

Queenstown Lakes District Council  
10-Year Plan – 2012/2022

<b>Volume</b>	<b>1</b>	<b>Overview and Summary</b>
	2	Council Activities
	3	Detailed Financial Information and Council Policies

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## Message from the Mayor

If there's one thing we've learned over the last 10 years it's that things change fast and dramatically in our corner of the world. Which is why this plan has taken countless hours of staff and Councillor time to put together, and litres of sweat and tears, even the odd drop of blood, if only from paper cuts!

Thank you to the 291 residents and ratepayers, who had a say and to those of you who took the chance to find out more about the key issues by coming to share a cuppa with Council or by reading the summary. Good for you!

It's 'Our Plan', yours and mine, so it was vital you got stuck in and told us what you think about its goals and aims and how we propose to go about achieving them. Thank you to those 291 people who won't be keeping moans and gripes in cafes, pubs or dinner tables. Because you told us what you think we were able to make some valuable changes to the plan (page 6).

Thanks to some hard-lines on spending and tough talk on changing 'wish lists' to 'need lists' we've shattered the national trend and come up with a miserly 2.7 per cent average rates increase next year. We're also forecasting \$220 million less debt than the last plan and all this from simply applying common sense.

Like, we keep hearing about a 'bed tax' for our annual 1.6 million non-resident sleeps, so we've gone one better. Our rating differentials cover every type of property including the accommodation sector, so our visitors are more like temporary ratepayers than anything else. Read up about the Rates Review in the Summary and Volumes 1-3 and see how we propose to do this.

Anyway, the Council, together with the community have now come together and done our collective bits to get us on track for an affordable 2022. Now all we need to do is get on and deliver it!

**Vanessa van Uden**  
**Mayor**  
**Queenstown Lakes District Council**

## Introduction from Chief Executive

### Why do we need a 10-Year-Plan?

Every 3 years the Council must review and consult on a 10-Year Plan – Local Government Act 2002.

Consultation on this draft plan highlights the things that the community has a choice about.

The big issues are all things the community can influence by having a say. The plan also explains why the Council is recommending various options.

The 10-Year Plan must also contain a summary of all the activities the Council does – from cemeteries to parking – and the cost.

The plan gives the community certainty and transparency about things like decision-making, affordability, infrastructure development and how Council will manage a growing population.

The plan also fulfils legislation that says Council must be accountable to its communities. That means that at the end of each year you can check that the Council has delivered what it said it would. The Council has used your feedback to finalise the draft plan.

### What are the big issues in this 10-Year Plan?

Affordability continues to be the biggest issue for the Queenstown Lakes District. I am delighted to report that in 2012 the Council's 10-Year-Plan is affordable.

I would like to acknowledge the work that commenced three years ago to undertake a full review of capital expenditure by staff and elected members.

The result is that we have significantly reduced the capital expenditure budget forecast for the next 10-years and in turn radically reduced our debt. We have achieved this through prioritisation, revisiting all projects regarding necessity, scope and timing and consolidation.

Affordability is highlighted in more detail on pages 15 and 44.

Other big issues that you will find highlighted here in Volume 1 of the 10-Year-Plan are a proposed improvement in level of service for facilities.

This includes treating the Wanaka Sports Facility as a priority project and including in the 10-Year Plan the extension of the Queenstown Events Centre although at a later date than indicated in the Lakes Leisure Master Facility Plan consultation. Go to pages 18 and 19 for more detail.

The need for a new waste water treatment plant in the Wakatipu Basin is included as a big issue. The Council believes there is further work that can be done to make this project affordable for the community. Please look at the detail carefully on page 22 and let us know your feedback.

The Wanaka Water Supply and the ongoing challenge of dealing with algae is another big issue highlighted in the plan. The cost of mitigation could prove to be a significant affordability issue for Wanaka residents. Please find out more on page 21 and let us know your feedback.

Water Demand Management continues to be a big issue district-wide. We continue to be one of the highest water users per household in New Zealand making water use a clear target for cost and debt reduction. Find out more on page 20.

The Rates Review started back in 2011 and this 10-Year Plan includes the outcome for consultation. Until now the way general rates have been apportioned (differentials) has been largely historic. The working party wanted to review the rates to provide transparency regarding who pays and why. The review focussed on how rates were allocated and decided who pays what share. An important part of this is to understand what impact the 2.8 million visitors to our community annually have on our costs. More importantly the review has considered how we best recover the costs.

The Council has tested the idea of a bed tax in the past with Central Government, which is reluctant to legislate for one. We have also listened to our community which has been vocal in the need to fairly apportion cost to visitors. The next best thing is to use a series of targeted rates with the aim of recovering the impact of costs associated with visitors. To do this in a fair and transparent way, Council is looking to include a visitor cost in the rates of businesses in a region that benefits from tourism. In this way, Council will indirectly recover visitor costs in rates charged to local businesses. Find out more on pages 17 and 46.

The final big issue we have highlighted is the proposal for ratepayers to fund the establishment of a District Events Office. This has come from the Shaping Our Future Forums which has resulted in a recommendation to the Council. Please find out more about it on page 18.

Finally Council has some other very big and exciting projects underway. Find out more about Shaping Our Future, Cycleways, Crime Prevention and the District Plan Review in the activities summary section, beginning page 30.

