.	Assess and collect development contributions as provided by Part 8, Subpart 5 and Schedule 13 of LGA 2002 from 1 July 2004.	Assess and collect development contributions as provided by Part 8, Subpart 5 and Schedule 13 of LGA 2002 from 1 July 2006.	Assess and collect development contributions as provided by Part 8, Subpart 5 and Schedule 13 of LGA 2002 from 27 March 2017.	Assess and collect development contributions as provided by Part 8, Subpart 5 and Schedule 13 of LGA 2002 from 1 July 2004.	Assess and collect development contributions as provided by Part 8, Subpart 5 and Schedule 13 of LGA 2002 from 1 July 2004.	Assess and collect development contributions as provided by Part 8, Subpart 5 and Schedule 13 of LGA 2002 from 1 July 2004.	Environmental effects – chapter 15 District Plan and variations i.e. environmental considerations.

## TYPES OF CONTRIBUTIONS REQUIRED BY GEOGRAPHIC AREA - WITHIN RURAL AREAS

	WATER SUPPLY	WASTEWATER	STORMWATER	TRANSPORTATION	RESERVE LAND	RESERVE IMPROVEMENTS	COMMUNITY FACILITIES	OTHER/ MISCELLANEOUS
<b>GEOGRAPHICAL AREA</b>	Rural general and other rural zonings.	Rural general and other rural zonings.	Rural general and other rural zonings.	Rural general and other rural zonings.	Rural general and other rural zonings.			
<b>CONTRIBUTION TYPE</b>	Nil, unless supplied by a scheme.	Nil, unless supplied by a scheme.	Nil, unless supplied by a scheme.	Development Contributions	Development Contributions  Land, Money or Combination of Both	Development Contributions	Development Contributions	Financial Contributions
<b>LEGISLATION</b>	Scheme charge to apply and any network extension costs.	Scheme charge to apply and any network extension costs.	Scheme charge to apply and any network extension costs.	Assess and collect development contributions as provided by Part 8, Subpart 5 and Schedule 13 of LGA 2002 from 1 July 2006.	Assess and collect development contributions as provided by Part 8, Subpart 5 and Schedule 13 of LGA 2002 from 1 July 2004.	Assess and collect development contributions as provided by Part 8, Subpart 5 and Schedule 13 of LGA 2002 from 1 July 2004.	Assess and collect development contributions as provided by Part 8, Subpart 5 and Schedule 13 of LGA 2002 from 1 July 2004.	Environmental effects - chapter 15 District Plan and variations i.e. environmental considerations.
<b>GEOGRAPHICAL AREA</b>	Hawea Rural Residential	Hawea Rural Residential	Hawea Rural Residential					
<b>CONTRIBUTION TYPE</b>	Development Contributions	Development Contributions	Development Contributions					
<b>LEGISLATION</b>	Hawea development contributions payable	Hawea development contributions payable	Hawea development contributions payable					
<b>GEOGRAPHICAL AREA</b>	Aubrey Road Rural residential	Aubrey Road Rural residential	Aubrey Road Rural residential					
<b>CONTRIBUTION TYPE</b>	Development Contributions	Development Contributions	Development Contributions					
<b>LEGISLATION</b>	Wanaka development contributions payable	Wanaka development contributions payable	Wanaka development contributions payable					

**SCHEDULE OF DEVELOPMENT CONTRIBUTIONS PER DWELLING EQUIVALENT REQUIRED BY CONTRIBUTING AREA 2018/19 (EXCLUDING GST)**

Contributing Area	Water Supply (\$)	Wastewater (\$)	Stormwater (\$)	Transportation (\$)	Transportation Eastern Access Road (\$) <sup>1</sup>	Reserve Improvements* (\$)	Community Facilities (\$)	Total Cash Contribution (\$)	Reserve Land Contribution (\$ or Land)
<b>Urban Areas - Including All Land Uses</b>									
Queenstown	3,885	4,693	1,944	5,018		762	1,327	17,269	27.5m <sup>2</sup>
Frankton Flats <sup>1</sup>	3,885	4,693	3,296	5,018	734	762	1,327	19,715	27.5m <sup>2</sup>
Arrowtown	4,874	2,928	417	5,018		762	1,327	15,325	27.5m <sup>2</sup>
Glenorchy	14,141	3,677	290	5,018		762	1,327	25,216	27.5m <sup>2</sup>
Lake Hayes	4,023	6,231		5,018		762	1,327	17,362	27.5m <sup>2</sup>
Shotover Country	4,023	1,426		5,018		762	1,327	12,556	27.5m <sup>2</sup>
Arthur's Point	2,813	2,279		5,018		762	1,327	12,199	27.5m <sup>2</sup>
Quail Rise	2,836	3,025		5,018		762	1,327	12,968	27.5m <sup>2</sup>
Ladies Mile	5,170	3,466	2,121	5,018		762	1,327	17,864	27.5m <sup>2</sup>
Kingston	8,423	22,616	5,824	5,018		762	1,327	43,970	27.5m <sup>2</sup>
Wanaka	4,788	5,032	1,866	1,964		1,197	955	15,802	27.5m <sup>2</sup>
Hawea	5,150	7,474	316	1,964		1,197	955	17,057	27.5m <sup>2</sup>
Albert Town	4,788	5,032	583	1,964		1,197	955	14,519	27.5m <sup>2</sup>
Luggate	4,845	5,032	1,120	1,964		1,197	955	15,113	27.5m <sup>2</sup>
Cardrona				1,964		1,197	955	4,515	27.5m <sup>2</sup>
Other Wakatipu townships				5,018		762	1,327	7,107	27.5m <sup>2</sup>
Other Wanaka townships				1,964		1,197	955	4,117	27.5m <sup>2</sup>
<b>Rural Areas - Including all Rural Residential/Rural Life Style</b>									
Wakatipu Rural				5,018		762	1,327	7,107	27.5m <sup>2</sup>
Wanaka Rural				1,964		1,197	955	4,117	27.5m <sup>2</sup>
Hawea Rural Res.	5,150	7,474	316	1,964		1,197	955	17,057	27.5m <sup>2</sup>
Aubrey Road Rural Res.	4,788	5,032	1,866	1,964		1,197	955	15,802	27.5m <sup>2</sup>

\* Reserve improvements contribution excludes requirement for 27.5m<sup>2</sup> reserve land contribution.

<sup>1</sup> The contributing area for the Eastern Access Road is not the same as the contributing area for Frankton Flats stormwater. Refer to the map of the Eastern Access Road contributing area in the Detailed Supporting Document to see where this development contribution applies.

**Notes:**

Development contributions are triggered and may become payable on the granting of a resource consent, a building consent or an authorisation for a service connection.

Those sites that apply for consents that result in additional demand beyond what has been assessed will be reviewed and further contributions required if the units of demand exceed those previously paid for.

## Overview of Calculation Methodology

A brief introduction to the development contributions calculation method is presented herein. A full disclosure of the methodology and calculations is available from QLDC for public inspection at:

- > Wanaka Service Centre, Ardmore Street, Wanaka.
- > Civic Centre, 10 Gorge Road, Queenstown.

The current Development Contributions model applies to water supply, wastewater, stormwater, reserves, community facilities and transportation.

The key concept of the approach is to define the total capital expenditure (CAPEX) for growth consumed by the growth population over a period of time. This consumption of CAPEX for growth is then apportioned among the increased number of units of demand (dwelling equivalents) over the same time period. This defines the long run average cost of growth per unit of demand, defined as the dwelling equivalent contribution. This can be represented by the following formula.

$$\text{Dwelling Equivalent Contribution} = \frac{\text{Sum of capex for growth consumed in analysis period}}{\text{Sum of new dwelling equivalents in analysis period}}$$

The calculation method can be simplified according to the following steps:

**STEP 1:** Assess capital expenditure for growth on an asset by asset basis using financial reports (past expenditure) and projected expenditure.

**STEP 2:** Apportion capital expenditure for growth by the growth population (dwelling equivalents) over the design life of the asset, to assess the \$/unit of demand.

**STEP 3:** For each year in the analysis period determine the total consumption of asset capacity for each asset identified, namely – \$/unit of demand x the number units of demand.

**STEP 4:** Sum for all assets in each year in the analysis period, namely total capacity consumed in that year, measured in \$.

**STEP 5:** Sum each year in the ten year analysis period and divide by the growth population (new dwelling equivalents) projected over the analysis period to determine the dwelling equivalent contribution.

## Capital Expenditure

Only capital expenditure (CAPEX) is considered in the model. All operational expenditure is excluded, including internal overheads.

Capital expenditure is identified from two sources, namely:

- a) Activity Management Plans (formally Asset Management plans) and
- b) Financial Reports.

The Activity Management Plans are used for assessing projected CAPEX. The AMPs are formal planning documents that include long term expenditure forecasts.

## Capex for Growth Apportionments

The CAPEX identified above has been apportioned into five cost drivers. These being growth, renewal, level of service, statutory and deferred works/other. The growth apportionment is the significant driver for assessing development contributions. The cost drivers have been assessed using several methods.

These are:

- > Asset capacity.
- > Using design life of new assets to approximate growth percentage.
- > Assessed using professional judgement.

Following the completion of the growth study, the Council updated its infrastructure models for water supply (WaterGEMS - Bentley Systems), wastewater (SewerGEMS - Bentley Systems) and developed a transportation and parking model (Tracks - Gabites Porter). These models provide a detailed insight into the effects of growth and consequently accurate growth apportionments can be made.

## Land Use Differentials

Land use differentials are an important part of the calculations. They enable all development and subdivision types (residential and non-residential) to be considered. Non-residential activities can be described using a common unit of demand, which in this case is the dwelling equivalent.

The following table summarises how to calculate the number of dwelling equivalents (DE's) for a non-residential subdivision or development based on the gross floor area (GFA).

## DWELLING EQUIVALENT CALCULATION TABLE

Category	WATER SUPPLY	WASTE WATER	STORM WATER	COMMUNITY FACILITIES		RESERVE IMPROVEMENTS AND RESERVE LAND		TRANSPORTATION		TRANSPORTATION EASTERN ACCESS ROAD
	Dwelling Equivalents per 100m <sup>2</sup> GFA	Dwelling Equivalents per 100m <sup>2</sup> GFA	Dwelling Equivalents per 100m <sup>2</sup> Impervious Surface Area	Dwelling Equivalents per 100m <sup>2</sup> GFA for Wakatipu	Dwelling Equivalents per 100m <sup>2</sup> GFA for Wanaka	Dwelling Equivalents per 100m <sup>2</sup> GFA for Wakatipu	Dwelling Equivalents per 100m <sup>2</sup> GFA for Wanaka	Dwelling Equivalents per 100m <sup>2</sup> GFA for Wakatipu	Dwelling Equivalents per 100m <sup>2</sup> GFA for Wanaka	Dwelling Equivalents per 100m <sup>2</sup> GFA
Residential	1 Dwelling Equivalent (DE) per Dwelling Unit									
Residential Flat	0.71	0.71	0.38	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Multi Unit Residential	0.71	0.71	0.38	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Retirement Units	0.68 per unit	0.60 per unit	0.38	0.65 per unit	0.65 per unit	0.41 per unit	0.41 per unit	0.35 per unit	0.35 per unit	0.35 per unit
Accommodation	0.90	0.49	0.38	0.89	1.71	0.89	1.71	2.13	2.25	1.36
Commercial	0.74	0.57	0.38	0.04	0.06	n/a	n/a	2.83	2.62	2.99
Industrial	0.74	0.57	0.38	0.04	0.06	n/a	n/a	0.94	0.87	0.88
Country Dwelling	Treated as residential if connected to Council supply			1 DE per dwelling		0.66 DE's per dwelling		1 DE per dwelling	1 DE per dwelling	1 DE per dwelling
Other	To be individually assessed at the time of application									
Childcare Centre	0.63	0.77	0.38	0.04	0.06	n/a	n/a	4.29	4.29	4.29
CBD Accommodation	0.90	0.49	0.38	0.89	1.71	0.89	1.71	2.13	2.25	-
CBD Commercial	0.74	0.57	0.38	0.04	0.06	n/a	n/a	2.83	2.62	-
Mixed Use Accommodation	1 DE per dwelling	1 DE per dwelling	0.38	0.97	1.18	0.97	1.18	0.89	0.93	1.09
Mixed Use Commercial	1 DE per dwelling	1 DE per dwelling	0.38	0.76	0.76	1 DE per dwelling		1.32	1.46	1.50
Primary Industry	1 DE per dwelling	1 DE per dwelling	1 DE per dwelling	1 DE per dwelling		0.66 DE's per dwelling		1 DE per 27Ha	1 DE per 41Ha	-
Restaurant/Bar	1.42	1.34	0.38	0.04	0.06	n/a	n/a	2.13	1.98	2.99
Unusual Developments	To be individually assessed at the time of application - refer to page 214 for definition									

Note: **1.** A residential property is always one dwelling equivalent (DE) or has 140m<sup>2</sup> GFA. **2.** A residential property is always assumed to have 260m<sup>2</sup> impermeable surface area (ISA). **3.** Non-residential developments (childcare centre, commercial, industrial, CBD commercial, mixed use commercial and restaurant/bar) will not be assessed for a reserve improvements contribution.

The detailed methodology and formulas used to develop the above table are explained in the detailed supporting document dated 1 July 2018 which is available on the QLDC website.

If the gross floor area (GFA) is unknown, which may be the case at the subdivision consent stage, then the following table will be used to estimate the GFA.

LAND USE	ESTIMATED GFA (OR EQUIVALENT)	IMPERVIOUS SURFACE AREA (ISA) - USED FOR STORMWATER CALCULATION
Residential	One dwelling equivalent per lot	One dwelling equivalent per lot
Rural lifestyle and rural residential	One dwelling equivalent per lot	One dwelling equivalent per lot
Rural general	One Country dwelling equivalent per lot - (refer to the dwelling equivalent calculation table on page 207)	One Country dwelling equivalent per lot - (refer to the dwelling equivalent calculation table on page 207)
Non-residential: commercial / industrial/ restaurant/bar/visitor accommodation	50m <sup>2</sup> gross floor area for lots <= 500m <sup>2</sup>	62.5m <sup>2</sup> ISA for lots <= 500m <sup>2</sup> .
	100m <sup>2</sup> gross floor area for lots > 500m <sup>2</sup> <= 2,000m <sup>2</sup>	125m <sup>2</sup> ISA for lots > 500m <sup>2</sup> <= 2,000m <sup>2</sup>
	400m <sup>2</sup> gross floor area for lots >2,000m <sup>2</sup>	500m <sup>2</sup> ISA for lots >2,000m <sup>2</sup>

## Home Occupations

This relates to any development that involves the redevelopment of an existing residential dwelling unit, flat or multi-unit residential apartment that is converted to a home occupation activity that requires a resource consent. When assessing the number of dwelling equivalents, the assessment will be done using the Gross Floor Area of the development and the mixed use commercial differentials shown in the dwelling equivalent calculation table. Credits will be based on the existing demand as per the Table of credit types. This method more clearly defines the impact of redevelopment from residential to home occupation.

## Multi Unit Residential Developments

This relates to any development that involves the development of three or more residential units/apartments within a single site, it does not include additions, alterations or accessory buildings.

When assessing the number of dwelling equivalents for multi-unit developments, instead of allowing one dwelling equivalent per unit, the assessment will be done using the GFA of the development and the multi-unit residential differentials shown in the above table. This method more clearly defines the impact of multi-unit residential developments when compared to visitor accommodation and will make most developments of this type more affordable.

## Residential Flats

The Council requires development contributions to be assessed for all residential flats.

A residential flat for the purposes of this policy is a residential building or part of a residential building that is used, or can be used as independent residence containing its own kitchen, living and toilet bathroom facilities that is secondary to the main residence. Note: the definition of a kitchen comes from the District Plan.

Dwelling equivalents for residential flats will be calculated using the GFA of the residential flat and the differentials shown in the above table.

## Mixed Use Accommodation

This relates to any development that involves the redevelopment of an existing residential dwelling unit, flat or multi-unit residential apartment that is converted to short or long term visitor accommodation. When assessing the number of dwelling equivalents for mixed use accommodation, the assessment will be done using the gross floor area of the development and the mixed use accommodation differentials shown in the dwelling equivalent calculation table. Credits will be based on the existing demand as per the table of credit types. This method more clearly defines the impact of redevelopment from residential to visitor accommodation.

## Reserve Land Contribution

A portion of development contributions paid to the Council is utilised for the provision and improvement of reserve land within the Queenstown Lakes District. It is the Council's aim to have adequate provision of accessible reserve land of high quality to serve its growing population. However, the reserve land development contribution level is significant relative to the cost of an overall development and can have an adverse effect of deterring investment in development within the Queenstown Lakes District.

This can be one of the barriers towards the provision of affordable housing. Through this policy, the Council will ensure reserve land contributions are only applicable where there is currently limited provision. The following Reserve Land Contribution Policy has been established based on how the district is currently served by accessible reserve land, and how the Council aims to meet demand for future provision of reserves.

The Queenstown Lakes District currently has a publicly accessible park provision of approximately 1,813 hectares. Based on a usually resident population of 29,500<sup>1</sup> this equates to 61.45 hectares of park per 1000 residents. This level of service is significantly higher than the national average of approximately 21 hectares per 1000

residents and while it is desirable to maintain the current ratio of recreational land to population, it is not considered necessary to increase the level of recreational land provision per capita unless to enable a specific recreation asset (e.g. sports fields) that cannot be accommodated within existing reserve land or is to service new developments in Greenfield sites.

Existing residential areas enjoy a good provision of local parks, sports fields, esplanade strips adjoining lake and river margins, lakeside beaches, significant walking and biking trails, and track network and surrounding Department of Conservation reserves. Queenstown Lakes District residents and visitors use a mix of different types of these reserve areas for a variety of active and passive recreation purposes.

Although provision of land used for recreation purposes is high, much of the land is underdeveloped and continual improvement is required to ensure reserve land is functional and of high quality. This generates the ongoing need for development contributions for reserve improvements as new developments continue to increase the usage of reserves across the district.

For new developments within areas that do not have adequate reserve provision there will be a need for additional reserves to meet the recreational demand of the new residents in those areas. Accordingly, development contributions for reserve land will continue to be required in these areas.

The land contribution has been assessed at 27.5m<sup>2</sup> for each residential property that requires a reserve land contribution component.<sup>2</sup> In this policy the term 'residential'<sup>3</sup> includes visitor accommodation.

The following helps identify those areas which are deemed to have reserve land take requirements.

<sup>1</sup> 2015 Estimate based on medium growth from 2013 census - Queenstown Lakes District Projections for Resident Population, Dwellings and Rating Units to

2065 April 2014

<sup>2</sup> Parks and Open Space Strategy 2017

<sup>3</sup> As per the Local Government Act amendments 2014

## GREENFIELD IN URBAN AREAS

Where residential development is proposed in **urban areas**<sup>1</sup> and does not have resource consent for future development by 1 July 2017, consideration for reserve land contributions will be on a case by case basis.

Consideration will be given to whether there is existing **accessible**<sup>2</sup> reserve land within 600m of the site, and whether the reserve is of an appropriate size and **purpose**<sup>3</sup> relative to the proposed development and existing surrounding developments.

## GREENFIELD IN RURAL AREAS

Where residential development is proposed in **rural areas**<sup>4</sup> and does not have resource consent for future development by 1 July 2017, consideration for reserve land contributions will be on a case by case basis.

Consideration will be given to whether there is existing **accessible** reserve land within 600m of the site, and whether the reserve is of an appropriate size and purpose relative to the size of the proposed development and surrounding development.

Should these lots be required to pay a Reserve Land contribution, and not connected to the Council's water or wastewater reticulation and are larger than 4000m<sup>2</sup> they will be assessed under the country dwelling category and subject to a reduced level of reserve land development contributions as the demand for reserve land tends to be less than the demand generated by new land parcels that are smaller and within more highly developed areas.

As the establishment of piecemeal reserves through rural areas is undesirable, land contributions in lieu of cash contributions will not be accepted for this type of development/subdivision.

## BROWNFIELD SITES

Brownfield sites are developed land parcels in urban areas that contain existing development or have been subdivided previously for residential purposes.

The Queenstown Lakes District has good provision of accessible reserve land in developed urban areas. As such there is an opportunity to reduce development contributions for reserve land in these areas. Reserve land contributions will therefore not be applicable to the development of Brownfield sites.

In addition, there is a desire to encourage infill development in respect of residential flats, so neither urban nor rural sites will be required to pay reserve land contributions for a residential flat that accompanies a primary dwelling.

## WHEN A RESERVE LAND CONTRIBUTION IS REQUIRED

At the Council's discretion the reserves contribution can be either land or cash or a combination of both. Consultation with the Council is required prior to an application for an outline development plan, a plan change, a resource or building consent being lodged. In some instances, the Council may accept or require a contribution to the equivalent value in the form of land or infrastructure.

An outcome of the consultation will be to form a developer's agreement as to whether cash or land or both are appropriate in any given case. For example, to allow reserve assets to vest in the Council through the subdivision consent process, where they are considered of a suitable standard in terms of the Council's reserve requirements, and credit them against the contributions required.

Land offered to the Council in lieu of cash development contributions for reserve land acquisition must be of a suitable standard, size and purpose to be accepted by the Council. This shall be at the discretion of the Council and the following guidelines will assist developers to provide proposals for suitable land:

<sup>1</sup> Urban areas in this policy are all zones that are not zoned Rural General, Rural Residential or Rural Lifestyle).

<sup>2</sup> For a reserve to be 'accessible' it is considered it should easily be accessed by pedestrians. The Council retains discretion on the consideration of what is appropriately accessible in any given case.

<sup>3</sup> For reserve land to meet its purpose for recreation, it includes reserve areas that can be used for active and passive recreation including flat, open park spaces usable for play activities e.g. kicking a ball. To avoid doubt, reserves do not include Department of Conservation land, Ministry of Education land, road reserves, esplanade reserves, drainage reserves or public walkways with ROW easements in favour of the Council.

<sup>4</sup> Rural areas in this policy are rural general, rural residential or rural lifestyle zones.

CHARACTERISTIC	STANDARD
Gradient	Land offered shall be generally easily maintainable flat land. This will ensure costly maintenance of unsuitable high gradient land is not borne by ratepayers in the future and land provided is suitable for recreational purposes. In some cases, where the Council deems it appropriate, land not meeting this gradient standard may be acceptable to allow land not suitable for active use to be accepted to protect amenity or landscape features, to protect scenic backdrops and heritage landscapes or to create walking or cycling connections that cannot otherwise be made on gentler gradients.
Size	27.5m <sup>2</sup> per potential residential unit. Reserves shall be of a usable size. Pocket parks are generally not to be accepted unless they protect amenity or landscape features, or protect scenic backdrops and heritage landscapes or create walking or cycling connections that cannot otherwise be made through the provision of existing reserves or new larger reserves.
Unrestricted	No legal covenants that will restrict the Council from meeting its Reserves Act Obligations
Accessible	Within 600m of housing or accommodation it serves

If a cash contribution is required, the value of the land shall fall into the category of either urban or township. The land values for the two wards have been calculated as averages as follows:

CATEGORY OF LAND	LAND VALUE*
<b>Wakatipu Ward</b>	
Urban	\$615/m <sup>2</sup>
Township	\$270/m <sup>2</sup>
<b>Wanaka Ward</b>	
Urban	\$470/m <sup>2</sup>
Township	\$255/m <sup>2</sup>

\*Land values are GST exclusive

These values will be reviewed yearly; see maximum contributions below.

If the applicant considers these values to be incorrect, then the applicant may request the Council to obtain a valuation of the land which is at the applicant's expense. Where this process is applied, payment shall be calculated as follows:

- A The market value of the new sites is the sale value of the sites at the date on which the valuation is requested.
- B The market value of the new sites shall be capped at \$1500 per m<sup>2</sup> and this maximum value will be reviewed by the Council annually.
- C Lots for roads, utilities, reserves, access or similar purposes shall be excluded from the calculation.
- D Market value of a new site in the case of a stratum title under the Unit Titles Act, where the site is not situated on the ground, shall be calculated as if the site were on the ground.
- E In rural zones (except for rural visitor zones), where the lots created are greater than 4000m<sup>2</sup>, the market value of each lot shall be the market value of the rural residential site of 4000m<sup>2</sup> within that lot, being the most likely site for a building platform.
- F The value of the land contribution per m<sup>2</sup>, in rural zones (except for rural visitor zones) shall be the market value as defined in (e) above divided by 1000m<sup>2</sup>.

Most of the existing reserve land in the district is under developed and funding is needed to enhance reserves, particularly to provide for future population growth projections. Generally land should not be taken for reserves unless it is required for greenfield development or in some rare cases to protect scenic backdrops and heritage landscapes, or to create new walking or cycling connections that cannot otherwise be made.

An analysis of projected demand for reserve land has been completed using two contributing areas for the district. It is expected that the total value of reserve land that will be needed over the next ten years is estimated to be \$28m. This is based on the 27.5m<sup>2</sup> desired level of service for each new dwelling equivalent. 100% of this demand can be attributed to growth and will be provided through development contributions either through the provision of land or as cash contribution. Forecasts show that 85% of this total demand is likely to be provided through the provision of vested land from developers.

## Maximum Contributions

Section 203 of the Local Government Act 2002 allows the following maximum contributions.

“Development contributions for reserves must not exceed the greater of -

- A 7.5% of the value of the additional allotments created by a subdivision; and
- B the value equivalent of 20 square metres of land for each additional household unit created by the development.”

*Note:* the Council will ensure that the statutory maximum is not exceeded in the application of the policy and calculation methods.

## Significant Assumptions Used in the Calculation of Development Contributions

As both the Ten Year Plan and this Policy rely on the same base data, the significant forecasting assumptions disclosed in Volume 2 of the Ten Year Plan also apply to this Policy. All information used in the calculations of either development or financial contributions is the best available at the time. The Council is proceeding with numerous strategic studies which will aid in delivering improved information. The Council is committed to updating its contribution calculations as the results of these studies become available.

## Financial Considerations

The following are key financial considerations applied in the model:

- > All figures are in current New Zealand dollars - effective 1 July 2018.
- > Inflation is applied to past capital projects only.
- > Interest costs have been assessed based on the weighted average cost of capital (WACC) over the first ten year period from 1 July 2018. The cumulative net deficit between the contributions anticipated to be collected and the growth costs over the ten year period are used to determine the proportion of the growth cost that will be funded by debt. A 5.0% interest rate has been applied.
- > Capital expenditure projections are those that have been applied in the Ten Year Plan effective at 1 July 2018 and subsequent Annual Plans. The public nature and auditability of these capital projections provides additional confidence to the process. Schedule 10 of the LGA 2002 prescribes a number of disclosures including growth, renewal and level of service apportionments.

## Growth Projections

These have been estimated using the best information available.

- > Growth Projections 2017 – The Council engaged services from the market place to complete its own growth study. These projections detailed residential, visitor and commercial/ industrial growth. The results of this study have been applied to all infrastructure studies completed since including water, wastewater and transportation.

The Council produces a six monthly dwelling capacity study. This study identifies the ultimate number of dwellings in specific areas given the existing district plan zonings. This is used as a guide to define where growth in specific contributing areas will cease. Growth projections are converted into units of demand or dwelling equivalents which are used to apportion the growth cost to define a dwelling equivalent contribution. Assessing total dwelling equivalents involves converting non-residential land uses into dwelling equivalents and adding this to the number of dwellings. This is completed using land use conversion factors.

## Monitoring and Review of Development Contributions Policy

The Council will monitor and review the following:

- > **Annual Calculation Updates:**
  - > Identify capital expenditure actually undertaken and whether the projections remain reasonable. This may include adding or deleting capital projects.
  - > Update capital costs to reflect a year of inflation. This will be based on SNZ Labour cost index and Producer Price Index.
  - > Review population projections.
  - > Any asset planning initiatives including changing levels of service, updated capital projections.

- > Update any new information that has become available. This may include updated population projections, additional zoning and scheme boundary changes.
- > Correction of any errors or omissions.

### > Annual Policy Reviews:

- > Any changes to the policy direction of the Council that affects this policy. This may include changes to the Ten Year Plan, Revenue and Financing Policy and strategic studies.
- > New information affecting the land use differential analysis.
- > Inclusion of any Financial Contributions as derived from a variation to the District Plan and in particular Chapter 15.

## Postponement or Remission

The Council may allow for postponement or remission of contributions in the following circumstances:

- A The Council may accept or require a contribution to the equivalent value in the form of land or infrastructure. It may be appropriate, for example, to allow reserve assets to vest in the Council through the subdivision consent process, where they meet the Council's reserve requirements, and credit them against the contributions required. Any such proposals will need to be the subject of an agreement with the Council before the consent is issued, and will be dealt with on a case by case basis.
- B Where an applicant can demonstrate that a development creates a significantly different demand on infrastructure than could usually be expected under the relevant land use category, the Council will individually assess any such development taking into account the unusual demand characteristics.

All applications for postponement or remission must be made in writing to the Chief Executive Officer of the Council.

## Note

Some sites within the Council's stormwater reticulated zones also have a requirement to install on-site stormwater systems. This requirement does not preclude the land owner from paying stormwater development contributions as the Council systems that development contributions recoup costs for have been designed and installed to cater for larger than normal storm events. Therefore, the stormwater charge is in addition to any costs associated with any onsite development undertaken.

## Unusual Developments

The Council reserves the right to individually assess contributions on any development that it deems to create a significantly different demand on infrastructure than could usually be expected under their relevant land use category. This may include a development that the Council deems does not fit into the land use categories.

## Reconsiderations and Objections

An applicant may request the Council to reconsider the requirement to pay a development contribution if the applicant has grounds to believe that:

- A the development contribution was incorrectly calculated or assessed under the Council's development contributions policy; or
- B the Council incorrectly applied its development contributions policy; or
- C the information used to assess the person's development against the development contributions policy, or the way the Council has recorded or used it when requiring a development contribution, was incomplete or contained errors.

A request for reconsideration must be made in writing stating clearly on which grounds the applicant believes the Council has erred. The request for reconsideration must be made within ten working days after the date on which the person lodging the request receives notice from the Council of the level of development contribution that the Council requires. This request should be addressed to:

- > Development Contribution Officer (QLDC), Private Bag 50072, Queenstown 9348
- > Email: [developmentcontributions@qldc.govt.nz](mailto:developmentcontributions@qldc.govt.nz)

The steps that the Council will apply when reconsidering the requirement to make a development contribution are:

- i) the appropriate Council officer shall review the reconsideration request,
- ii) the Council officer may request further relevant information from the applicant,
- iii) the Council officer will make a recommendation to the delegated authority,
- iv) the Council will, within 15 working days after the date on which it receives all required relevant information relating to a request, give written notice of the outcome of its reconsideration to the person who made the request.

A reconsideration cannot be requested if the applicant has already lodged an objection. If the applicant is not satisfied with the outcome of the reconsideration, they may lodge an objection as specified in the Local Government Act 2002 Amendment Act (No 3) 2014, s199C to s199N.

## Refunds and Reimbursement

Where the Council required a development/financial contribution as part of subdivision or development activities and where the documentation (resource consent, building consent or connection authorisation) permitting that subdivision or development has lapsed, the Council will refund the contribution. This does not prevent the Council from requiring development/financial contributions in the future. The Council may retain a portion of the contribution of a value equivalent to the costs incurred by the Council in processing/assessing the contribution required by the subdivision or development.

## When will Payment be Required

Development contributions may be sought in respect of any development that generates a demand for reserves, network or community infrastructure. The Council

will assess whether development contributions are payable in relation to the development when an application for one of the following is made:

- i) Resource consent
- ii) Building consent
- iii) Authorisation for a service connection

Any development contributions assessed will be payable on granting of consent with a due date for payment as follows:

- > Resource consent (subdivision) – prior to the issue of S224c certificate;
- > Resource consent (other) – prior to commencement of the consent except where a building consent is required then payment shall be prior to the issue of the code of compliance certificate, certificate of acceptance or prior to the connection to the Council services, whichever comes first.
- > Building consent – prior to the issue of the code of compliance certificate, certificate of acceptance or prior to the connection to the Council services, whichever comes first.
- > Service connection – prior to connection.

If payment is not received the Council may (under section 208 of the LGA):

- > withhold S224c certificate on a subdivision,
- > prevent the commencement of a resource consent for a development,
- > withhold a code of compliance certificate under the Building Act,
- > withhold a certificate of acceptance under the Building Act,
- > withhold a service connection to a development.

In each case the Council may register the Development Contribution under the Statutory Land Charges Registration Act 1928 as a charge on the title of the land for which the contribution was required.

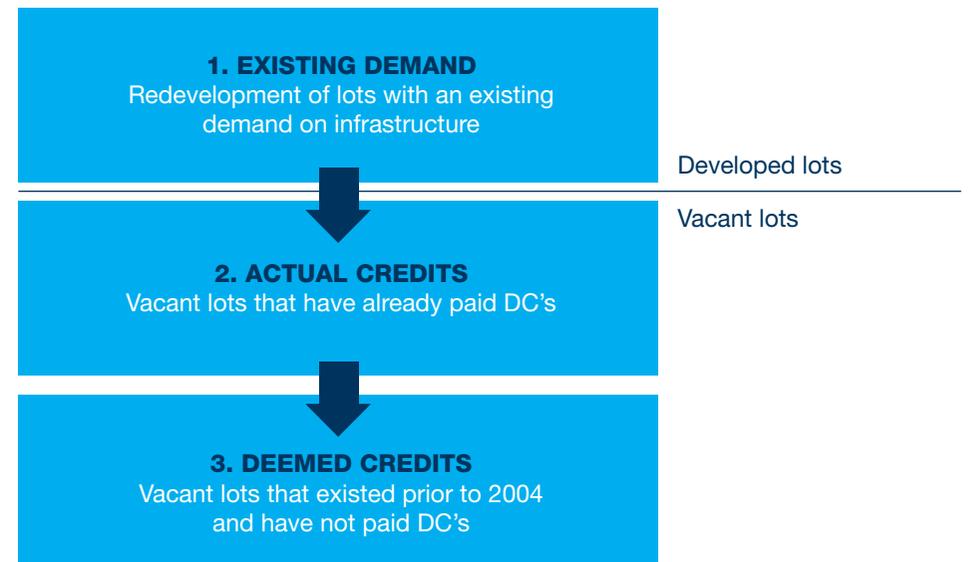
## Credits

### ASSESSING ADDITIONAL DEMAND - EXISTING DEMAND AND CREDITS

The following existing demand and credit considerations apply to all development contribution assessments:

- > The existing demand of any lot that is to be developed will be converted to a dwelling equivalent credit when assessing development contributions. Thus, development contributions are solely for additional demand created by the new development.
- > Credits will be specific to the activity for which they were paid (i.e. a water supply credit will not be able to offset a wastewater contribution).
- > Credits are to be site specific (not transferable) and non-refundable unless the refund provisions of the Act apply.