## Financial Strategy

The Financial Strategy is a new requirement for the 10-Year Plan. It needs to show prudent financial management by our Council and act as a guide when we make big funding decisions. It also outlines how the Council will tell the story about projects so that the community can understand the implication of big decisions on things like rates, debt and investments. The strategy is contained in full in Volume 3 of the 10-Year Plan and in summary in this document on page 11.

## Policy Change

There are two other policy matters which Council is consulting on through the 10-Year Plan. Council is required to consult on changes to:

- Policy on Development Contribution (Volume 3 page 94, see below)
- Treasury Management Policy (Volume 3 page 150, see below)

## Changes to Development Contributions

Council is proposing to revise the development contribution policy process to allow for the reassessment of unpaid development contributions. Currently, an assessment of contributions payable is made at the time the consent is issued and this assessment stands for the duration of a valid consent (up to five years).

Under the proposed changes, if development contributions are not paid within 12 months of a consent being issued, contributions will be reassessed under the latest version of the policy.

Effectively this means that any Development Contribution Notice (DCN) is valid for 12 months from the time of issue:

- All existing DCNs issued on or before 7 April 2012 will be valid for a 12 month period from this date.
- All DCNs issued after 7 April 2012 will be valid for 12 months from the date of issue.

*The revised policy now reads:*

*Council wishes to revise the development contribution policy process to allow for the recalculation of unpaid development contributions. Currently, an assessment of contributions payable is made at the time the consent is issued and this assessment stands for the duration of a valid consent. Under the amended changes, if development contributions are not paid within 24 months of a consent being issued, contributions will be recalculated under the latest version of the policy.*

*Effectively this means that any Development Contribution Notice (DCN) is valid for 24 months from the time of issue:*

- All DCN's issued after 1 July 2012 will be valid for 24 months from the date of issue and then recalculated for payment under the policy relevant at that time.

## Proposed change in borrowing

The Council is considering participating as a "Guaranteeing Local Authority" in the New Zealand Local Government Funding Agency Limited (LGFA), which is a Council-Controlled Trading Organisation (CCTO). The LGFA was established on 1 December 2011 by 18 local authorities and the Crown to enable local authorities to borrow at lower interest margins than would otherwise be available.

The Council is proposing participating in the LGFA Scheme as a Guaranteeing Local Authority because it believes that it will enable it to borrow at lower interest margins, and that this benefit outweighs the costs associated with the LGFA Scheme.

All local authorities are able to borrow from the LGFA, but different benefits apply depending on the level of participation. Generally all local authorities borrowing from LGFA will be required to have some shareholding and enter into guarantees in favour of LGFA and other local authorities. Local authorities that have this level of involvement without holding ordinary shares in LGFA are referred to as Guaranteeing Local Authorities. Local authorities which borrow from the LGFA, without entering into the guarantee will be limited in the amount that they can borrow, and will be required to pay higher funding costs.

The Council's involvement in the LGFA as a Guaranteeing Local Authority is not provided for in the Investment Policy and specifics of the debt raising arrangements go beyond what is currently provided in the Liability Management Policy (particularly the guarantee commitments). It is therefore appropriate to amend these policies (by amending the 10-Year Plan) using the same special consultative procedure.

*There were 3 submissions that included a response on this proposal. The responses were mixed in terms of support for the proposal. Council is still of the view that the potential benefits of participating in the LGFA (in the form of lower borrowing costs) outweigh the risks.*

**Debra Lawson**  
**CEO**  
**Queenstown Lakes District Council**

## What's in the 10-Year Plan?

The **Summary** is a snap-shot of the 10-Year Plan with a focus on key consultation projects. It's distributed to every ratepayer.

**Volume 1** is a summary of the information contained in the other two volumes. It contains an overview of the current situation and presents the major issues facing the district over the life of the plan and a summary of the financial strategy. A financial overview shows the impact on rates for the 2012/13 year.

**Volume 2** presents all the detailed information for each of Council's activities. This Volume includes details of asset information, performance measurement, operational and capital expenditure as well as funding implications.

**Volume 3** includes all the required financial data over a 10-year timeframe. This includes all financial statements and financial policies. Details of rates required for the 2012/13 year are disclosed in this volume.

## What does the Council do?



The Council delivers 26 core activities, which fall into eight different group activities. These are: Governance, Economic Development, Community, Environmental Management, Water Supply, Stormwater, Wastewater and Roading and Footpaths. The activities are summarised in Volume 1 of the 10-Year Plan and in more detail in Volume 2.

## Strategic Framework

The Council has developed a Strategic Performance Framework. It includes the community well-beings (Community Outcomes) which feed into the Council's outcomes, levels of service and the organisation's vision, mission, objectives and values.

These influence all Council activities, each of which has a set of community and organisational accountabilities. Targets and achievements for activities (levels of service framework) sit in Volume 2 of the 10-Year Plan.

Through the framework, the Council and the community can monitor progress towards achieving Community Outcomes. The Council issues its report card (Annual Report) in October each year which says how well we did.

## Revised Organisational Performance Framework

Since the last 10-Year-Plan was adopted in 2009, the Council has undertaken an organisation-wide review of its accountability. The review involved every staff member across every activity of Council.

Informing that process were key strategic documents such as Activity Management Plans.

The goal was to understand how well Council is meeting its organisational objectives being:

- Customer relationship and service excellence.
- Results and performance management.

- Value for money.
- Leadership and organisational capacity.