There are three types of development contribution credits that may be applied:



The applications of existing demand and credits are described in the table below:

**TABLE OF CREDIT TYPES**

When do they apply?	Information to be provided by the developer	The following situations are anticipated		Exceptions	Comments
		Type of Development	Details		
<b>Existing Demand</b>					
Redevelopment of lots with an existing demand on infrastructure where a development contribution has never been paid.	<p>The existing use of the site prior to redevelopment expressed in the appropriate unit of demand (e.g. gross floor area (GFA), impermeable surface area (ISA), number of residential units etc.)</p> <p>Should the developer be unable to provide confirmation of credits, no credits will be allocated.</p>	Redevelopment	The existing demand will be quantified in dwelling equivalents using the current development contributions policy.	Lots that have a consent notice registered on the certificate of title stating that the lot has not been serviced by the Council's water, wastewater or stormwater. In these instances no credits will be given unless the developer is able to provide otherwise.	Only the current (existing) demand will be assessed and not any historic use of the site.
<b>Actual Credit</b>					
Development of lots when development contributions have already been paid. This will apply to all lots created after 1 July 2004.	<p>Records of development contributions paid.</p> <p>Should the developer be unable to provide confirmation of credits, no credits will be allocated.</p>	All lots.	The actual credit will be quantified in dwelling equivalents for each activity based on the policy under which the payment was made.	Lots that have a consent notice registered on the certificate of title stating that the lot has not been serviced by the Council's water, wastewater or stormwater. In these instances no credits will be given unless the developer is able to provide otherwise.	Any surplus credits will remain on the land for future development.

**TABLE OF CREDIT TYPES CONTINUED**

When do they apply?	Information to be provided by the developer	The following situations are anticipated		Exceptions	Comments
		Type of Development	Details		
<b>Deemed Credit</b>					
Deemed credit to apply to vacant lots that existed prior to the requirement for development contributions (2004) and has not paid development contributions.	Developer to provide the certificate of title for the lot(s) to prove that the lot has existed prior to 2004.	Residential	One dwelling equivalent per lot.	<ul style="list-style-type: none"> <li>• Lots that have a consent notice registered on the certificate of title stating that the lot has not been serviced by the Council’s water, wastewater or stormwater. In these instances no credits will be given unless the developer is able to provide otherwise.</li> <li>• Any excess historical credits that are identified as a result of an amalgamation of individual titles will accrue on the new amalgamated title but will lapse if not utilised within a period of three years</li> <li>• Some areas may not be due a full dwelling equivalent credit as pre 2004 the Council owned water and wastewater infrastructure was not available to all sites.</li> </ul> <p>The general exceptions are:</p> <ul style="list-style-type: none"> <li>• Vacant lots in Lake Hayes (water supply &amp; wastewater) were not required to pay a capital contribution when the schemes were introduced. As such full DC’s are payable at the time of development.</li> <li>• Glenorchy: A small number of property owners paid a lump sum contribution towards the Glenorchy water scheme. All other property owners are required to pay for new water connections. Please contact the DCN officer at QLDC to determine whether your property paid.</li> <li>• Luggate: <ul style="list-style-type: none"> <li>– Luggate lots created pre July 2004: no credits for water or wastewater as vacant sites were not required to pay a capital contribution when the schemes were introduced</li> <li>– Luggate lots created between July 2004 and July 2014: no credits for wastewater (credit for water however)</li> <li>– Luggate lots created post July 2014: all credits should apply</li> </ul> </li> <li>• Aubrey Road, Studholme Road, and Tucker Beach Road: The Council owned water reticulation has been progressively extended. These sites may not have a credit for water or wastewater. Applicant to provide evidence of connection and payment</li> </ul>	A deemed credit will only apply when an actual credit does not exist.
		Rural sites	<p>For rural general sites, one dwelling equivalent per registered building platform.</p> <p>For all other rural sites one dwelling equivalent will apply for reserves and roading.</p> <p>Owner to provide evidence that water and wastewater should also receive a credit.</p>		
		Commercial / industrial	<p>50m<sup>2</sup> gross floor area and impervious site area for lots &lt;= 500m<sup>2</sup>.</p> <p>100m<sup>2</sup> gross floor area and impervious site area for lots &gt; 500m<sup>2</sup> &lt;= 2,000m<sup>2</sup>.</p> <p>400m<sup>2</sup> gross floor area and impervious site area for lots &gt;2,000m<sup>2</sup>.</p>		

## Delegations

The Chief Executive is delegated the power to determine in accordance with this policy whether a development or financial contribution will be sought. This includes the power to:

- > increase the quantum of those contributions under the authority of section 106(2B) of the Local Government Act 2002;
- > the power to enter into a development agreement;

The Chief Executive has delegated authority to approve a reduction or a postponement in a development contribution levied on a developer in accordance with the terms of this Policy. No delegation is provided to the Chief Executive for hardship related remissions or remissions not otherwise provided for in this policy.

The Chief Executive may sub-delegate any of these powers. For the avoidance of doubt, the exercise of these powers is not a transaction as defined within the financial delegations register. Therefore specified transaction limits in the financial delegations do not apply to the exercise of these powers.

The Chief Executive will ensure the Policy is implemented.

## Capital Expenditure Attributed to Growth

The following tables demonstrate the nature and level of expected capital expenditure required by the Council and the portion that is attributable to growth. A table is produced for each activity (asset type) which shows the CAPEX for each geographic area where a contribution has been assessed. The CAPEX attributable to growth is apportioned equitably among the growth population to define a set charge for each unit of demand. The unit of demand is expressed in terms of a dwelling equivalent.

Additional tables are provided which detail the debt funding ratio which will apply to each area.

## WATER SUPPLY CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19 \$)
<b>Arrowtown</b>							
Reticulation	-	-	-	0%	422,458	389	1,087
Pump Station	2,024,013	759,753	1,264,260	38%	353,954	389	911
Unspecified Expenditure	45,000	10,895	34,106	24%	14,465	389	37
Storage	3,676,811	1,123,266	2,553,545	31%	924,722	389	2,380
Intake	-	-	-	0%	76,123	389	196
Renewals	1,522,810	-	1,522,810	0%	-	389	-
Management	463,326	28,495	434,831	6%	32,382	389	83
Flow Metering	-	-	-	0%	2,759	389	7
Treatment Facility	-	-	-	0%	43,848	389	113
Asset Management System	215,308	13,241	202,067	6%	12,911	389	33
Minor Works	-	-	-	0%	309	389	1
Investigations	50,000	12,105	37,895	24%	9,774	389	25
<b>Total Water Supply - Arrowtown</b>	<b>7,997,268</b>	<b>1,947,754</b>	<b>6,049,514</b>		<b>1,893,705</b>	<b>389</b>	<b>4,874</b>
<b>Glenorchy</b>							
Reticulation	570,000	155,895	414,105	27%	146,470	63	2,318
Pump Station	900,000	364,140	535,860	40%	200,192	63	3,168
Unspecified Expenditure	50,000	13,675	36,325	27%	9,135	63	145
Storage	1,210,218	490,124	720,094	40%	318,254	63	5,036
New Scheme	-	-	-	0%	82,733	63	1,309
Intake	-	-	-	0%	5,035	63	80
Renewals	291,040	-	291,040	0%	-	63	-
Management	-	-	-	0%	95	63	2
Flow Metering	-	-	-	0%	2,341	63	37
Treatment Facility	750,000	256,725	493,275	34%	112,603	63	1,782
Asset Management System	46,860	5,108	41,752	11%	4,636	63	73
Forward Design	-	-	-	0%	8,580	63	136
Minor Works	-	-	-	0%	56	63	1
Investigations	70,000	6,846	63,154	10%	3,482	63	55
<b>Total Water Supply - Glenorchy</b>	<b>3,888,118</b>	<b>1,292,513</b>	<b>2,595,605</b>		<b>893,612</b>	<b>63</b>	<b>14,141</b>

## WATER SUPPLY CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19 \$)
<b>Arthurs Point</b>							
Reticulation	-	-	-	0%	369,542	325	1,137
Pump Station	1,080,000	538,920	541,080	50%	142,410	325	438
Unspecified Expenditure	50,000	16,235	33,765	32%	10,874	325	33
Storage	-	-	-	0%	556	325	2
New Scheme	-	-	-	0%	212,438	325	654
Intake	-	-	-	0%	67,293	325	207
Renewals	462,470	-	462,470	0%	13,154	325	40
Management	10,000	3,247	6,753	32%	2,173	325	7
Treatment Facility	-	-	-	0%	70,835	325	218
Asset Management System	67,934	10,102	57,832	15%	9,309	325	29
Minor Works	-	-	-	0%	13,299	325	41
Investigations	70,000	7,772	62,228	11%	2,021	325	6
<b>Total Water Supply - Arthurs Point</b>	<b>1,740,404</b>	<b>576,276</b>	<b>1,164,128</b>		<b>913,907</b>	<b>325</b>	<b>2,813</b>
<b>Wanaka</b>							
Reticulation	8,200,000	2,562,294	5,637,706	31%	2,424,487	1,896	1,279
Pump Station	3,320,000	1,012,512	2,307,488	30%	319,921	1,896	169
Unspecified Expenditure	95,000	26,192	68,809	28%	43,296	1,896	23
Storage	8,386,549	2,199,470	6,187,079	26%	2,787,158	1,896	1,470
Intake	-	-	-	0%	141,907	1,896	75
Renewals	7,017,940	-	7,017,940	0%	-	1,896	-
Management	34,331	6,784	27,547	20%	4,445	1,896	2
Flow Metering	-	-	-	0%	34,833	1,896	18
Treatment Facility	19,270,000	5,312,739	13,957,261	28%	3,147,116	1,896	1,660
Asset Management System	979,916	130,623	849,293	13%	112,608	1,896	59
Forward Design	-	-	-	0%	36,495	1,896	19
Minor Works	144,103	28,475	115,628	20%	22,470	1,896	12
Investigations	50,000	13,785	36,215	28%	4,348	1,896	2
<b>Total Water Supply - Wanaka</b>	<b>47,497,839</b>	<b>11,292,873</b>	<b>36,204,966</b>		<b>9,079,085</b>	<b>1,896</b>	<b>4,788</b>

**WATER SUPPLY CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)**

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19 \$)
<b>Hawea</b>							
Reticulation	198,138	76,972	121,166	39%	432,100	217	1,988
Pump Station	-	-	-	0%	106	217	0
Unspecified Expenditure	75,000	24,885	50,115	33%	11,845	217	54
Storage	-	-	-	0%	2,624	217	12
Intake	228,476	82,206	146,270	36%	445,358	217	2,049
Renewals	437,890	-	437,890	0%	-	217	-
Management	650,000	229,800	420,200	35%	132,446	217	609
Flow Metering	-	-	-	0%	15,888	217	73
Treatment Facility	210,000	105,882	104,118	50%	56,721	217	261
Asset Management System	120,203	15,350	104,853	13%	13,939	217	64
Minor Works	-	-	-	0%	8,356	217	38
Investigations	50,000	-	50,000	0%	-	217	-
<b>Total Water Supply - Hawea</b>	<b>1,969,707</b>	<b>535,095</b>	<b>1,434,612</b>		<b>1,119,384</b>	<b>217</b>	<b>5,150</b>
<b>Luggate</b>							
Reticulation	-	-	-	0%	9,572	315	30
Pump Station	3,751,000	1,683,074	2,067,926	45%	1,324,830	315	4,200
Unspecified Expenditure	40,000	10,276	29,724	26%	3,344	315	11
Storage	-	-	-	0%	55,043	315	174
Renewals	267,610	-	267,610	0%	-	315	-
Management	-	-	-	0%	5,055	315	16
Flow Metering	-	-	-	0%	11,920	315	38
Treatment Facility	-	-	-	0%	102,021	315	323
Asset Management System	29,532	2,419	27,113	8%	2,119	315	7
Minor Works	-	-	-	0%	28	315	0
Investigations	30,000	9,819	20,181	33%	14,366	315	46
<b>Total Water Supply - Luggate</b>	<b>4,118,142</b>	<b>1,705,587</b>	<b>2,412,555</b>		<b>1,528,300</b>	<b>315</b>	<b>4,845</b>
<b>Kingston</b>							
Reticulation	964,989	139,537	825,452	14%	172,014	950	181
Unspecified Expenditure	45,000	6,507	38,493	14%	37,803	950	40
New Scheme	7,717,777	6,239,905	1,477,872	81%	7,792,231	950	8,202
Renewals	98,355	-	98,355	0%	-	950	-
Management	-	-	-	0%	132	950	0
Investigations	50,000	-	50,000	0%	-	950	-
<b>Total Water Supply - Kingston</b>	<b>8,876,121</b>	<b>6,385,949</b>	<b>2,490,172</b>		<b>8,002,180</b>	<b>950</b>	<b>8,423</b>

## WATER SUPPLY CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19 \$)
<b>Queenstown</b>							
Reticulation	17,080,177	6,122,835	10,957,342	36%	5,835,993	3,207	1,820
Pump Station	2,710,000	132,090	2,577,910	5%	1,132,801	3,207	353
Unspecified Expenditure	80,000	20,720	59,280	26%	41,508	3,207	13
Storage	12,924,000	11,152,004	1,771,996	86%	2,990,214	3,207	933
Intake	155,799	47,776	108,023	31%	393,386	3,207	123
Renewals	11,301,970	-	11,301,970	0%	-	3,207	-
Management	689,152	107,646	581,506	16%	141,021	3,207	44
Flow Metering	-	-	-	0%	78,929	3,207	25
Treatment Facility	13,562,340	3,228,584	10,333,756	24%	1,586,063	3,207	495
Asset Management System	1,524,222	137,942	1,386,280	9%	124,674	3,207	39
Forward Design	-	-	-	0%	47,485	3,207	15
Minor Works	153,457	23,970	129,487	16%	25,844	3,207	8
Investigations	50,000	12,950	37,050	26%	50,729	3,207	16
New Capital	-	-	-	0%	9,497	3,207	3
<b>Total Water Supply - Queenstown</b>	<b>60,231,116</b>	<b>20,986,516</b>	<b>39,244,600</b>		<b>12,458,144</b>	<b>3,207</b>	<b>3,885</b>
<b>Lake Hayes</b>							
Reticulation	-	-	-	0%	380,265	461	825
Unspecified Expenditure	55,000	10,472	44,528	19%	4,887	461	11
Storage	3,836,066	1,866,702	1,969,363	49%	987,845	461	2,144
New Scheme	-	-	-	0%	129,264	461	281
Intake	22,386	6,865	15,521	31%	56,523	461	123
Renewals	962,400	-	962,400	0%	-	461	-
Management	409,237	77,919	331,318	19%	38,942	461	85
Flow Metering	-	-	-	0%	7,411	461	16
Treatment Facility	1,948,689	463,895	1,484,794	24%	227,892	461	495
Asset Management System	249,139	13,703	235,436	6%	12,651	461	27
Investigations	82,703	18,255	64,448	22%	8,026	461	17
<b>Total Water Supply - Lake Hayes</b>	<b>7,565,619</b>	<b>2,457,811</b>	<b>5,107,809</b>		<b>1,853,706</b>	<b>461</b>	<b>4,023</b>

## WATER SUPPLY CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19 \$)
<b>Quail Rise</b>							
Reticulation	1,187,167	1,187,167	-	100%	1,187,167	900	1,319
Storage	810,000	810,000	-	100%	810,000	900	900
Intake	43,730	13,410	30,320	31%	110,415	900	123
Treatment Facility	3,806,673	906,198	2,900,475	24%	445,176	900	495
<b>Total Water Supply - Quail Rise</b>	<b>5,847,569</b>	<b>2,916,774</b>	<b>2,930,795</b>		<b>2,552,758</b>	<b>900</b>	<b>2,836</b>
<b>Ladies Mile</b>							
Reticulation	2,400,000	1,843,575	556,425	77%	1,843,575	990	1,862
Storage	2,663,934	2,663,934	-	100%	2,663,934	990	2,691
Intake	48,103	14,751	33,352	31%	121,457	990	123
Treatment Facility	4,187,340	996,817	3,190,523	24%	489,693	990	495
<b>Total Water Supply - Ladies Mile</b>	<b>9,299,377</b>	<b>5,519,078</b>	<b>3,780,299</b>		<b>5,118,660</b>	<b>990</b>	<b>5,170</b>

## WATER SUPPLY - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Queenstown</b>									
							Existing Debt	6,277,684	
	2018/19	10,954,068	3,119,870	3,119,870	364	1,412,766	1,412,766	7,823,261	83%
	2019/20	7,926,440	2,291,873	5,411,743	364	1,412,766	2,825,532	8,540,842	73%
	2020/21	7,600,289	2,858,430	8,270,173	364	1,412,766	4,238,297	9,824,979	68%
	2021/22	12,423,702	6,728,825	14,998,998	333	1,293,159	5,531,457	15,112,793	71%
	2022/23	7,362,686	1,364,832	16,363,830	306	1,188,464	6,719,920	15,153,280	67%
	2023/24	7,474,196	1,374,352	17,738,182	306	1,188,464	7,908,384	15,203,287	63%
	2024/25	1,353,502	32,931	17,771,113	306	1,188,464	9,096,848	13,911,873	58%
	2025/26	2,184,678	255,451	18,026,564	306	1,188,464	10,285,312	12,842,979	53%
	2026/27	3,338,622	950,504	18,977,068	302	1,172,826	11,458,138	12,486,563	49%
	2027/28	9,669,853	4,411,384	23,388,451	257	1,000,006	12,458,144	15,783,606	53%
			<b>23,388,451</b>		<b>3,207</b>		<b>Queenstown Weighted Debt Funding Ratio</b>		<b>63%</b>
<b>Arrowtown</b>									
							Existing Debt	1,877,906	
	2018/19	1,746,561	651,151	651,151	55	266,639	266,639	2,262,418	89%
	2019/20	1,393,919	374,125	1,025,276	55	266,639	533,279	2,369,904	82%
	2020/21	2,631,240	752,736	1,778,013	55	266,639	799,918	2,856,001	78%
	2021/22	341,036	11,608	1,789,621	37	180,133	980,051	2,687,476	73%
	2022/23	354,659	16,058	1,805,679	37	180,133	1,160,184	2,523,401	69%
	2023/24	337,813	15,925	1,821,605	37	180,133	1,340,317	2,359,193	64%
	2024/25	172,615	1,251	1,822,855	37	180,133	1,520,451	2,180,310	59%
	2025/26	651,433	117,386	1,940,241	37	180,133	1,700,584	2,117,563	55%
	2026/27	177,683	1,562	1,941,803	32	157,482	1,858,066	1,961,643	51%
	2027/28	190,309	5,951	1,947,754	7	35,639	1,893,705	1,931,955	50%
			<b>1,947,754</b>		<b>389</b>		<b>Arrowtown Weighted Debt Funding Ratio</b>		<b>68%</b>

## WATER SUPPLY - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Glenorchy</b>									
							Existing Debt	424,949	
	2018/19	1,564,821	618,949	618,949	6	89,361	89,361	954,537	91%
	2019/20	643,455	245,969	864,918	6	89,361	178,722	1,111,145	86%
	2020/21	783,194	257,171	1,122,089	6	89,361	268,084	1,278,955	83%
	2021/22	34,557	594	1,122,684	6	89,361	357,445	1,190,188	77%
	2022/23	78,169	5,913	1,128,597	6	89,361	446,806	1,106,740	71%
	2023/24	34,459	584	1,129,180	6	89,361	536,167	1,017,962	66%
	2024/25	83,530	14,157	1,143,338	6	89,361	625,529	942,758	60%
	2025/26	553,272	142,674	1,286,012	6	89,361	714,890	996,072	58%
	2026/27	34,633	603	1,286,615	6	89,361	804,251	907,313	53%
	2027/28	78,028	5,898	1,292,513	6	89,361	893,612	823,849	48%
			<b>1,292,513</b>		<b>63</b>		<b>Glenorchy Weighted Debt Funding Ratio</b>		<b>70%</b>
<b>Lake Hayes</b>									
							Existing Debt	3,190,232	
	2018/19	268,510	63,805	63,805	46	183,693	183,693	3,095,875	95%
	2019/20	144,373	6,032	69,837	46	183,693	367,386	2,943,746	90%
	2020/21	790,774	328,587	398,424	46	183,693	551,078	3,114,171	87%
	2021/22	1,352,773	598,939	997,364	46	185,198	736,276	3,553,653	85%
	2022/23	2,150,558	926,655	1,924,018	46	185,198	921,474	4,320,850	84%
	2023/24	348,949	44,261	1,968,279	46	185,198	1,106,672	4,205,654	82%
	2024/25	119,769	1,294	1,969,573	46	185,198	1,291,869	4,047,490	78%
	2025/26	151,104	9,954	1,979,527	46	185,198	1,477,067	3,897,987	75%
	2026/27	125,634	1,617	1,981,143	47	188,320	1,665,387	3,737,458	72%
	2027/28	142,101	5,907	1,987,051	47	188,320	1,853,706	3,581,220	69%
			<b>1,987,051</b>		<b>461</b>		<b>Lake Hayes Weighted Debt Funding Ratio</b>		<b>81%</b>

## WATER SUPPLY - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Arthurs Point</b>									
							Existing Debt	2,100,270	
	2018/19	234,219	74,173	74,173	46	130,746	130,746	2,043,697	94%
	2019/20	382,555	165,608	239,781	46	130,746	261,491	2,078,560	89%
	2020/21	52,177	882	240,663	46	130,746	392,237	1,948,696	83%
	2021/22	54,152	1,175	241,838	28	78,826	471,062	1,871,046	80%
	2022/23	62,140	4,123	245,961	28	78,826	549,888	1,796,343	77%
	2023/24	104,011	9,272	255,233	28	78,826	628,714	1,726,790	73%
	2024/25	172,663	58,626	313,860	28	78,826	707,539	1,706,590	71%
	2025/26	572,290	260,379	574,238	28	78,826	786,365	1,888,143	71%
	2026/27	54,262	1,192	575,430	23	63,771	850,136	1,825,564	68%
	2027/28	51,935	846	576,276	23	63,771	913,907	1,762,639	66%
			<b>576,276</b>		<b>325</b>		<b>Arthurs Point Weighted Debt Funding Ratio</b>		<b>78%</b>
<b>Wanaka</b>									
							Existing Debt	-	
	2018/19	4,800,757	1,130,574	1,130,574	296	1,417,537	1,417,537	(286,963)	-25%
	2019/20	8,421,375	2,047,637	3,178,211	296	1,417,537	2,835,074	343,138	11%
	2020/21	11,830,488	3,241,565	6,419,776	296	1,417,537	4,252,610	2,167,166	34%
	2021/22	11,133,539	2,968,561	9,388,337	160	766,014	5,018,625	4,369,713	47%
	2022/23	3,169,064	667,163	10,055,501	160	766,014	5,784,639	4,270,862	42%
	2023/24	895,587	49,643	10,105,144	160	766,014	6,550,654	3,554,490	35%
	2024/25	1,455,695	277,890	10,383,034	160	766,014	7,316,668	3,066,366	30%
	2025/26	2,089,859	308,772	10,691,806	160	766,014	8,082,682	2,609,124	24%
	2026/27	2,833,001	570,283	11,262,089	104	498,201	8,580,884	2,681,206	24%
	2027/28	868,474	30,784	11,292,873	104	498,201	9,079,085	2,213,788	20%
			<b>11,292,873</b>		<b>1,896</b>		<b>Wanaka Weighted Debt Funding Ratio</b>		<b>33%</b>

## WATER SUPPLY - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Hawea</b>									
							Existing Debt	1,440,498	
	2018/19	836,509	321,507	321,507	25	127,747	127,747	1,634,258	93%
	2019/20	329,950	108,495	430,002	25	127,747	255,493	1,615,007	86%
	2020/21	54,281	1,340	431,342	25	127,747	383,240	1,488,600	80%
	2021/22	57,777	1,786	433,128	21	107,810	491,050	1,382,576	74%
	2022/23	79,217	9,627	442,755	21	107,810	598,860	1,284,392	68%
	2023/24	82,526	1,754	444,509	21	107,810	706,671	1,178,336	63%
	2024/25	205,141	33,700	478,209	21	107,810	814,481	1,104,225	58%
	2025/26	54,481	1,365	479,574	21	107,810	922,292	997,780	52%
	2026/27	57,971	1,811	481,385	19	98,546	1,020,838	901,045	47%
	2027/28	211,854	53,710	535,095	19	98,546	1,119,384	856,208	43%
			<b>535,095</b>		<b>217</b>				
							<b>Hawea Weighted Debt Funding Ratio</b>		<b>70%</b>
<b>Luggate</b>									
							Existing Debt	381,949	
	2018/19	1,901,227	836,160	836,160	61	297,326	297,326	920,783	76%
	2019/20	1,939,503	857,242	1,693,401	61	297,326	594,653	1,480,698	71%
	2020/21	29,339	211	1,693,612	61	297,326	891,979	1,183,583	57%
	2021/22	30,197	281	1,693,894	61	297,292	1,189,271	886,572	43%
	2022/23	49,323	5,348	1,699,242	39	190,484	1,379,755	701,436	34%
	2023/24	30,136	276	1,699,518	6	30,272	1,410,027	671,441	32%
	2024/25	29,550	228	1,699,746	6	30,272	1,440,299	641,397	31%
	2025/26	29,388	215	1,699,961	6	30,272	1,470,571	611,340	29%
	2026/27	30,245	285	1,700,247	6	28,864	1,499,435	582,761	28%
	2027/28	49,234	5,341	1,705,587	6	28,864	1,528,300	559,237	27%
			<b>1,705,587</b>		<b>315</b>				
							<b>Luggate Weighted Debt Funding Ratio</b>		<b>48%</b>

**WATER SUPPLY - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT**

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Kingston</b>									
							Existing Debt	-	
	2018/19	1,655,201	1,318,035	1,318,035	-	-	-	1,318,035	100%
	2019/20	5,414,174	4,374,098	5,692,133	130	1,095,035	1,095,035	4,597,097	81%
	2020/21	678,402	548,495	6,240,628	125	1,052,918	2,147,953	4,092,674	66%
	2021/22	180,746	26,136	6,266,764	125	1,052,918	3,200,872	3,065,892	49%
	2022/23	412,122	59,593	6,326,356	125	1,052,918	4,253,790	2,072,566	33%
	2023/24	417,122	56,701	6,383,057	115	968,685	5,222,475	1,160,582	18%
	2024/25	-	-	6,383,057	110	926,568	6,149,043	234,014	4%
	2025/26	32,785	-	6,383,057	110	926,568	7,075,611	(692,554)	-11%
	2026/27	32,785	-	6,383,057	110	926,568	8,002,180	(1,619,122)	-25%
	2027/28	52,785	2,892	6,385,949	-	-	8,002,180	(1,616,230)	-25%
			<b>6,385,949</b>		<b>950</b>			<b>Kingston Weighted Debt Funding Ratio</b>	<b>45%</b>
<b>Quail Rise</b>									
							Existing Debt	-	
	2018/19	153,967	153,967	153,967	60	170,184	170,184	20,822	14%
	2019/20	648,000	648,000	801,967	120	340,368	510,552	402,533	50%
	2020/21	754,200	754,200	1,556,167	120	340,368	850,919	890,445	57%
	2021/22	441,000	441,000	1,997,167	180	510,552	1,361,471	932,011	47%
	2022/23	-	-	1,997,167	191	541,752	1,903,223	508,168	25%
	2023/24	-	-	1,997,167	166	470,842	2,374,065	139,802	7%
	2024/25	-	-	1,997,167	63	178,693	2,552,758	-	0%
	2025/26	-	-	1,997,167	-	-	2,552,758	-	0%
	2026/27	-	-	1,997,167	-	-	2,552,758	-	0%
	2027/28	-	-	1,997,167	-	-	2,552,758	-	0%
			<b>1,997,167</b>		<b>900</b>			<b>Quail Rise Weighted Debt Funding Ratio</b>	<b>45%</b>

## WATER SUPPLY - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Ladies Mile</b>							Existing Debt	-	
	2018/19	1,681,967	1,311,017	1,311,017	110	568,740	568,740	810,183	62%
	2019/20	200,000	153,631	1,464,649	110	568,740	1,137,480	462,980	32%
	2020/21	467,213	467,213	1,931,862	110	568,740	1,706,220	429,359	22%
	2021/22	1,452,459	1,313,353	3,245,215	110	568,740	2,274,960	1,241,877	38%
	2022/23	1,262,295	1,262,295	4,507,510	110	568,740	2,843,700	2,003,338	44%
	2023/24	-	-	4,507,510	110	568,740	3,412,440	1,502,503	33%
	2024/25	-	-	4,507,510	110	568,740	3,981,180	1,001,669	22%
	2025/26	-	-	4,507,510	110	568,740	4,549,920	500,834	11%
	2026/27	-	-	4,507,510	110	568,740	5,118,660	-	0%
	2027/28	-	-	4,507,510	-	-	5,118,660	-	0%
			<b>4,507,510</b>		<b>990</b>	<b>Ladies Mile Weighted Debt Funding Ratio</b>		<b>36%</b>	

## WASTEWATER CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19 \$)
<b>Queenstown</b>							
Investigations	-	-	-	0%	208	3,057	0
Management	3,377,905	327,561	3,050,345	10%	380,085	3,057	124
Minor Works	80,478	-	80,478	0%	-	3,057	-
Pump Station	3,169,058	1,460,619	1,708,439	46%	1,755,346	3,057	574
Renewals	6,981,597	255,224	6,726,373	4%	390,068	3,057	128
Reticulation	15,609,054	8,327,466	7,281,588	53%	7,362,039	3,057	2,408
Storage	409,118	137,926	271,192	34%	99,271	3,057	32
Treatment Facility	3,879,205	842,659	3,036,546	22%	4,357,496	3,057	1,426
<b>Total Wastewater - Queenstown</b>	<b>33,506,415</b>	<b>11,351,454</b>	<b>22,154,961</b>		<b>14,344,514</b>	<b>3,057</b>	<b>4,693</b>
<b>Arrowtown</b>							
Management	298,393	20,144	278,249	7%	27,612	389	71
Pump Station	-	-	-	0%	93,592	389	241
Renewals	1,398,972	-	1,398,972	0%	15,183	389	39
Reticulation	-	-	-	0%	447,266	389	1,151
Treatment Facility	493,093	107,112	385,981	22%	553,889	389	1,426
<b>Total Wastewater - Arrowtown</b>	<b>2,190,458</b>	<b>127,256</b>	<b>2,063,202</b>		<b>1,137,541</b>	<b>389</b>	<b>2,928</b>
<b>Lake Hayes</b>							
Management	184,083	10,069	174,014	5%	8,885	86	104
Minor Works	-	-	-	0%	6,899	86	81
Pump Station	-	-	-	0%	88,996	86	1,040
Renewals	314,816	-	314,816	0%	-	86	-
Reticulation	-	-	-	0%	306,334	86	3,581
Treatment Facility	108,558	23,582	84,977	22%	121,943	86	1,426
<b>Total Wastewater - Lake Hayes</b>	<b>607,457</b>	<b>33,651</b>	<b>573,806</b>		<b>533,058</b>	<b>86</b>	<b>6,231</b>

## WASTEWATER CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19 \$)
<b>Arthurs Point</b>							
Management	153,083	27,116	125,967	18%	25,959	229	114
Renewals	126,273	-	126,273	0%	-	229	-
Reticulation	-	-	-	0%	169,208	229	740
Treatment Facility	290,050	63,006	227,044	22%	325,812	229	1,426
<b>Total Wastewater - Arthurs Point</b>	<b>569,406</b>	<b>90,122</b>	<b>479,284</b>		<b>520,979</b>	<b>229</b>	<b>2,279</b>
<b>Wanaka</b>							
Investigations	546,609	238,187	308,422	44%	200,436	2,205	91
Management	1,476,913	321,104	1,155,809	22%	218,151	2,205	99
Minor Works	80,478	-	80,478	0%	-	2,205	-
New Scheme	5,827,700	2,416,747	3,410,953	41%	676,067	2,205	307
Pump Station	3,590,125	871,457	2,718,668	24%	1,181,236	2,205	536
Renewals	2,346,252	-	2,346,252	0%	4,719	2,205	2
Reticulation	2,296,123	515,186	1,780,937	22%	1,120,102	2,205	508
Treatment Facility	6,796,000	1,524,411	5,271,589	22%	7,693,085	2,205	3,489
<b>Total Wastewater - Wanaka</b>	<b>22,960,200</b>	<b>5,887,092</b>	<b>17,073,108</b>		<b>11,093,796</b>	<b>2,205</b>	<b>5,032</b>
<b>Hawea</b>							
Management	143,083	22,617	120,466	16%	27,110	214	126
Pump Station	4,464,620	2,169,457	2,295,163	49%	1,084,906	214	5,062
Renewals	535,413	-	535,413	0%	-	214	-
Reticulation	-	-	-	0%	169,483	214	791
Treatment Facility	-	-	-	0%	320,572	214	1,496
<b>Total Wastewater - Hawea</b>	<b>5,143,116</b>	<b>2,192,075</b>	<b>2,951,041</b>		<b>1,602,070</b>	<b>214</b>	<b>7,474</b>
<b>Glenorchy</b>							
Management	50,000	6,610	43,390	13%	6,722	36	185
New Scheme	182,991	-	182,991	0%	126,544	36	3,492
<b>Total Wastewater - Glenorchy</b>	<b>232,991</b>	<b>6,610</b>	<b>226,381</b>		<b>133,265</b>	<b>36</b>	<b>3,677</b>

## WASTEWATER CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19 \$)
<b>Shotover Country</b>							
Treatment Facility	560,198	121,689	438,509	22%	629,269	441	1,426
<b>Total Wastewater - Shotover Country</b>	<b>560,198</b>	<b>121,689</b>	<b>438,509</b>		<b>629,269</b>	<b>441</b>	<b>1,426</b>
<b>Kingston</b>							
New Scheme	26,509,381	21,319,742	5,189,639	80%	21,467,368	950	22,597
Treatment Facility	-	-	-	0%	18,205	950	19
<b>Total Wastewater - Kingston</b>	<b>26,509,381</b>	<b>21,319,742</b>	<b>5,189,639</b>		<b>21,485,573</b>	<b>950</b>	<b>22,616</b>
<b>Cardrona</b>							
Management	158,741	58,573	100,168	37%	57,807	119	488
New Scheme	-	-	-	0%	402,778	119	3,397
Treatment Facility	3,132,111	351,939	2,780,172	11%	424,533	119	3,580
<b>Total Wastewater - Cardrona</b>	<b>3,290,852</b>	<b>410,512</b>	<b>2,880,340</b>		<b>885,118</b>	<b>119</b>	<b>7,465</b>
<b>Ladies Mile</b>							
Reticulation	2,020,000	2,020,000	-	100%	2,020,000	990	2,040
Treatment Facility	1,256,355	272,911	983,444	22%	1,411,258	990	1,426
<b>Total Wastewater - Ladies Mile</b>	<b>3,276,355</b>	<b>2,292,911</b>	<b>983,444</b>		<b>3,431,258</b>	<b>990</b>	<b>3,466</b>
<b>Quail Rise</b>							
Reticulation	1,439,242	1,439,242	-	100%	1,439,242	900	1,599
Treatment Facility	1,142,141	248,101	894,040	22%	1,282,962	900	1,426
<b>Total Wastewater - Quail Rise</b>	<b>2,581,383</b>	<b>1,687,343</b>	<b>894,040</b>		<b>2,722,204</b>	<b>900</b>	<b>3,025</b>