This process was then used to inform performance measures in the 10-Year Plan (Volume 2). These range from customer satisfaction, derived from the Resident and Ratepayers Survey to things like the cost to the ratepayer for the library service, how safe and clean pools are, how many sports fields we have per head of population, the cost of resource consent and the level of water leakage in our infrastructure.

How well Council achieves against these targets will be reported each year in the Annual Report.

The Council has developed performance measures for all activities within the organisational performance framework but has selected 15 activities, with all activity groupings represented, to report on in the 10-Year Plan. Council has selected activities that are likely to be of community interest and relevance being: Library Services, Community Facilities, Parks and Recreation, Tourism Promotion, Camping Grounds, District Plan, Regulatory Services, Waste Management, Community Leadership, Community Engagement, Roading and Footpaths, Parking Facilities, Stormwater, Wastewater, Water Supply.

## Levels of Service

There are several large projects in the 10-Year Plan which are largely driven by the community desire to seek improvements (Project Shotover; Wanaka Sports Facility; Queenstown Events Centre improvements).

Capital expenditure is also needed to maintain levels of service – a large proportion (78%) of the capital programme is required for core infrastructure: roading; water supply; wastewater and stormwater.

## The submission process April-May 2012

### Timeline 2012

**Council Adopts Draft Plan 3 April**  
**Submissions Open 7 April**  
**Submissions Close 7 May**  
**Submissions Heard 16 & 17 May**  
**Plan Adopted 29 June**

### Have Your Say

*Council received a total of 291 submissions and 61 submitters took the opportunity to speak at the hearings held in May. Thank you to everyone who took the time to have a say.*

*Of the key issues consulted on (pages 15-23), the only change to the approach contained in the draft was to the proposed rates approach (see page 17).*

*Changes to the draft 10-Year Plan, as a direct result of the submission process are highlighted on the following page.*

# Changes to the Draft 10-Year Plan

Unfortunately, it is never possible for Council to meet all of the requests that it receives for funding in the 10-Year Plan; however, submitters can be assured that all submissions are considered. Apart from the obvious funding constraints, there are often policy issues or jurisdictional considerations that must be taken into account as well. Council did, however, make a number of changes to the budgets as a direct result of the submission process.

**The following is a summary of the changes to the Draft Long Term Plan that have been approved as a result of external submissions:**

1. Increase grant for Kahu Youth Trust (Wanaka) by \$14,800 to \$23,400 for 2012/13.
2. Increase grant for Wakatipu Youth Trust by \$6,260 to \$15,160 for 2012/13.
3. Approve capital grant of \$6,000 to Hawea Community Association for Hawea foreshore carpark.
4. Approve capital grant of \$10,000 to Glenorchy Community Association for extension of the Glenorchy Lagoon Walkway.
5. Increase grant for Hawea School Pool by \$1,000 to \$2,600 per annum.
6. Approve funding of \$10,000 for Arrowtown Lighting Masterplan Design.
7. Increase budget for Sister City by \$1,000 to \$3,000 per annum.
8. Increase budget for Conferences by \$10,000 with matching revenue of \$10,000 for 2012/13 Community Board Conference hosting.
9. Bring forward \$10,000 of capital funding to 2012/13 (from 2015/16) for design of Frankton Foreshore improvements.
10. Bring forward \$148,500 of capital funding to 2012/13 (from 2014/15) for Jacks Point Playground.
11. Bring forward \$67,906 of capital funding to 2012/13 (from 2013/14) for Alternative Water source for QEC.
12. Defer \$217,128 of capital funding to 2014/15 (from 2012/13) for Gardens Lighting Improvements.

**The following is a summary of the changes that have been approved as a result of internal submissions:**

- Cost adjustments to reflect updated information for 3 waters operational budgets: by-law (increase \$25,000 2012/13); water demand education & publicity (increase \$100,000 2013/14 & 2014/15).
- Increase operating grant to Lake Leisure by \$27,150 to reflect updated budgets per draft SOI.
- Cost adjustments to reflect correction of budgets or updated information for insurance costs (increase \$15,331).
- Provide annual budget of \$27,000 for CCTV maintenance.
- Decrease Roothing pavement rehabilitation budgets to allow for consistency with likely approvals for NZTA programmes over next 3 years. (\$1,193,179 decrease 2012/13; \$2,117,910 decrease 2013/14; \$621,436 decrease 2015/16).
- Decrease Roothing sealed road resurfacing budgets to allow for consistency with likely approvals for NZTA programmes over next 3 years. (\$461,110 decrease 2012/13; \$171,897 decrease 2013/14; \$514,551 decrease 2015/16).
- Adjust Roothing associated improvements budgets to allow for consistency with likely approvals for

NZTA programmes over next 3 years. (\$142,808 decrease 2012/13; \$316,650 increase 2013/14; \$56,557 increase 2015/16). \*

- Approve various Capital Programming changes for Utilities and Roothing projects (\$764,248 increase 2012/13; \$1,026,905 decrease 2013/14; \$93,695 increase 2015/16; \$200,000 increase 2016/17).
- Approve various Capital Programming changes for Community projects (\$149,756 increase 2012/13; \$81,013 decrease 2013/14; \$111,257 increase 2015/16).

\* Adjustments to Roothing Renewals

The 10-Year Plan has been adjusted to match the level of funding NZTA has indicated it will contribute towards Council's road renewals expenditure over the next three years. The adjustments include reduced interventions (resealing rather than full pavement rehabilitation), project deferrals, and deletion of some projects. Sealed pavement rehabilitations and sealed pavement re-surfacing are the key renewals areas affected. Council will attempt to smooth the impact of deferrals through review of its renewals programme for 2015/16 onwards and considering options for changes in levels of services and timing of renewals.

Council is concerned at the medium term impacts of these changes and will increase the level of asset monitoring in order to ensure the Community and NZTA is aware of the impacts of NZTA funding decisions.

# District map



## Fact File

Area: 8,467 square kilometres  
Peak population 2011: 89,346  
Average day 2011: 46,612  
Residential dwellings and units 2011:  
Wanaka: 8101  
Wakatipu: 16,734  
Rateable properties 2011: 22,000  
Resident population (average day) 2011: 28,440  
Visitor population (average day) 2011: 18,172

## Community Outcomes

Our community outcomes were derived from a two-year community workshop process from 2002 to 2004. Common objectives were taken from nine district-wide 2020 workshops involving over 1300 residents. The resulting outcomes, with the over-riding outcome of sustainable growth management, represent the desires of our communities and provide a solid framework for ensuring that we protect and preserve what is important to the people of this district. The community outcomes now form a basis for all functions of the Council. The outcomes signify an opportunity for the Council and agencies to better understand our communities, their needs and hopes and how to best work within our organisations towards meeting those expectations.

### Our Community Outcomes



**Sustainable growth management.**



**Quality landscapes and natural environment and enhanced public access.**



**A safe and healthy community that is strong, diverse and inclusive for people of all age groups and incomes.**



**Effective and efficient infrastructure that meets the needs of growth.**



**High quality urban environments respectful of the character of individual communities.**



**A strong and diverse economy.**



**Preservation and celebration of the district's local cultural heritage.**

## How do the outcomes relate to other key strategic planning documents and processes?

The community outcomes represent community wellbeing. In terms of the council's strategic framework, Council outcomes are drawn from community outcomes. These in turn inform the Council's activities.



## How does the council monitor and report on our communities' progress towards achieving the outcomes?

Monitoring of the Community Outcomes helps us as a Council consider what actions we should take to address issues and fulfil our responsibilities in the district. Sometimes monitoring may identify issues that may be worthy of the attention of others, such as other government agencies. The Council can use its advocacy role to encourage others to address matters raised through the monitoring of Community Outcomes and it can identify issues that would benefit from inter-agency work.

The Council recognised that in having a number of responsibilities to monitor, some of which potentially overlap, it made sense to have an integrated approach. As a result the Council adopted the Monitoring Strategy in 2005 that provided direction on how the Council would fulfil its monitoring responsibilities. This included an explanation on how the Council would monitor the Community Outcomes. This required the reporting on indicators identified in the Strategy.

The indicators for monitoring progress towards achieving community outcomes can be seen in Volume 2. The indicators are not exhaustive; rather they provide a 'snapshot' of our communities and what is happening.

## Partnership: How will the council work together with others to further the outcomes?

The outcomes can be broken into four areas that equate to well-being in our community. They are: social, cultural, economic and environmental.

The Council has identified the organisations that are likely to contribute to the appropriate outcomes and has already established strong relationships with many of them. In some instances they will play an important part in this monitoring providing much of the information.

The organisations are: Statistics New Zealand, Lakes Environmental Limited, Department of Conservation, Otago Regional Council, Land Information New Zealand, Tenancy Services, Real Estate New Zealand, New Zealand Medical Council, Public Health South, Ministry of Education, Ministry for the Environment, Queenstown and Wanaka Chamber of Commerce, Companies Office, Historic Places Trust, Ngai Tahu, Police, Fire Service, Happiness House, Fish and Game NZ. Consultation is ongoing.

## Linkages

The Council delivers 26 activities which are summarised in this volume and in more detail in Volume 2 of the 10-Year Plan. The activities (core Council business) work towards achieving one or more of the community outcomes, which in turn deliver community 'well being'.

The direct effect of the activities can be assessed in terms of levels of services. Each activity identifies the service it achieves for the community and how well that service is being delivered. Performance measures are contained in each activity in Volume 2 of the 10-Year Plan.

The Council's performance framework has been the subject of a full review in 2011/12 and many of the activities in the 2012 10-Year Plan contained new revised measures.

## Consultation with our Maori Community

An important component of the Council's consultation will be the further development of relationships with Maori.

The Council has developed a good working relationship with Ngai Tahu, which holds strong cultural and business interests in our community. The Council has in place a Resource Consent protocol with KTKO Limited to facilitate the involvement of Maori in the resource consent process and has an informal agreement to consult and inform Te Ao Marama Incorporated (Ngai Tahu Murihiku Resource Management Consultants).

The Council is mindful of the wider issue of Maori consultation and how the Council can assist the Iwi to become more involved and informed about the Council and its communities and in turn how the Council can learn more about Maori culture and protocols.

## How do our community outcomes contribute to the four "Well-beings"?

Community Wellbeing	Social	Cultural	Economic	Environment
Sustainable growth	✓	✓	✓	✓
Landscapes , natural environment				✓
Safe, healthy, strong, diverse community	✓	✓	✓	
Effective and efficient infrastructure*	✓		✓	✓
High quality urban environment	✓		✓	✓
Strong and diverse economy			✓	
Local cultural heritage		✓		✓

\*The term infrastructure includes network infrastructure, roads, trails, public transport and community facilities.