## WASTE WATER - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Queenstown</b>							Existing Debt	14,808,069	
	2018/19	9,174,865	2,046,612	2,046,612	352	1,653,851	1,653,851	14,862,441	88%
	2019/20	6,137,802	1,805,491	3,852,103	352	1,653,851	3,307,702	14,675,691	79%
	2020/21	3,101,916	650,246	4,502,348	352	1,653,851	4,961,553	13,333,696	69%
	2021/22	1,998,464	798,371	5,300,720	306	1,434,645	6,396,198	12,403,883	62%
	2022/23	8,262,271	4,838,838	10,139,558	279	1,308,193	7,704,391	15,666,862	63%
	2023/24	5,179,685	1,986,586	12,126,144	279	1,308,193	9,012,585	16,077,590	60%
	2024/25	880,933	16,808	12,142,952	279	1,308,193	10,320,778	14,518,540	54%
	2025/26	849,861	13,417	12,156,370	279	1,308,193	11,628,971	12,956,098	48%
	2026/27	889,129	16,402	12,172,772	312	1,462,138	13,091,109	11,211,198	42%
	2027/28	881,884	15,083	12,187,854	267	1,253,405	14,344,514	9,716,420	36%
			<b>12,187,854</b>		<b>3,057</b>			<b>Queenstown Weighted Debt Funding Ratio</b>	<b>61%</b>
<b>Arrowtown</b>							Existing Debt	3,473,582	
	2018/19	178,596	4,488	4,488	55	160,169	160,169	3,336,248	96%
	2019/20	142,437	1,432	5,920	55	160,169	320,338	3,195,857	92%
	2020/21	137,450	1,128	7,048	55	160,169	480,508	3,055,163	88%
	2021/22	137,520	1,133	8,181	37	108,205	588,713	2,960,485	85%
	2022/23	161,170	3,143	11,324	37	108,205	696,918	2,867,816	82%
	2023/24	148,695	1,812	13,136	37	108,205	805,124	2,773,818	80%
	2024/25	143,526	1,498	14,634	37	108,205	913,329	2,679,505	77%
	2025/26	208,580	1,196	15,829	37	108,205	1,021,534	2,584,889	74%
	2026/27	208,370	1,183	17,012	32	94,599	1,116,133	2,502,309	72%
	2027/28	231,021	3,132	20,144	7	21,408	1,137,541	2,486,486	71%
			<b>20,144</b>		<b>389</b>			<b>Arrowtown Weighted Debt Funding Ratio</b>	<b>82%</b>

**WASTE WATER - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT**

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Lake Hayes</b>									
							Existing Debt	418,439	
	2018/19	29,800	1,310	1,310	8	50,991	50,991	364,016	87%
	2019/20	24,837	1,038	2,348	8	50,991	101,981	309,322	74%
	2020/21	20,817	818	3,166	8	50,991	152,972	254,409	60%
	2021/22	20,874	821	3,987	9	54,796	207,768	195,339	46%
	2022/23	23,815	982	4,970	9	54,796	262,564	136,430	32%
	2023/24	29,881	1,314	6,284	9	54,796	317,360	77,853	18%
	2024/25	25,715	1,086	7,370	9	54,796	372,156	19,048	4%
	2025/26	107,121	867	8,237	9	54,796	426,952	(39,976)	-9%
	2026/27	106,951	858	9,095	9	53,053	480,005	(97,105)	-23%
	2027/28	109,088	975	10,069	9	53,053	533,058	(154,116)	-36%
			<b>10,069</b>		<b>86</b>			<b>Lake Hayes Weighted Debt Funding Ratio</b>	<b>46%</b>
<b>Wanaka</b>									
							Existing Debt	1,223,481	
	2018/19	4,262,627	1,058,820	1,058,820	379	1,906,550	1,906,550	375,750	16%
	2019/20	4,303,001	1,237,237	2,296,057	379	1,906,550	3,813,101	(293,563)	-8%
	2020/21	5,501,631	1,473,899	3,769,956	379	1,906,550	5,719,651	(726,214)	-15%
	2021/22	5,944,732	1,779,623	5,549,579	242	1,215,550	6,935,201	(162,141)	-2%
	2022/23	1,042,501	269,803	5,819,382	169	849,219	7,784,420	(741,557)	-11%
	2023/24	382,485	16,124	5,835,506	151	758,643	8,543,064	(1,484,077)	-21%
	2024/25	364,345	13,327	5,848,833	151	758,643	9,301,707	(2,229,393)	-32%
	2025/26	367,726	10,639	5,859,472	151	758,643	10,060,350	(2,977,397)	-42%
	2026/27	389,203	11,583	5,871,055	103	516,723	10,577,073	(3,482,537)	-49%
	2027/28	401,949	16,037	5,887,092	103	516,723	11,093,796	(3,983,223)	-56%
			<b>5,887,092</b>		<b>2,205</b>			<b>Wanaka Weighted Debt Funding Ratio</b>	<b>0%</b>

## WASTE WATER - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Arthurs Point</b>									
							Existing Debt	1,714,631	
	2018/19	54,210	11,446	11,446	32	72,861	72,861	1,654,222	96%
	2019/20	11,700	1,342	12,787	32	72,861	145,722	1,583,709	92%
	2020/21	9,667	1,057	13,845	32	72,861	218,583	1,512,912	88%
	2021/22	9,696	1,062	14,906	20	45,104	263,686	1,469,492	85%
	2022/23	11,183	1,269	16,176	20	45,104	308,790	1,426,281	82%
	2023/24	34,250	6,048	22,224	20	45,104	353,893	1,387,849	80%
	2024/25	12,144	1,404	23,627	20	45,104	398,997	1,344,772	77%
	2025/26	45,199	1,120	24,748	20	45,104	444,100	1,301,411	75%
	2026/27	45,113	1,108	25,856	17	38,440	482,540	1,264,611	73%
	2027/28	46,194	1,260	27,116	17	38,440	520,979	1,227,962	71%
			<b>27,116</b>		<b>229</b>		<b>Arthurs Point Weighted Debt Funding Ratio</b>		<b>83%</b>
<b>Hawea</b>									
							Existing Debt	344,510	
	2018/19	815,332	363,316	363,316	25	183,188	183,188	524,638	74%
	2019/20	1,839,965	908,290	1,271,606	25	183,188	366,376	1,249,739	77%
	2020/21	1,837,932	908,030	2,179,636	25	183,188	549,565	1,974,581	78%
	2021/22	38,586	969	2,180,605	21	154,129	703,694	1,821,420	72%
	2022/23	163,711	1,159	2,181,763	21	154,129	857,823	1,668,450	66%
	2023/24	63,140	5,846	2,187,609	21	154,129	1,011,952	1,520,167	60%
	2024/25	41,034	1,281	2,188,891	21	154,129	1,166,081	1,367,319	54%
	2025/26	114,169	1,023	2,189,913	21	154,129	1,320,211	1,214,212	48%
	2026/27	114,083	1,012	2,190,925	19	140,930	1,461,141	1,074,294	42%
	2027/28	115,164	1,150	2,192,075	19	140,930	1,602,070	934,514	37%
			<b>2,192,075</b>		<b>214</b>		<b>Hawea Weighted Debt Funding Ratio</b>		<b>63%</b>

**WASTE WATER - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT**

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Glenorchy</b>									
							Existing Debt	393,980	
	2018/19	10,000	1,322	1,322	4	13,327	13,327	381,975	97%
	2019/20	20,000	2,644	3,966	4	13,327	26,653	371,293	93%
	2020/21	-	-	3,966	4	13,327	39,980	357,966	90%
	2021/22	-	-	3,966	4	13,327	53,306	344,640	87%
	2022/23	-	-	3,966	4	13,327	66,633	331,313	83%
	2023/24	-	-	3,966	4	13,327	79,959	317,987	80%
	2024/25	20,000	2,644	6,610	4	13,327	93,286	307,304	77%
	2025/26	60,997	-	6,610	4	13,327	106,612	293,978	73%
	2026/27	60,997	-	6,610	4	13,327	119,939	280,651	70%
	2027/28	60,997	-	6,610	4	13,327	133,265	267,325	67%
			<b>6,610</b>		<b>36</b>		<b>Glenorchy Weighted Debt Funding Ratio</b>		<b>83%</b>

<b>Shotover Country</b>									
							Existing Debt	-	
	2018/19	196,754	35,313	35,313	53	76,045	76,045	(40,732)	-115%
	2019/20	218,496	48,559	83,872	53	76,045	152,090	(68,218)	-81%
	2020/21	144,949	37,817	121,689	53	76,045	228,135	(106,446)	-87%
	2021/22	-	-	121,689	47	66,763	294,898	(173,209)	-142%
	2022/23	-	-	121,689	47	66,763	361,661	(239,972)	-197%
	2023/24	-	-	121,689	47	66,763	428,424	(306,735)	-252%
	2024/25	-	-	121,689	47	66,763	495,186	(373,498)	-307%
	2025/26	-	-	121,689	47	66,763	561,949	(440,260)	-362%
	2026/27	-	-	121,689	24	33,660	595,609	(473,920)	-389%
	2027/28	-	-	121,689	24	33,660	629,269	(507,580)	-417%
			<b>121,689</b>		<b>441</b>		<b>Shotover Country Weighted Debt Funding Ratio</b>		<b>0%</b>

## WASTE WATER - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Kingston</b>									
							Existing Debt	154,480	
	2018/19	1,582,977	1,280,628	1,280,628	-	-	-	1,435,108	100%
	2019/20	6,000,000	4,854,000	6,134,628	130	2,940,131	2,940,131	3,348,977	53%
	2020/21	6,000,000	4,854,000	10,988,628	125	2,827,049	5,767,180	5,375,928	48%
	2021/22	2,212,521	1,789,929	12,778,558	125	2,827,049	8,594,229	4,338,809	34%
	2022/23	1,249,524	1,010,865	13,789,423	125	2,827,049	11,421,278	2,522,624	18%
	2023/24	8,195,039	6,629,787	20,419,209	115	2,600,885	14,022,164	6,551,526	32%
	2024/25	1,113,143	900,533	21,319,742	110	2,487,803	16,509,967	4,964,255	23%
	2025/26	52,059	-	21,319,742	110	2,487,803	18,997,770	2,476,452	12%
	2026/27	52,059	-	21,319,742	110	2,487,803	21,485,573	(11,351)	0%
	2027/28	52,059	-	21,319,742	-	-	21,485,573	(11,351)	0%
			<b>21,319,742</b>		<b>950</b>		<b>Kingston Weighted Debt Funding Ratio</b>		<b>36%</b>
<b>Cardrona</b>									
							Existing Debt	1,262,730	
	2018/19	440,629	53,965	53,965	18	131,189	131,189	1,185,506	90%
	2019/20	2,654,399	351,147	405,112	18	131,189	262,378	1,405,464	84%
	2020/21	-	-	405,112	18	131,189	393,567	1,274,275	76%
	2021/22	-	-	405,112	19	138,535	532,102	1,135,740	68%
	2022/23	-	-	405,112	19	138,535	670,638	997,204	60%
	2023/24	-	-	405,112	21	153,724	824,362	843,480	51%
	2024/25	20,000	5,400	410,512	2	15,189	839,551	833,691	50%
	2025/26	58,608	-	410,512	2	15,189	854,740	818,502	49%
	2026/27	58,608	-	410,512	2	15,189	869,929	803,313	48%
	2027/28	58,608	-	410,512	2	15,189	885,118	788,124	47%
			<b>410,512</b>		<b>119</b>		<b>Cardrona Weighted Debt Funding Ratio</b>		<b>65%</b>

**WASTE WATER - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT**

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Ladies Mile</b>							Existing Debt	-	
	2018/19	1,600,000	1,600,000	1,600,000	110	381,251	381,251	1,375,556	86%
	2019/20	-	-	1,600,000	110	381,251	762,502	1,151,111	72%
	2020/21	400,000	400,000	2,000,000	110	381,251	1,143,753	1,326,667	66%
	2021/22	-	-	2,000,000	110	381,251	1,525,004	1,102,222	55%
	2022/23	-	-	2,000,000	110	381,251	1,906,255	877,778	44%
	2023/24	-	-	2,000,000	110	381,251	2,287,506	653,333	33%
	2024/25	20,000	20,000	2,020,000	110	381,251	2,668,757	448,889	22%
	2025/26	-	-	2,020,000	110	381,251	3,050,007	224,444	11%
	2026/27	-	-	2,020,000	110	381,251	3,431,258	-	0%
	2027/28	-	-	2,020,000	-	-	3,431,258	-	0%
			<b>2,020,000</b>		<b>990</b>	<b>Ladies Mile Weighted Debt Funding Ratio</b>			<b>59%</b>

<b>Quail Rise</b>							Existing Debt	-	
	2018/19	1,439,242	1,439,242	1,439,242	60	181,480	181,480	1,343,293	93%
	2019/20	-	-	1,439,242	120	362,961	544,441	1,151,394	80%
	2020/21	-	-	1,439,242	120	362,961	907,401	959,495	67%
	2021/22	-	-	1,439,242	180	544,441	1,451,842	671,646	47%
	2022/23	-	-	1,439,242	191	577,712	2,029,554	366,207	25%
	2023/24	-	-	1,439,242	166	502,095	2,531,650	100,747	7%
	2024/25	-	-	1,439,242	63	190,554	2,722,204	0	0%
	2025/26	-	-	1,439,242	-	-	2,722,204	0	0%
	2026/27	-	-	1,439,242	-	-	2,722,204	0	0%
	2027/28	-	-	1,439,242	-	-	2,722,204	0	0%
			<b>1,439,242</b>		<b>900</b>	<b>Quail Rise Weighted Debt Funding Ratio</b>			<b>70%</b>

## STORMWATER CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19 \$)
<b>Queenstown</b>							
Reticulation	9,270,223	2,851,180	6,419,043	31%	1,805,286	1,877	962
Unspecified Expenditure	163,287	42,912	120,375	26%	32,295	1,877	17
Investigations	30,000	4,881	25,119	16%	5,868	1,877	3
Minor Works	-	-	-	0%	16,213	1,877	9
Renewals	4,669,722	-	4,669,722	0%	47,157	1,877	25
Management	7,000,000	716,984	6,283,016	10%	558,504	1,877	298
New Scheme	4,352,742	1,971,792	2,380,950	45%	709,332	1,877	378
Stormwater Upgrades	-	-	-	0%	328,459	1,877	175
Asset Management System	1,663,719	159,551	1,504,168	10%	146,514	1,877	78
<b>Total Stormwater - Queenstown</b>	<b>27,149,693</b>	<b>5,747,299</b>	<b>21,402,394</b>		<b>3,649,628</b>	<b>1,877</b>	<b>1,944</b>
<b>Arrowtown</b>							
Reticulation	7,000	897	6,103	13%	143,123	369	388
Renewals	-	-	-	0%	6,943	369	19
Stormwater Upgrades	-	-	-	0%	3,780	369	10
<b>Total Stormwater - Arrowtown</b>	<b>7,000</b>	<b>897</b>	<b>6,103</b>		<b>153,845</b>	<b>369</b>	<b>417</b>
<b>Glenorchy</b>							
Reticulation	-	-	-	0%	32,511	125	259
New Scheme	-	-	-	0%	3,522	125	28
Stormwater Upgrades	-	-	-	0%	381	125	3
<b>Total Stormwater - Glenorchy</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>36,414</b>	<b>125</b>	<b>290</b>
<b>Frankton Flats</b>							
Reticulation	-	-	-	0%	3,243,676	1,394	2,326
Unspecified Expenditure	78,699	78,699	-	100%	1,353,068	1,394	970
<b>Total Stormwater - Frankton Flats</b>	<b>78,699</b>	<b>78,699</b>	<b>-</b>		<b>4,596,745</b>	<b>1,394</b>	<b>3,296</b>

## STORMWATER CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19 \$)
<b>Wanaka</b>							
Reticulation	8,079,746	2,553,378	5,526,368	32%	2,104,593	1,406	1,496
Unspecified Expenditure	3,551,238	1,560,653	1,990,585	44%	118,228	1,406	84
Investigations	30,000	5,670	24,330	19%	17,828	1,406	13
Minor Works	74,810	25,508	49,302	34%	15,088	1,406	11
Renewals	1,532,458	-	1,532,458	0%	35,326	1,406	25
Management	-	-	-	0%	3,142	1,406	2
New Scheme	-	-	-	0%	26,190	1,406	19
Stormwater Upgrades	-	-	-	0%	175,366	1,406	125
Asset Management System	1,129,764	145,740	984,024	13%	128,627	1,406	91
<b>Total Stormwater - Wanaka</b>	<b>14,398,016</b>	<b>4,290,949</b>	<b>10,107,067</b>		<b>2,624,388</b>	<b>1,406</b>	<b>1,866</b>
<b>Hawea</b>							
Reticulation	-	-	-	0%	58,151	192	303
Stormwater Upgrades	-	-	-	0%	2,487	192	13
<b>Total Stormwater - Hawea</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>60,638</b>	<b>192</b>	<b>316</b>
<b>Kingston</b>							
New Scheme	7,273,525	6,446,855	826,670	89%	4,367,679	750	5,824
<b>Total Stormwater - Kingston</b>	<b>7,273,525</b>	<b>6,446,855</b>	<b>826,670</b>		<b>4,367,679</b>	<b>750</b>	<b>5,824</b>
<b>Luggate</b>							
Minor Works	47,588	17,857	29,731	38%	775	36	21
New Scheme	455,419	112,443	342,976	25%	39,849	36	1,099
<b>Total Stormwater - Luggate</b>	<b>503,007</b>	<b>130,300</b>	<b>372,707</b>		<b>40,624</b>	<b>36</b>	<b>1,120</b>
<b>Albert Town</b>							
Reticulation	-	-	-	0%	67,402	158	428
New Scheme	-	-	-	0%	22,219	158	141
Stormwater Upgrades	-	-	-	0%	2,263	158	14
<b>Total Stormwater - Albert Town</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>91,884</b>	<b>158</b>	<b>583</b>
<b>Ladies Mile</b>							
Reticulation	2,100,000	2,100,000	-	100%	2,100,000	990	2,121
<b>Total Stormwater - Ladies Mile</b>	<b>2,100,000</b>	<b>2,100,000</b>	<b>-</b>		<b>2,100,000</b>	<b>990</b>	<b>2,121</b>

## STORMWATER - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Queenstown</b>									
							Existing Debt	2,328,636	
	2018/19	9,074,134	1,287,596	1,287,596	226	438,586	438,586	3,177,647	88%
	2019/20	1,592,090	425,317	1,712,914	226	438,586	877,172	3,164,378	78%
	2020/21	2,678,676	928,719	2,641,632	226	438,586	1,315,758	3,654,511	74%
	2021/22	3,673,875	1,184,271	3,825,903	174	338,173	1,653,931	4,500,608	73%
	2022/23	2,450,671	491,643	4,317,546	174	338,173	1,992,103	4,654,078	70%
	2023/24	693,301	24,434	4,341,979	174	338,173	2,330,276	4,340,339	65%
	2024/25	730,342	27,986	4,369,965	174	338,173	2,668,449	4,030,152	60%
	2025/26	757,880	47,216	4,417,182	174	338,173	3,006,622	3,739,196	55%
	2026/27	1,150,622	153,013	4,570,195	165	321,503	3,328,125	3,570,706	52%
	2027/28	4,348,102	1,177,104	5,747,299	165	321,503	3,649,628	4,426,307	55%
			<b>5,747,299</b>		<b>1,877</b>		<b>Queenstown Weighted Debt Funding Ratio</b>		<b>66%</b>
<b>Arrowtown</b>									
							Existing Debt	457,874	
	2018/19	7,000	897	897	50	20,978	20,978	437,793	95%
	2019/20	-	-	897	50	20,978	41,956	416,815	91%
	2020/21	-	-	897	50	20,978	62,934	395,837	86%
	2021/22	-	-	897	35	14,763	77,697	381,074	83%
	2022/23	-	-	897	35	14,763	92,460	366,311	80%
	2023/24	-	-	897	35	14,763	107,223	351,549	77%
	2024/25	-	-	897	35	14,763	121,985	336,786	73%
	2025/26	-	-	897	35	14,763	136,748	322,023	70%
	2026/27	-	-	897	33	13,758	150,507	308,264	67%
	2027/28	-	-	897	8	3,339	153,845	304,926	66%
			<b>897</b>		<b>369</b>		<b>Arrowtown Weighted Debt Funding Ratio</b>		<b>80%</b>

**STORMWATER - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT**

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Glenorchy</b>									
							Existing Debt	155,652	
	2018/19	-	-	-	14	4,114	4,114	151,538	97%
	2019/20	-	-	-	14	4,114	8,227	147,425	95%
	2020/21	-	-	-	14	4,114	12,341	143,311	92%
	2021/22	-	-	-	12	3,489	15,830	139,822	90%
	2022/23	-	-	-	12	3,489	19,319	136,333	88%
	2023/24	-	-	-	12	3,489	22,808	132,844	85%
	2024/25	-	-	-	12	3,489	26,297	129,354	83%
	2025/26	-	-	-	12	3,489	29,786	125,865	81%
	2026/27	-	-	-	11	3,314	33,100	122,551	79%
	2027/28	-	-	-	11	3,314	36,414	119,237	77%
					<b>125</b>		<b>Glenorchy Weighted Debt Funding Ratio</b>		<b>87%</b>

<b>Arthurs Point</b>									
							Existing Debt	125,462	
	2018/19	-	-	-	13	50	50	125,411	100%
	2019/20	-	-	-	13	50	101	125,361	100%
	2020/21	-	-	-	13	50	151	125,310	100%
	2021/22	-	-	-	9	34	185	125,277	100%
	2022/23	-	-	-	9	34	218	125,243	100%
	2023/24	-	-	-	9	34	252	125,210	100%
	2024/25	-	-	-	9	34	286	125,176	100%
	2025/26	-	-	-	9	34	319	125,143	100%
	2026/27	-	-	-	8	31	350	125,112	100%
	2027/28	-	-	-	8	31	381	125,081	100%
					<b>101</b>		<b>Arthurs Point Weighted Debt Funding Ratio</b>		<b>100%</b>

## STORMWATER - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Frankton Flats</b>									
							Existing Debt	1,729,699	
	2018/19	-	-	-	139	459,674	459,674	1,270,025	73%
	2019/20	-	-	-	139	459,674	919,349	810,350	47%
	2020/21	-	-	-	139	459,674	1,379,023	350,676	20%
	2021/22	-	-	-	139	459,674	1,838,698	(108,999)	-6%
	2022/23	-	-	-	139	459,674	2,298,372	(568,673)	-33%
	2023/24	78,699	78,699	78,699	139	459,674	2,758,047	(949,649)	-53%
	2024/25	-	-	78,699	139	459,674	3,217,721	(1,409,323)	-78%
	2025/26	-	-	78,699	139	459,674	3,677,396	(1,868,998)	-103%
	2026/27	-	-	78,699	139	459,674	4,137,070	(2,328,672)	-129%
	2027/28	-	-	78,699	139	459,674	4,596,745	(2,788,347)	-154%
			<b>78,699</b>		<b>1,394</b>			<b>Frankton Flats Weighted Debt Funding Ratio</b>	<b>0%</b>
<b>Wanaka</b>									
							Existing Debt	815,786	
	2018/19	636,903	163,924	163,924	221	411,916	411,916	567,793	58%
	2019/20	329,788	33,365	197,289	221	411,916	823,833	189,242	19%
	2020/21	510,703	84,043	281,333	221	411,916	1,235,749	(138,631)	-13%
	2021/22	1,538,755	352,053	633,386	116	216,203	1,451,952	(2,781)	0%
	2022/23	839,864	165,855	799,240	116	216,203	1,668,155	(53,129)	-3%
	2023/24	3,678,076	914,726	1,713,967	116	216,203	1,884,357	645,395	26%
	2024/25	376,875	44,408	1,758,375	116	216,203	2,100,560	473,600	18%
	2025/26	1,161,103	413,581	2,171,956	116	216,203	2,316,763	670,979	22%
	2026/27	2,613,760	997,949	3,169,905	82	153,813	2,470,575	1,515,115	38%
	2027/28	2,712,189	1,121,044	4,290,949	82	153,813	2,624,388	2,482,347	49%
			<b>4,290,949</b>		<b>1,406</b>			<b>Wanaka Weighted Debt Funding Ratio</b>	<b>38%</b>

## STORMWATER - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Hawea</b>									
							Existing Debt	111,153	
	2018/19	-	-	-	22	6,883	6,883	104,270	94%
	2019/20	-	-	-	22	6,883	13,767	97,387	88%
	2020/21	-	-	-	22	6,883	20,650	90,503	81%
	2021/22	-	-	-	18	5,838	26,488	84,665	76%
	2022/23	-	-	-	18	5,838	32,327	78,827	71%
	2023/24	-	-	-	18	5,838	38,165	72,988	66%
	2024/25	-	-	-	18	5,838	44,003	67,150	60%
	2025/26	-	-	-	18	5,838	49,842	61,312	55%
	2026/27	-	-	-	17	5,398	55,240	55,914	50%
	2027/28	-	-	-	17	5,398	60,638	50,516	45%
			-		<b>192</b>		<b>Hawea Weighted Debt Funding Ratio</b>		<b>72%</b>
<b>Kingston</b>									
							Existing Debt	930,324	
	2018/19	3,402,374	3,151,742	3,151,742	190	1,106,479	1,106,479	2,975,587	73%
	2019/20	256,219	237,345	3,389,087	15	87,354	1,193,832	3,125,578	72%
	2020/21	-	-	3,389,087	125	727,947	1,921,779	2,397,632	56%
	2021/22	-	-	3,389,087	15	87,354	2,009,133	2,310,278	53%
	2022/23	1,139,517	1,055,576	4,444,663	125	727,947	2,737,079	2,637,908	49%
	2023/24	1,601,624	1,483,642	5,928,306	15	87,354	2,824,433	4,034,197	59%
	2024/25	270,111	250,214	6,178,520	125	727,947	3,552,379	3,556,464	50%
	2025/26	-	-	6,178,520	10	58,236	3,610,615	3,498,228	49%
	2026/27	74,271	33,013	6,211,533	120	698,829	4,309,444	2,832,413	40%
	2027/28	529,408	235,322	6,446,855	10	58,236	4,367,679	3,009,499	41%
			<b>6,446,855</b>		<b>750</b>		<b>Kingston Weighted Debt Funding Ratio</b>		<b>54%</b>

**STORMWATER - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT**

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Luggate</b>									
							Existing Debt	21,041	
	2018/19	-	-	-	4	4,063	4,063	16,978	81%
	2019/20	-	-	-	4	4,063	8,126	12,914	61%
	2020/21	-	-	-	4	4,063	12,189	8,851	42%
	2021/22	-	-	-	4	3,968	16,158	4,883	23%
	2022/23	10,000	2,469	2,469	4	3,968	20,126	3,384	14%
	2023/24	445,419	109,974	112,443	4	3,968	24,094	109,390	82%
	2024/25	-	-	112,443	4	3,968	28,062	105,422	79%
	2025/26	-	-	112,443	4	3,968	32,030	101,453	76%
	2026/27	-	-	112,443	4	4,297	36,327	97,156	73%
	2027/28	47,588	17,857	130,300	4	4,297	40,624	110,716	73%
			<b>130,300</b>		<b>36</b>		<b>Luggate Weighted Debt Funding Ratio</b>		<b>75%</b>
<b>Albert Town</b>									
							Existing Debt	91,448	
	2018/19	-	-	-	26	14,959	14,959	76,489	84%
	2019/20	-	-	-	26	14,959	29,918	61,530	67%
	2020/21	-	-	-	26	14,959	44,878	46,571	51%
	2021/22	-	-	-	13	7,522	52,400	39,049	43%
	2022/23	-	-	-	13	7,522	59,922	31,526	34%
	2023/24	-	-	-	13	7,522	67,444	24,004	26%
	2024/25	-	-	-	13	7,522	74,966	16,482	18%
	2025/26	-	-	-	13	7,522	82,488	8,960	10%
	2026/27	-	-	-	8	4,698	87,186	4,262	5%
	2027/28	-	-	-	8	4,698	91,884	(436)	0%
			-		<b>158</b>		<b>Albert Town Weighted Debt Funding Ratio</b>		<b>54%</b>

**STORMWATER - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT**

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Ladies Mile</b>							Existing Debt	-	
	2018/19	630,000	630,000	630,000	110	233,333	233,333	396,667	63%
	2019/20	1,365,000	1,365,000	1,995,000	110	233,333	466,667	1,528,333	77%
	2020/21	105,000	105,000	2,100,000	110	233,333	700,000	1,400,000	67%
	2021/22	-	-	2,100,000	110	233,333	933,333	1,166,667	56%
	2022/23	-	-	2,100,000	110	233,333	1,166,667	933,333	44%
	2023/24	-	-	2,100,000	110	233,333	1,400,000	700,000	33%
	2024/25	-	-	2,100,000	110	233,333	1,633,333	466,667	22%
	2025/26	-	-	2,100,000	110	233,333	1,866,667	233,333	11%
	2026/27	-	-	2,100,000	110	233,333	2,100,000	-	0%
	2027/28	-	-	2,100,000	-	-	2,100,000	-	0%
			<b>2,100,000</b>		<b>990</b>		<b>Ladies Mile Weighted Debt Funding Ratio</b>		<b>55%</b>

## TRANSPORT CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19 \$)
<b>Wakatipu</b>							
Advance property purchase	-	-	-	0%	665,812	7,284	91
Associated improvements	-	-	-	0%	204,244	7,284	28
Carparking Facilities	46,711,000	1,121,064	45,589,936	2%	1,105,881	7,284	152
Cycle facilities	25,028,000	3,036,530	21,991,470	12%	2,440,262	7,284	335
Drainage renewals	3,507,208	413,588	3,093,620	12%	381,833	7,284	52
Environmental Renewals	1,800,000	110,700	1,689,300	6%	34,074	7,284	5
Kerb & Channel Construction	-	-	-	0%	17,117	7,284	2
Minor Improvements	13,192,413	868,862	12,323,550	7%	828,777	7,284	114
New roads	152,504,444	19,772,347	132,732,097	13%	10,982,244	7,284	1,508
New traffic management facilities	7,975,000	1,801,200	6,173,800	23%	1,938,640	7,284	266
Parking Facilities	-	-	-	0%	27	7,284	0
Passenger transport infrastructure	33,277,603	2,647,010	30,630,593	8%	1,462,017	7,284	201
Pedestrian facilities	74,617,405	11,799,766	62,817,638	16%	8,478,058	7,284	1,164
Preventive maintenance	-	-	-	0%	10,601	7,284	1
Property purchase (local roads)	-	-	-	0%	129,110	7,284	18
Replacement of bridges & other structures	1,000,000	122,500	877,500	12%	90,783	7,284	12
Road reconstruction	5,992,004	852,025	5,139,979	14%	1,076,463	7,284	148
Roading General	-	-	-	0%	284,454	7,284	39
Seal extension	-	-	-	0%	210,307	7,284	29
Sealed road pavement rehabilitation	6,132,009	709,171	5,422,838	12%	2,676,621	7,284	367
Sealed road resurfacing	10,427,064	1,017,052	9,410,012	10%	1,271,094	7,284	175
Street Furniture	-	-	-	0%	5,034	7,284	1
Streetlighting	-	-	-	0%	60,010	7,284	8
Structures component replacements	907,598	81,046	826,552	9%	55,316	7,284	8
Studies and strategies	400,000	58,800	341,200	15%	529,834	7,284	73
Town Centre Improvements	-	-	-	0%	416,379	7,284	57
Traffic services renewals	1,391,752	132,669	1,259,083	10%	334,700	7,284	46
Unsealed road metalling	8,356,977	403,092	7,953,885	5%	394,623	7,284	54
Resilience Improvements	1,016,000	60,046	955,954	6%	40,858	7,284	6
<b>Total Transport - Wakatipu</b>	<b>394,236,476</b>	<b>45,007,468</b>	<b>349,229,008</b>		<b>36,125,172</b>	<b>7,284</b>	<b>4,960</b>

## TRANSPORT CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19 \$)
<b>Wanaka</b>							
Associated improvements	-	-	-	0%	38,897	3,443	11
Carparking Facilities	10,300,000	247,200	10,052,800	2%	211,040	3,443	61
Cycle facilities	709,600	86,926	622,674	12%	52,154	3,443	15
Drainage renewals	1,972,802	241,668	1,731,134	12%	211,633	3,443	61
Environmental Renewals	600,000	44,100	555,900	7%	14,097	3,443	4
Kerb & Channel Construction	-	-	-	0%	19,179	3,443	6
Minor Improvements	11,041,986	925,800	10,116,185	8%	814,353	3,443	237
New roads	-	-	-	0%	419,707	3,443	122
Parking Facilities	-	-	-	0%	1,573	3,443	0
Passenger transport infrastructure	-	-	-	0%	5,594	3,443	2
Pedestrian facilities	4,000,000	490,000	3,510,000	12%	485,741	3,443	141
Preventive maintenance	-	-	-	0%	325	3,443	0
Property purchase (local roads)	-	-	-	0%	15,513	3,443	5
Replacement of bridges & other structures	-	-	-	0%	24,510	3,443	7
Road reconstruction	4,277,889	628,850	3,649,040	15%	461,526	3,443	134
Roading General	-	-	-	0%	77,560	3,443	23
Seal extension	-	-	-	0%	885,173	3,443	257
Seal extension - residential	-	-	-	0%	979,421	3,443	284
Sealed road pavement rehabilitation	3,288,006	402,781	2,885,225	12%	410,911	3,443	119
Sealed road resurfacing	6,751,370	661,634	6,089,736	10%	745,456	3,443	217
Street Furniture	-	-	-	0%	3,344	3,443	1
Streetlighting	-	-	-	0%	36,821	3,443	11
Structures component replacements	723,359	88,611	634,748	12%	53,562	3,443	16
Town Centre Improvements	-	-	-	0%	65,280	3,443	19
Traffic services renewals	1,341,146	126,125	1,215,021	9%	243,804	3,443	71
Unsealed road metalling	5,304,652	259,928	5,044,724	5%	283,792	3,443	82
<b>Total Transport - Wanaka</b>	<b>50,310,810</b>	<b>4,203,623</b>	<b>46,107,186</b>		<b>6,560,964</b>	<b>3,443</b>	<b>1,906</b>