## Growth Projections

The Queenstown Lakes District, which includes the communities of Kingston, Glenorchy, Queenstown, Arrowtown, Gibbston, Luggate, Lake Hawea, Wanaka and Makarora continues to be one of the fastest growing districts in New Zealand.

The district has a relatively small number of ratepayers (22,000).

The district-wide growth forecasts are summarised below:

**Usually Resident – increase of 26.2% from 28,440 (2011) to 35,905 (2021).**

**Average Day – increase of 21.2% from 46,612 (2011) to 56,517 (2021).**

**Peak Day – increase of 22.0% from 89,346 (2011) to 108,970 (2021).**

The last census was undertaken in 2006. At that time Council's growth modelling forecast, undertaken prior to census, aligned. The projections are important to the Council, government and non-government agencies, the general public, the business sector and people generally wishing to develop or invest in the area.

### What are the projections used for?

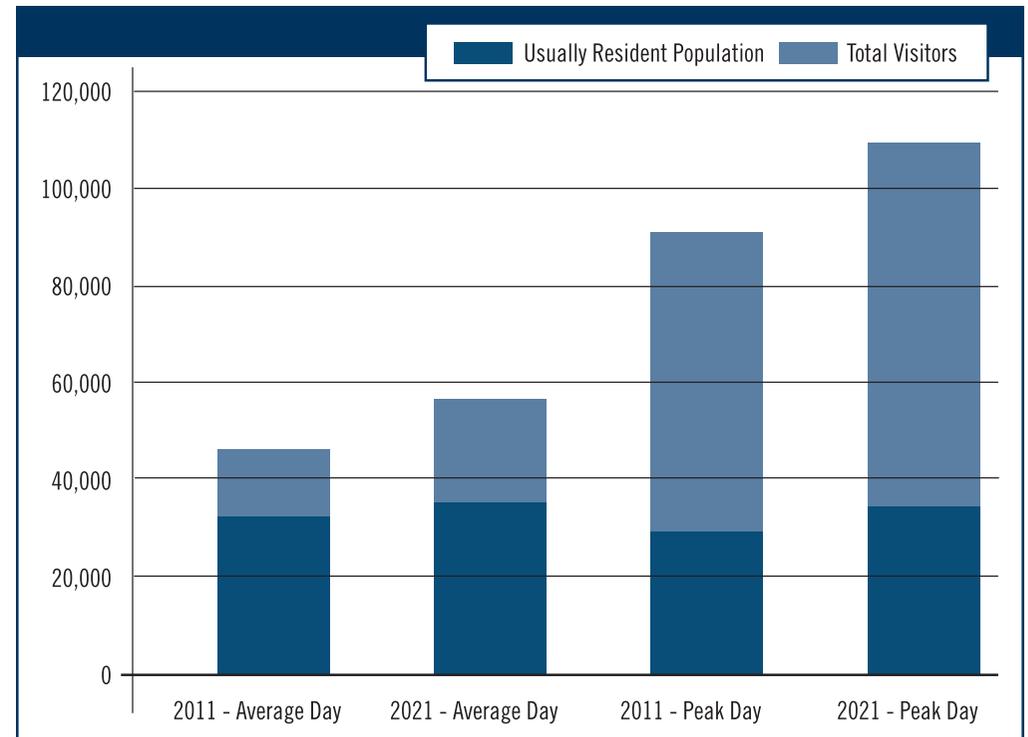
The Council uses this information:

- To assist central government agencies to plan for their statutory functions into the future;
- As performance measures to better understand how well we are working toward achieving the Community Outcome of "sustainable growth management";
- To undertake strategic planning;
- To determine the need for more land to be zoned for particular purposes in a staged manner;
- To determine the consequences of growth on our key infrastructure (such as transportation, water services, and waste management) and to ensure that infrastructural development and improvements keep pace with projected growth;
- To determine the level of development contributions we need to collect to ensure Council services can keep pace with growth;
- To determine the projected demands for open space and community facilities;
- To lobby other agencies for improved services to the community (e.g. health, regional facilities, etc).

Government and non-governmental agencies use the information:

- To project and plan for expanded services;
- To justify funding;
- To assist with the location of additional or improved services.

## Average and Peak Day Population



# Financial Strategy - in summary

## Background

The Financial Strategy is a new requirement for the Long Term Plan (Section 101A of the Local Government Act 2002).

The purpose of the financial strategy is to facilitate —

- a. prudent financial management by the local authority by providing a guide for the local authority to consider proposals for funding and expenditure against; and
- b. 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 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 period 2012 to 2022. 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 strong population growth
- 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 projects which are largely driven by community desire to seek improvements (Project Shotover; Wanaka Sports Facility; Queenstown Events Centre improvements).

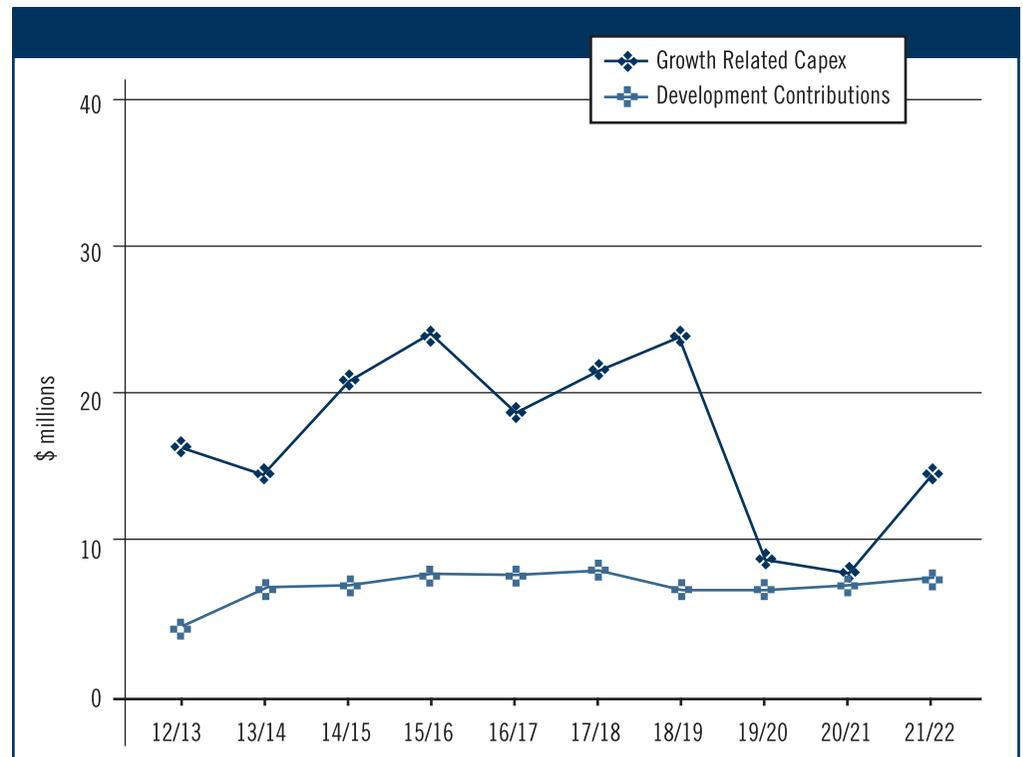
Capital expenditure on physical works over the next 10 years is much lower than previously forecast. It amounts to \$552m (2009: \$832m) which represents a reduction of \$280m or around 33% compared to 2009. The capital expenditure programs for infrastructure have been derived from revised asset management plans that include the latest growth projections.

## Cost of Growth

The cost impacts of growth in population have been assessed for the next 10 years. Just under 50% (2009: 49%) of the total capital expenditure is required to provide infrastructure to meet the demands of future growth.

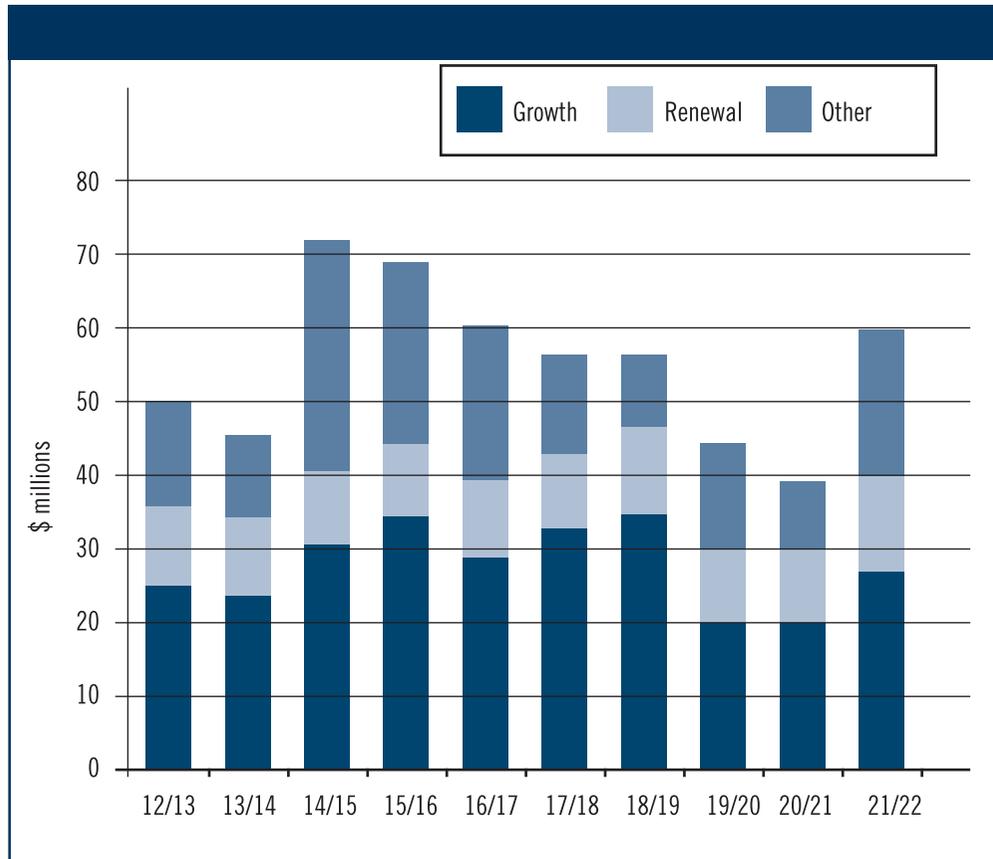
This can cause funding issues because Council cannot be certain as to when the growth will occur. In time, most of this expenditure will be recovered from developers through the charging of development contributions, but in the interim a large proportion of this cost must be borrowed. It is Council's intention to deliver the growth related capital projects on a "just in time" basis. This means that additional capacity will not be provided until Council is satisfied that it is absolutely necessary to do so. This is illustrated in the graph opposite:

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



Of the total capital cost of \$552m for the period, \$276m is required because of growth. Included in this figure is \$107m of vested assets (infrastructural assets transferred to Council through the subdivisional approval process). Around 20% of the total capital expenditure is required to renew or replace existing assets and around 30% is required to provide increased levels of service.