## TRANSPORT CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19 \$)
<b>District Wide</b>							
Associated improvements	-	-	-	0%	4,395	10,727	0
Drainage renewals	657,598	65,155	592,443	10%	39,557	10,727	4
Environmental Renewals	1,200,000	70,920	1,129,080	6%	18,190	10,727	2
Minor Improvements	3,739,250	108,157	3,631,093	3%	155,898	10,727	15
Parking Facilities	-	-	-	0%	1,578	10,727	0
Preventive maintenance	-	-	-	0%	1,216	10,727	0
Replacement of bridges & other structures	-	-	-	0%	1,348	10,727	0
Road reconstruction	-	-	-	0%	25,858	10,727	2
Seal extension	-	-	-	0%	20,436	10,727	2
Sealed road pavement rehabilitation	1,500,000	121,500	1,378,500	8%	164,514	10,727	15
Sealed road resurfacing	3,898,362	292,316	3,606,046	7%	156,319	10,727	15
Structures component replacements	657,598	65,155	592,443	10%	33,588	10,727	3
Traffic services renewals	72,335	7,167	65,168	10%	6,353	10,727	1
<b>Total Transport - District Wide</b>	<b>11,725,143</b>	<b>730,370</b>	<b>10,994,773</b>		<b>629,249</b>	<b>10,727</b>	<b>59</b>
<b>Eastern Access Road</b>							
New roads	-	-	-	0%	4,109,052	5,597	734
<b>Total Transport - Eastern Access Road</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>4,109,052</b>	<b>5,597</b>	<b>734</b>

## TRANSPORT - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Wakatipu</b>							Existing Debt	4,811,396	
	2018/19	28,718,486	2,857,398	2,857,398	846	4,195,622	4,195,622	3,473,171	45%
	2019/20	64,644,676	8,104,848	10,962,245	846	4,195,622	8,391,245	7,382,397	47%
	2020/21	97,829,911	10,410,015	21,372,261	846	4,195,622	12,586,867	13,596,790	52%
	2021/22	48,652,406	6,409,928	27,782,189	846	4,195,622	16,782,490	15,811,095	49%
	2022/23	69,551,908	7,401,362	35,183,551	651	3,229,844	20,012,334	19,982,613	50%
	2023/24	45,566,608	5,058,541	40,242,091	651	3,229,844	23,242,177	21,811,310	48%
	2024/25	20,026,108	2,632,261	42,874,353	651	3,229,844	26,472,021	21,213,727	44%
	2025/26	6,683,208	755,651	43,630,003	651	3,229,844	29,701,865	18,739,534	39%
	2026/27	4,829,008	513,769	44,143,772	651	3,229,844	32,931,709	16,023,459	33%
	2027/28	7,734,158	863,696	45,007,468	644	3,193,464	36,125,172	13,693,692	27%
			<b>45,007,468</b>		<b>7,284</b>	<b>Wakatipu Weighted Debt Funding Ratio</b>			<b>43%</b>
<b>Wanaka</b>							Existing Debt	19,771	
	2018/19	8,510,707	970,776	970,776	445	847,202	847,202	143,346	14%
	2019/20	5,498,797	491,274	1,462,051	445	847,202	1,694,404	(212,582)	-14%
	2020/21	4,906,957	437,081	1,899,131	445	847,202	2,541,605	(622,703)	-32%
	2021/22	4,407,157	389,896	2,289,027	445	847,202	3,388,807	(1,080,009)	-47%
	2022/23	7,286,407	354,712	2,643,739	280	534,274	3,923,081	(1,259,571)	-47%
	2023/24	7,480,657	344,425	2,988,164	280	534,274	4,457,356	(1,449,420)	-48%
	2024/25	2,564,907	230,809	3,218,973	280	534,274	4,991,630	(1,752,886)	-54%
	2025/26	2,494,157	225,795	3,444,768	280	534,274	5,525,904	(2,061,365)	-59%
	2026/27	3,538,407	376,238	3,821,006	280	534,274	6,060,178	(2,219,401)	-58%
	2027/28	3,622,657	382,617	4,203,623	263	500,786	6,560,964	(2,337,570)	-55%
			<b>4,203,623</b>		<b>3,443</b>	<b>Wanaka Weighted Debt Funding Ratio</b>			<b>0%</b>

## TRANSPORT - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>District Wide</b>									
							Existing Debt	-	
	2018/19	1,923,688	55,276	55,276	1,291	75,705	75,705	(20,428)	-37%
	2019/20	1,928,229	70,214	125,490	1,291	75,705	151,409	(25,919)	-21%
	2020/21	1,650,122	92,987	218,477	1,291	75,705	227,114	(8,637)	-4%
	2021/22	767,372	50,416	268,893	1,291	75,705	302,819	(33,926)	-13%
	2022/23	1,310,322	92,014	360,907	932	54,649	357,467	3,440	1%
	2023/24	703,222	67,582	428,489	932	54,649	412,116	16,373	4%
	2024/25	746,172	67,064	495,553	932	54,649	466,765	28,788	6%
	2025/26	1,289,072	103,292	598,845	932	54,649	521,413	77,431	13%
	2026/27	682,022	66,024	664,868	932	54,649	576,062	88,806	13%
	2027/28	724,922	65,502	730,370	907	53,187	629,249	101,121	14%
			<b>730,370</b>		<b>10,727</b>			<b>District Wide Weighted Debt Funding Ratio</b>	<b>5%</b>
<b>Eastern Access Road</b>									
							Existing Debt	2,604,817	
	2018/19	-	-	-	560	410,905	410,905	2,193,912	84%
	2019/20	-	-	-	560	410,905	821,810	1,783,007	68%
	2020/21	-	-	-	560	410,905	1,232,715	1,372,101	53%
	2021/22	-	-	-	560	410,905	1,643,621	961,196	37%
	2022/23	-	-	-	560	410,905	2,054,526	550,291	21%
	2023/24	-	-	-	560	410,905	2,465,431	139,386	5%
	2024/25	-	-	-	560	410,905	2,876,336	(271,519)	-10%
	2025/26	-	-	-	560	410,905	3,287,241	(682,424)	-26%
	2026/27	-	-	-	560	410,905	3,698,146	(1,093,330)	-42%
	2027/28	-	-	-	560	410,905	4,109,052	(1,504,235)	-58%
			-		<b>5,597</b>			<b>Eastern Access Road Weighted Debt Funding Ratio</b>	<b>26%</b>

## RESERVE IMPROVEMENTS CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19 \$)
<b>Wakatipu</b>							
Parks and Reserves	16,566,896	1,111,592	15,455,304	7%	2,577,802	4,387	588
Walkways	2,080,000	275,000	1,805,000	13%	366,193	4,387	83
Council Land - Reserve Land	-	-	-	0%	52,254	4,387	12
Cemeteries	130,000	22,098	107,902	17%	104,873	4,387	24
<b>Total Reserves - Wakatipu</b>	<b>18,776,896</b>	<b>1,408,690</b>	<b>17,368,206</b>		<b>3,101,123</b>	<b>4,387</b>	<b>707</b>
<b>Wanaka</b>							
Parks and Reserves	9,867,000	1,967,117	7,899,883	20%	2,313,527	2,558	904
Walkways	1,470,000	194,700	1,275,300	13%	196,112	2,558	77
Council Land - Reserve Land	-	-	-	0%	358,831	2,558	140
Cemeteries	-	-	-	0%	52,467	2,558	21
<b>Total Reserves - Wanaka</b>	<b>11,337,000</b>	<b>2,161,817</b>	<b>9,175,183</b>		<b>2,920,938</b>	<b>2,558</b>	<b>1,142</b>
<b>District Wide</b>							
Parks and Reserves	-	-	-	0%	381,221	6,945	55
<b>Total Reserves - District Wide</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>381,221</b>	<b>6,945</b>	<b>55</b>

## RESERVE IMPROVEMENTS - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Wakatipu</b>									
							Existing Debt	2,603,417	
	2018/19	1,817,633	312,541	312,541	558	394,572	394,572	2,521,386	86%
	2019/20	2,376,530	211,908	524,449	558	394,572	789,143	2,338,723	75%
	2020/21	1,494,530	106,218	630,668	558	394,572	1,183,715	2,050,370	63%
	2021/22	1,669,000	61,074	691,741	558	394,572	1,578,286	1,716,872	52%
	2022/23	4,806,565	277,577	969,318	363	256,433	1,834,720	1,738,015	49%
	2023/24	3,133,802	205,218	1,174,537	363	256,433	2,091,153	1,686,800	45%
	2024/25	847,979	38,787	1,213,324	363	256,433	2,347,586	1,469,154	38%
	2025/26	1,067,619	117,218	1,330,542	363	256,433	2,604,020	1,329,939	34%
	2026/27	783,119	39,360	1,369,902	363	256,433	2,860,453	1,112,866	28%
	2027/28	780,119	38,787	1,408,690	340	240,670	3,101,123	910,984	23%
			<b>1,408,690</b>		<b>4,387</b>		<b>Wakatipu Weighted Debt Funding Ratio</b>		<b>55%</b>
<b>Wanaka</b>									
							Existing Debt	-	
	2018/19	2,935,000	688,999	688,999	376	429,760	429,760	259,240	38%
	2019/20	2,731,000	576,124	1,265,123	376	429,760	859,519	405,604	32%
	2020/21	1,489,000	300,654	1,565,777	376	429,760	1,289,279	276,498	18%
	2021/22	1,583,000	296,664	1,862,441	376	429,760	1,719,039	143,403	8%
	2022/23	593,500	91,341	1,953,783	180	205,854	1,924,893	28,890	1%
	2023/24	589,000	90,297	2,044,079	180	205,854	2,130,746	(86,667)	-4%
	2024/25	351,500	28,825	2,072,905	180	205,854	2,336,600	(263,696)	-13%
	2025/26	359,000	30,566	2,103,470	180	205,854	2,542,454	(438,984)	-21%
	2026/27	354,500	29,521	2,132,992	180	205,854	2,748,308	(615,316)	-29%
	2027/28	351,500	28,825	2,161,817	151	172,630	2,920,938	(759,121)	-35%
			<b>2,161,817</b>		<b>2,558</b>		<b>Wanaka Weighted Debt Funding Ratio</b>		<b>0%</b>

**RESERVE IMPROVEMENTS - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT**

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>District Wide</b>							Existing Debt	-	
	2018/19	-	-	-	935	51,298	51,298	(51,298)	0%
	2019/20	-	-	-	935	51,298	102,596	(102,596)	0%
	2020/21	-	-	-	935	51,298	153,895	(153,895)	0%
	2021/22	-	-	-	935	51,298	205,193	(205,193)	0%
	2022/23	-	-	-	543	29,808	235,001	(235,001)	0%
	2023/24	-	-	-	543	29,808	264,809	(264,809)	0%
	2024/25	-	-	-	543	29,808	294,618	(294,618)	0%
	2025/26	-	-	-	543	29,808	324,426	(324,426)	0%
	2026/27	-	-	-	543	29,808	354,234	(354,234)	0%
	2027/28	-	-	-	492	26,987	381,221	(381,221)	0%
					<b>6,945</b>	<b>District Wide Weighted Debt</b>		<b>0%</b>	
						<b>Funding Ratio</b>			

**COMMUNITY FACILITIES CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)**

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19 \$)
<b>Wakatipu</b>							
Buildings - Toilets	1,900,000	404,750	1,495,250	21%	654,881	5,479	120
Alpine Aqualand	1,444,550	-	1,444,550	0%	4,304,924	5,479	786
Health & Fitness Centre	773,360	-	773,360	0%	-	5,479	-
Waterways Facilities	392,000	-	392,000	0%	146,748	5,479	27
Halls - Arrowtown	-	-	-	0%	29,182	5,479	5
Council Land - Non-Reserve	-	-	-	0%	38,346	5,479	7
Wakatipu Non-Reserve	770,000	-	770,000	0%	-	5,479	-
Council Offices	41,526,857	-	41,526,857	0%	-	5,479	-
Events Centre	5,752,978	-	5,752,978	0%	-	5,479	-
Playgrounds Wakatipu	3,000,000	-	3,000,000	0%	95,958	5,479	18
Tennis Courts	990,000	-	990,000	0%	-	5,479	-
Arrowtown Pool	500,000	-	500,000	0%	-	5,479	-
Halls - Glenorchy	-	-	-	0%	7,235	5,479	1
Skate Parks	200,000	-	200,000	0%	-	5,479	-
Rural Fire - District Wide	-	-	-	0%	16,370	5,479	3
Halls - Queenstown	-	-	-	0%	856,918	5,479	156
Halls - Events Centre	-	-	-	0%	470,531	5,479	86
Halls - Queenstown Community Centre	-	-	-	0%	33,909	5,479	6
Community Development - Swimming Pools	-	-	-	0%	451,605	5,479	82
Libraries - Wakatipu	-	-	-	0%	18,727	5,479	3
<b>Total Transport - Wakatipu</b>	<b>57,249,745</b>	<b>404,750</b>	<b>56,844,995</b>		<b>7,125,333</b>	<b>5,479</b>	<b>1,301</b>

## COMMUNITY FACILITIES CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19 \$)
<b>Wanaka</b>							
Buildings - Toilets	1,135,000	235,585	899,416	21%	199,417	2,291	87
Waterways Facilities	2,050,000	-	2,050,000	0%	83,718	2,291	37
Halls - Hawea	-	-	-	0%	8,207	2,291	4
Holiday Parks	240,000	-	240,000	0%	-	2,291	-
Council Offices	790,000	-	790,000	0%	-	2,291	-
Wanaka Aquatic Centre	559,760	-	559,760	0%	-	2,291	-
Halls - Lake Wanaka Centre	687,396	-	687,396	0%	-	2,291	-
Community Buildings	115,000	-	115,000	0%	-	2,291	-
Buildings - Housing	126,000	-	126,000	0%	-	2,291	-
Playgrounds Wanaka	2,000,000	-	2,000,000	0%	-	2,291	-
Tennis Courts	180,000	-	180,000	0%	-	2,291	-
Wanaka Non-Reserve	910,000	-	910,000	0%	-	2,291	-
Wanaka Recreation Centre	3,774,499	-	3,774,499	0%	-	2,291	-
Halls - Luggate	950,000	262,348	687,652	28%	133,835	2,291	58
Halls - Arts & Community Centre	-	-	-	0%	741,078	2,291	323
Halls - Cardrona	-	-	-	0%	26,388	2,291	12
Halls - Wanaka Community Centre	-	-	-	0%	814,694	2,291	356
Community Development - Swimming Pools	-	-	-	0%	115,789	2,291	51
Libraries - Upper Clutha	-	-	-	0%	6,361	2,291	3
<b>Total Transport - Wanaka</b>	<b>13,517,655</b>	<b>497,932</b>	<b>13,019,723</b>		<b>2,129,487</b>	<b>2,291</b>	<b>929</b>
<b>District Wide</b>							
Dog Pound	65,000	-	65,000	0%	-	7,770	-
Halls - Lake Hayes Pavillion	-	-	-	0%	13,252	7,770	2
Rural Fire - District Wide	-	-	-	0%	29,672	7,770	4
Community Development - District Wide	-	-	-	0%	160,021	7,770	21
<b>Total Transport - District Wide</b>	<b>65,000</b>	<b>-</b>	<b>65,000</b>		<b>202,945</b>	<b>7,770</b>	<b>26</b>

## COMMUNITY FACILITIES - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Wakatipu</b>							Existing Debt	6,227,128	
	2018/19	8,426,317	113,950	113,950	702	913,133	913,133	5,427,945	86%
	2019/20	25,024,238	-	113,950	702	913,133	1,826,266	4,514,812	71%
	2020/21	16,016,068	110,000	223,950	702	913,133	2,739,399	3,711,679	58%
	2021/22	1,587,480	45,200	269,150	702	913,133	3,652,531	2,843,747	44%
	2022/23	1,373,861	-	269,150	450	584,640	4,237,171	2,259,107	35%
	2023/24	1,379,883	45,200	314,350	450	584,640	4,821,811	1,719,667	26%
	2024/25	590,260	-	314,350	450	584,640	5,406,451	1,135,027	17%
	2025/26	1,476,160	45,200	359,550	450	584,640	5,991,090	595,588	9%
	2026/27	562,960	-	359,550	450	584,640	6,575,730	10,948	0%
	2027/28	812,518	45,200	404,750	423	549,603	7,125,333	(493,455)	-7%
			<b>404,750</b>		<b>5,479</b>	<b>Wakatipu Weighted Debt Funding Ratio</b>			<b>56%</b>
<b>Wanaka</b>							Existing Debt	621,761	
	2018/19	2,357,027	137,465	137,465	341	316,729	316,729	442,497	58%
	2019/20	1,938,704	224,867	362,332	341	316,729	633,457	350,636	36%
	2020/21	3,439,306	-	362,332	341	316,729	950,186	33,908	3%
	2021/22	1,715,020	-	362,332	341	316,729	1,266,914	(282,821)	-29%
	2022/23	1,439,200	45,200	407,532	159	148,042	1,414,956	(385,663)	-37%
	2023/24	261,040	-	407,532	159	148,042	1,562,998	(533,704)	-52%
	2024/25	741,201	45,200	452,732	159	148,042	1,711,039	(636,546)	-59%
	2025/26	480,824	-	452,732	159	148,042	1,859,081	(784,588)	-73%
	2026/27	605,133	45,200	497,932	159	148,042	2,007,123	(887,430)	-79%
	2027/28	540,200	-	497,932	132	122,364	2,129,487	(1,009,794)	-90%
			<b>497,932</b>		<b>2,291</b>	<b>Wanaka Weighted Debt Funding Ratio</b>			<b>0%</b>