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



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 are increased as there are more roads and footpaths to maintain or reserves to mow. It is estimated that growth accounts for around 10% of the increase in operating costs over the period. The total increase in operating costs is \$44.9m or 55% over the 10 years.

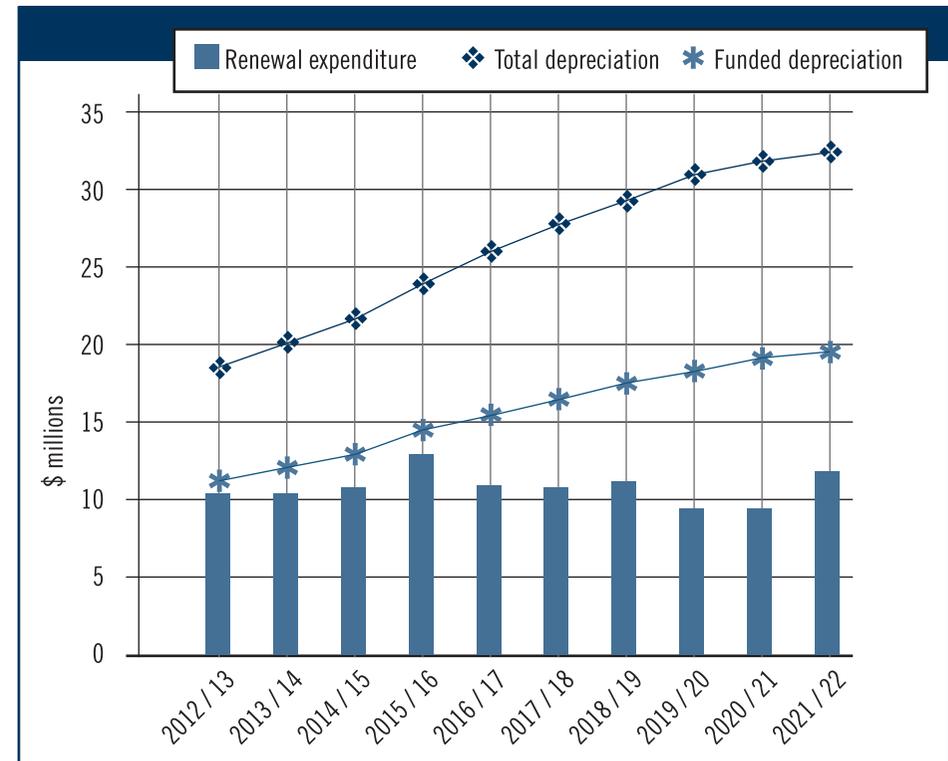
In periods of slow growth or where growth is less than forecasted, it is recognized that development contribution income will not be sufficient to fund the full cost of servicing “growth” loans. In these circumstances, Council will fund the shortfall by a combination of:

- Additional internal loans ( repayment funded by general rates)
- Utilising “excess” depreciation funds (especially Roading)

### Capital Expenditure to Maintain Existing Levels of Service

The cost impacts of renewing or replacing existing assets have been assessed for the next 10 years. Of the total capital cost of \$552m for the period, \$109m (20%) is required because of renewals.

## 10 Year Financial Analysis Renewals vs Depreciation



Most of the renewal expenditure is funded from rates or borrowing. The graph above shows that around 59% of the depreciation expense is actually provided for in the rates. This is discussed further in the section on Balancing the Budget. The largest portion of renewal expenditure is provided for core infrastructure activities:

Roading	\$51.8m
Water Supply	\$18.5m
Wastewater	\$18.3m
Total	\$88.6m

This amounts to 81% of the total renewal expenditure over the 10 year period (\$109m).

### 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 10 years. Of the total capital cost of \$552m for the period, \$167m (30%) is required for this purpose.

It is not uncommon for a capital project to have a mixture of reasons for construction (cost drivers). A large project like Project Shotover (\$35.9m) (new Queenstown wastewater disposal scheme) 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 quality of effluent produced from the new plant is vastly higher than that provided currently from the oxidation ponds and as such around 80% of the cost of the project has been attributed to increased level of service. The largest portion of capital expenditure due to increased level of service is provided for in the following activities:

Roading	\$62.0m
Community	\$31.5m
Water Supply	\$16.0m
Wastewater	\$33.8m
Total	\$143.3m

This amounts to 86% of the total for this category over the 10-year period \$167m. The projects in Community which are providing increased levels of service are the Wanaka Sports Facility (Total cost \$16.8m) and the extensions to the Queenstown Events Centre (Total cost \$15.2m).

The water supply projects include proposals to provide improved treatment facilities in various schemes as well as some new schemes. The roading projects total 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 (widening, improved surface etc).