**COMMUNITY FACILITIES - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT**

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>District Wide</b>							Existing Debt	4,230,498	
	2018/19	-	-	-	1,043	27,240	27,240	4,203,258	99%
	2019/20	15,000	-	-	1,043	27,240	54,480	4,176,019	99%
	2020/21	-	-	-	1,043	27,240	81,719	4,148,779	98%
	2021/22	-	-	-	1,043	27,240	108,959	4,121,539	97%
	2022/23	-	-	-	609	15,902	124,861	4,105,637	97%
	2023/24	15,000	-	-	609	15,902	140,763	4,089,735	97%
	2024/25	-	-	-	609	15,902	156,665	4,073,833	96%
	2025/26	35,000	-	-	609	15,902	172,567	4,057,932	96%
	2026/27	-	-	-	609	15,902	188,468	4,042,030	96%
	2027/28	-	-	-	554	14,477	202,945	4,027,553	95%
			-		<b>7,770</b>		<b>Weighted Debt Funding Ratio</b>		<b>97%</b>

## RESERVE LAND CAPITAL EXPENDITURE FOR DEVELOPMENT CONTRIBUTIONS (EXCLUDING GST)

Schemes / Contributing Areas	10 Year Study Period Total Capital Cost (2018/19 \$)	Capital Cost Funded by Growth (2018/19 \$)	Capital Cost Funded by Other Sources (2018/19 \$)	Percentage Attributable to Growth	Growth Cost (Capacity) Consumed in 10 Year Period - Inc Interest All Expenditure (2018/19 \$)	Weighted Average No of Dwelling Equivalents Apportioning Growth Cost Over 10 Year Period	Contribution per Lot (2018/19)
<b>Wakatipu</b>							
Reserves	20,781,907	20,781,907	-	100%	20,781,907	1,273	27.5 m <sup>2</sup>
<b>Total Reserve Land - Wakatipu</b>	<b>20,781,907</b>	<b>20,781,907</b>	<b>-</b>		<b>20,781,907</b>	<b>1,273</b>	
<b>Wanaka</b>							
Reserves	7,267,181	7,267,181	-	100%	7,267,181	697	27.5 m <sup>2</sup>
<b>Total Reserve Land - Wanaka</b>	<b>7,267,181</b>	<b>7,267,181</b>	<b>-</b>		<b>7,267,181</b>	<b>697</b>	

## RESERVE LAND - DEBT FUNDING RATIO - 10 YEAR NET GROWTH VS REVENUE ASSESSMENT

Contributing Area	Financial Year	CAPEX (2018/19 \$)	CAPEX for Growth (2018/19 \$)	Cumulative Growth Cost (2018/19 \$)	New Dwelling Equivalents	Contributions Received (2018/19 \$)	Cumulative Contributions Received (2018/19 \$)	Debt Balance (2018/19 \$)	Annual Debt %
<b>Wakatipu</b>									
							Existing Debt	-	
	2018/19	2,144,196	2,144,196	2,144,196	131	328,988	328,988	(328,988)	0%
	2019/20	2,144,196	2,144,196	4,288,391	131	328,988	657,975	(657,975)	0%
	2020/21	2,144,196	2,144,196	6,432,587	131	328,988	986,963	(986,963)	0%
	2021/22	2,144,196	2,144,196	8,576,783	131	328,988	1,315,950	(1,315,950)	0%
	2022/23	2,144,196	2,144,196	10,720,978	131	328,988	1,644,938	(1,644,938)	0%
	2023/24	2,012,186	2,012,186	12,733,164	123	306,075	1,951,013	(1,951,013)	0%
	2024/25	2,012,186	2,012,186	14,745,350	123	306,075	2,257,088	(2,257,088)	0%
	2025/26	2,012,186	2,012,186	16,757,535	123	306,075	2,563,163	(2,563,163)	0%
	2026/27	2,012,186	2,012,186	18,769,721	123	306,075	2,869,239	(2,869,239)	0%
	2027/28	2,012,186	2,012,186	20,781,907	123	306,075	3,175,314	(3,175,314)	0%
			<b>20,781,907</b>		<b>1,273</b>				
							<b>Wakatipu Weighted Debt Funding Ratio</b>		<b>0%</b>
<b>Wanaka</b>									
							Existing Debt	-	
	2018/19	908,881	908,881	908,881	85	136,733	136,733	(136,733)	0%
	2019/20	908,881	908,881	1,817,762	85	136,733	273,465	(273,465)	0%
	2020/21	908,881	908,881	2,726,643	85	136,733	410,198	(410,198)	0%
	2021/22	908,881	908,881	3,635,524	85	136,733	546,930	(546,930)	0%
	2022/23	908,881	908,881	4,544,405	85	136,733	683,663	(683,663)	0%
	2023/24	544,555	544,555	5,088,960	55	81,853	765,516	(765,516)	0%
	2024/25	544,555	544,555	5,633,515	55	81,853	847,368	(847,368)	0%
	2025/26	544,555	544,555	6,178,071	55	81,853	929,221	(929,221)	0%
	2026/27	544,555	544,555	6,722,626	55	81,853	1,011,074	(1,011,074)	0%
	2027/28	544,555	544,555	7,267,181	55	81,853	1,092,927	(1,092,927)	0%
			<b>7,267,181</b>		<b>697</b>				
							<b>Wanaka Weighted Debt Funding Ratio</b>		<b>0%</b>

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# TREASURY MANAGEMENT POLICY

## Changes to the Liability Management Policy

As a result of the significant rise in forecast debt levels in the Ten Year Plan, the Council has recently completed the assessment required to gain a formal credit rating. The international rating agency Fitch Ratings has recently announced that QLDC has attained a rating of AA- with stable outlook. This is a very pleasing result for the Council and represents a clear endorsement in QLDC and the district.

One of the advantages of having a positive rating outcome, is that the Council can now access more favourable borrowing terms. It is expected that most of the forecast debt will be borrowed from the Local Government Funding Agency (LGFA). The LGFA has certain borrowing covenants that must be adhered to. As a result of its new credit rating, QLDC will now be subject to a revised set of covenants which are only available to Councils with a credit rating of A or better. These new covenants are more permissive than those that applied before allowing QLDC to borrow more.

The Liability Management Policy must contain borrowing limits and it is logical to have these limits reflect the LGFA covenants. The existing borrowing limits in the Policy largely reflect the old LGFA covenants and the Council is proposing to update these with the revised LGFA covenants. The proposed changes are highlighted below:

QLDC Borrowing Limits	Current Limit	Proposed Limit	Comment
Interest expense / rates income	<25%	<30%	Per LGFA with credit rating A or better
Interest expense / total revenue	<15%	<20%	Per LGFA with credit rating A or better
Net debt / total revenue	<175%	<250%	Per LGFA with credit rating A or better
Net debt / equity	<20%	N/A	Not a relevant measure

### Definitions

- 1 Total revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).
- 2 Net debt is defined as total consolidated debt less liquid financial assets and investments.
- 3 Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.
- 4 Net interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.
- 5 Annual rates income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002, together with any revenue received from other LGs for services provided and for which the other LGs rate.

## a) Liability Management Policy

### INTRODUCTION AND APPLICATION

#### Introduction

This liability management policy has been prepared pursuant to sections 102(4)(b) and 104 of the Local Government Act 2002.

The Council's borrowing programme for any particular year will be approved as part of the Council's annual planning process, which is affected by projections made in the Ten Year Plan.

Generally, borrowing will be identified as a funding mechanism only for capital or long term projects which will provide benefits into the future.

The only borrowing to meet operating costs will be the use of overdraft facilities or other short term facilities to cover temporary fluctuations in cash flow.

### GENERAL PROVISIONS

#### Borrowing Limits

The Council's borrowing limits are:

Limits	Acceptable Range
Interest expense / rates income	<30%
Interest expense / total revenue	<20%
Net debt / total revenue	<250%

For the purpose of calculating the limits above:

- 1 Total revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).

- 2 Net debt is defined as total consolidated debt less liquid financial assets and investments.
- 3 Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.
- 4 Net interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.
- 5 Annual rates income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002, together with any revenue received from other LGs for services provided and for which the other LGs rate.

### FORM OF BORROWING

The Council may obtain funding utilising the following methods:

- > Bank debt
- > Capital market issuance comprising fixed rate bonds, medium term notes and floating rate notes.

### Local Government Funding Agency (LGFA)

Despite anything earlier in this Policy, the Council may borrow from the New Zealand LGFA and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- > contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA;
- > provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
- > commit to contributing additional equity (or subordinated debt) to the LGFA if required;

- > subscribe for shares and uncalled capital in the LGFA; and
- > secure its borrowings from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

### **Hire Purchase, Deferred Purchase and Trade Credit**

These arrangements are not considered to be borrowing under the terms of the Act.

### **Other**

Instruments not specifically referred to in this policy may only be used with specific Council approval.

### **Security**

It is the Council's general policy to offer security for its borrowing by way of negative pledge or a charge over its rates.

In the normal course, the Council's policy is not to offer security over any of the other assets of the Council. However:

- > where borrowing is by way of finance lease, or some other form of trade credit under which it is normal practice to provide security over the asset concerned; or
- > where the Council considers doing so would help further its community goals and objectives, the Council may decide to offer security over the asset.

## **POLICIES**

### **Interest Rate Exposure Policy**

The Council will manage its borrowing activities prudently in the best interests of the district, its inhabitants and ratepayers. In furtherance of this goal, Council will keep the following objectives firmly in mind:

- > Ensure the Council's continued ability to meet its debts in an orderly manner as and when they fall due in both the short and long term, through appropriate liquidity and funding risk management.

- > Arrange appropriate funding facilities for the Council, ensuring they are at market related margins utilising bank debt facilities and/or capital markets as appropriate.
- > Maintain lender relationships and the Council's general borrowing profile in the local debt and, if applicable, capital markets, so that the Council is able to fund itself appropriately at all times.
- > Control the Council's cost of borrowing through the effective management of its interest rate risk, within the interest rate risk management limits established by the LMP.
- > Ensure compliance with any financing/borrowing covenants and ratios.
- > Maintain adequate internal controls to mitigate operational risks.
- > Produce accurate and timely information that can be relied on by senior management and Council for control and exposure monitoring purposes in relation to the debt raising activities of the Council.

Prudent selection of funding instruments and mix should help the Council achieve its low debt servicing costs and risk minimisation objectives.

### **Debt Repayment Policy**

It is the Council's general policy to repay debt as it falls due. This will be repaid from accumulated funds, reserve funds, contributions, land sales or a combination of these methods depending on the project the loan was raised for. If the loan was raised for a period less than a term the Council considers appropriate for the project, part of the balance will be financed with new debt.

The Council may repay debt before maturity in special cases where the circumstances suggest that this would be in the best interest of residents and ratepayers.

Total debt levels are determined through the Ten Year Plan and Annual Plans.

## Liquidity Policy

The Council will strive to ensure the timely availability of funds to meet the Council's various expenditure needs, preferably without incurring penalties or holding unnecessary cash reserves. The Council will:

- > match revenue requirements with expenditure streams, ensuring any timing differences, if any, are favourable for the Council;
- > ensure replacement funds are available no later than the debt repayment date;
- > avoid concentration of debt maturity dates no more than \$50m or 50% of debt, whichever is the lesser, can be subject to refinancing in any 12 month period;
- > the Council must maintain liquidity (committed funding lines and cash on deposit) of not less than 110% of projected core debt.

Core debt is defined as that contained in the Annual Plan or as otherwise determined by the Chief Financial Officer.

## Credit Exposure Policy

The Council will only enter incidental arrangements with credit worthy counter parties.

Credit worthy counterparties are selected on the basis of their current Standard and Poors (S&P) rating which must be A- or better or the Moody's or Fitch equivalents.

## OTHER MATTERS

### Borrowing for Cash Management Purposes

This section applies to what might be described as borrowing to manage day to day fluctuations in cash flow.

The Council will maintain an overdraft facility not exceeding a limit of \$500,000 for day to day cash management purposes.

The Council may maintain a standby credit facility for urgent financing in emergencies.

## Incidental Arrangements

'Incidental arrangement' is defined to mean:

- A. A contract or arrangement for the management, reduction, sharing, limiting, assumption, offset, or hedging of financial risks and liabilities in relation to any investment or investments or any loan or loans or other incidental arrangement, whether or not that contract or arrangement involves:
  - I the expenditure, borrowing, or lending of money; or
  - II the local authority undertaking to make payments in exchange for another person undertaking to make payments to the local authority; or
  - III the creation or acquisition or disposal of any property or right; or
- B. A contract or arrangement with any bank, financial institution, or other person providing for any person to act as underwriter, broker, indemnifier, guarantor, accommodation party, manager, dealer, trustee, registrar, or paying, fiscal, or other agent for, or in connection with, any loan or investment.

## Hedging

Hedging instruments may be used for risk management purposes, on advice from financial advisors.

The following table details the Fixed Rate Hedging Percentages which shall apply to the projected core debt of the Council:

	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0 - 2 Years	50%	100%
2 - 5 Years	25%	80%
5 - 10 Years	0%	60%

That the following interest rate risk management instruments may be used to manage the core debt of the Council:

- A. Interest rate swaps.
- B. Swaptions (options on swaps).
- C. Interest rate options, including collar type structures but only in a ratio of 1:1.
- D. Forward rate agreements.

Options on hedging floating rate debt with an exercise rate greater than 2.00% above the equivalent period interest rate at the time of inception cannot be counted as part of the fixed rate cover percentage calculation. For example a three year cap at 6.00% would only count as a fixed rate hedge if the underlying swap rate was greater than 4.00%.

### Agents

The Council may appoint only reputable persons or companies to fulfil the following roles:

- > Registrars/paying agents
- > Brokers
- > Trustees

### Other

Other forms of incidental arrangement may only be entered into with a specific resolution of the Council.

## b) Investment Policy

### GENERAL

#### Introduction

This investment policy has been prepared pursuant to sections 102(4)(c) and 105 of the Local Government Act 2002. It applies to the management of the Council's financial and equity investments.

### Overview

The Council has a variety of investments which at any time may include cash, trust funds, special funds, shares, property held for investment purposes and financial reserves.

These investments are acquired, held and realised by the Council in furtherance of the community goals and objectives which are identified in the Ten Year Plan and each Annual Plan.

In managing its investments the Council is not driven by commercial considerations alone. As a public body the Council is accountable to the community in terms of community health, safety, benefit and well-being and these considerations may lead to the Council making investment decisions which would not have been made on commercial/financial considerations alone.

In managing its investments in accordance with its general policy the Council seeks to:

- > achieve the goals and objectives set out in the Ten Year Plan and the Annual Plan.
- > balance the protection of its investment with maximising investment return.
- > ensure investments are of a type which provide the Council with funds when required.

### POLICIES

#### Mix of Investments

Nature of Investment	Term	Rationale for retention
Cash investments	Short term	To meet cash flow requirements
Shares/equity	Long term	To support the strategic objectives of the Council and the district
Investment property	Variable	To provide a commercial return to the Council

It should be noted that the Council does have some investments that do not currently meet these criteria, particularly some land holdings. The future of these are under review and it will be decided if these will be held to meet future core function requirements or will be disposed when it is considered that it is appropriate.

### **Acquisitions of New Investments**

Call and short term: delegated to the Council staff to invest in approved institutions.

Medium to long term: through the Council, having regard to the goals, objectives and provisions of the Council's long term financial strategy and annual plans.

### **Use of Revenue from Investments**

Revenue from funds which are reserved for particular purposes is added to that fund. Revenue from other investments used to offset general rates.

### **Revenue from Asset Sales**

Revenue from asset sales will be used to repay debt or fund the purchase of new assets. If there are no appropriate uses available at the time of disposal, it will be held in a separate fund until there are appropriate uses for the funds.

## **OTHER MATTERS**

### **Procedures for Management and Reporting to Council**

The Council's procedures for the management of investments and associated reporting to the Council involve reporting results of investment to the Council through the Committee.

### **Risk Management**

In managing its investments the Council always seeks to protect its investments and manage its risk.

When investing the Council will adhere the provisions of the investment matrix (see Appendix 1) which clearly sets out the parameters under which, the Council will manage its financial market investment activities.

The Council also has statutory obligations to properly administer, manage, and account for its funds. In particular the Council must make its investments in accordance with the provisions of the Trustee Act 1956 as they apply to the investment of trust funds. This requires the Council to exercise the care, diligence, and skill that a prudent person of business would exercise in managing the affairs of others. The Council may consider, in making any investment decisions:

- > The desirability of diversifying investments.
- > The nature of existing investments.
- > The risk of capital loss or depreciation.
- > The potential for capital appreciation.
- > The likely income return.
- > The length of the term of the proposed investment.
- > The marketability of the proposed investment during, and on the determination of, the term of the proposed investment.
- > The effect of the proposed investment in relation to tax liability.
- > The likelihood of inflation affecting the value of the proposed investment.

### **Local Government Funding Agency (LGFA)**

Despite anything earlier in this Policy, the Council may invest in shares and other financial instruments of the New Zealand LGFA and, may borrow to fund that investment. The Council's objective in making such investment will be to:

- > obtain a return on investment; and
- > ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the Council.

Because of the dual objective, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternate investments.

If required in connection with the investment, the Council may subscribe for un-called capital in the LGFA.

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# SUMMARY OF THE SIGNIFICANCE AND ENGAGEMENT POLICY

The Council adopted a Significance and Engagement Policy in December 2014 to give the community certainty about when people can expect to be informed of a proposed Council action or be asked for a view on an issue to help inform a decision. It outlines what the Council will take into account when deciding what is significant and when the community will have a direct opportunity to contribute to decision making. The policy has been reviewed and updated as part of this planning process. Minor amendments were made to aid clarification and incorporate our new Disability Policy.

The Significance and Engagement Policy can be read in full on the Council website [www.qldc.govt.nz](http://www.qldc.govt.nz) or any Council office.

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# AUDIT REPORT TE AROTAKEKA







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