## Quantified Limits On Borrowing

In order to deliver the large capital programme included in this plan, Council will need to rely on borrowing. The amount of borrowing required is well below the amount anticipated in the 2009 plan. Council has spent a considerable amount of time and effort working through the capital programme to ensure that it is affordable 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 three, external debt will have risen to \$167m and by the end of the 10-year period; it will have reached \$171m (2009:\$393m). This is less than half the amount anticipated for in the 2009 Plan. The growth portion of the Capital Programme (some \$169m) will be funded by development contributions as growth occurs, but must be funded largely by debt in the first instance. This allows for 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 now well within all of the debt parameters in Council's Liability Management Policy:

Borrowing Limit	30 June 13	30 June 14	30 June 15	30 June 22
Interest Expense/Rates <25%	13.8%	14.0%	15.0%	13.2%
Interest Expense/ Total Revenue <15%	7.7%	7.8%	8.3%	7.4%
Net Debt/Total Revenue <200%	128.0%	129.2%	151.3%	117.9%
Net Debt/Equity <20%	15.3%	14.6%	17.6%	13.3%

Council is now well within the debt parameters, which means that the affordability of the 2012 10-Year Plan can be clearly demonstrated. This is very pleasing and justifies the considerable efforts of elected members and staff in compiling the expenditure programmes for this plan. The debt ratios show that the affordability position has improved significantly. In the 2009 plan, two of these ratios were exceeded in the latter period covered by the plan. The 2012 10-Year Plan shows not only compliance but also considerable headroom is provided.

Council has also undertaken sensitivity analysis in order to determine a series of "what ifs" around the following significant items:

- Development Contributions
- QAC Dividend
- Land Sales
- Water Demand Management

Various scenarios have been run which include reducing income from Development Contributions and Land Sales to zero over the 10-year period. They show that financial affordability can still be maintained by deferring \$70m of growth related capital projects which are discretionary regarding timing. In this scenario, Council can still comply with the financial ratios provided at least 25% of the QAC Dividend is received. The likelihood of this scenario is very low but it demonstrates that there is real head-room built into the financial forecasts.

Council is confident that the savings required in consumption volumes and leaks from the water supply networks is achievable. Council needs to manage demand in order to avoid the large expensive capacity upgrades that would otherwise be required in Queenstown and Wanaka. Council has a number of initiatives to promote water demand management. These include education and awareness of the issue; full or partial irrigation bans; flow restrictors and ultimately water metering. At the same time, Council will play its part by continuing the programme to locate and repair leaks.

## Security On 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 which provides assurance to lenders and is administered by an independent trustee.

## Quantified Limits On Rates

Operating expenditure is shown to increase over the 10-year period by an average of 5.5% (2009:6.6%) 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 4.5% (2009:5.9%) per annum. With the reduction in capital expenditure and debt, forecast rates increases are also reduced. The average annual increase over the 10-years is now 4.6% down from 6.9% (2009).

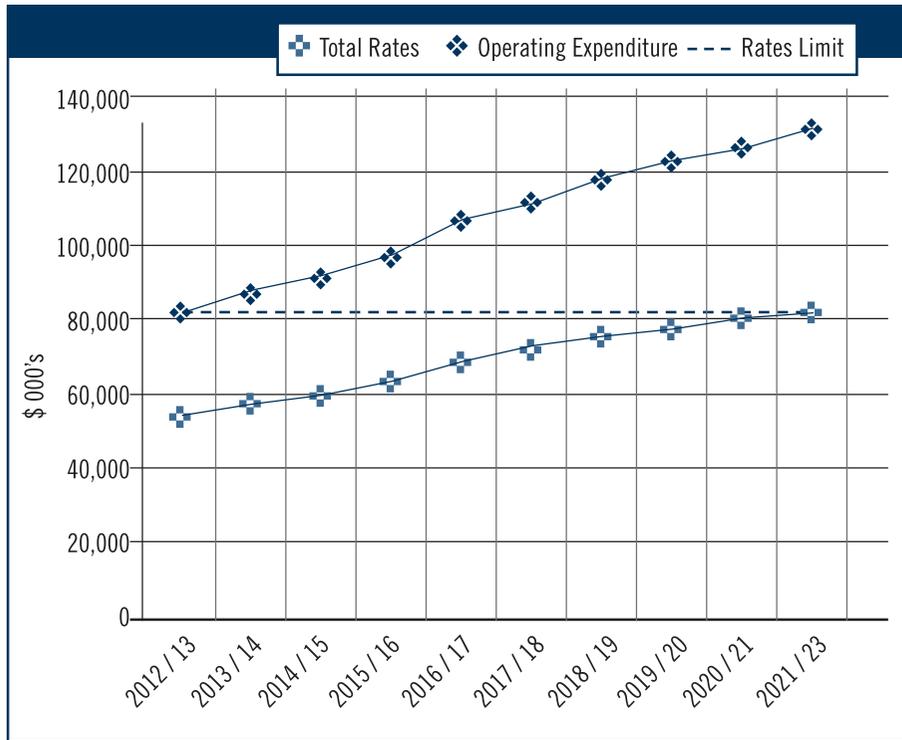
The graph below shows that rates are increasing at a lower rate than operating costs over the 10 year period. As discussed earlier, rates are influenced by a number of factors including core recurring operating costs; growth in the district; inflation and the capital programme. The capital expenditure 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. Project Shotover), Council will disclose the rating impact as part of the consultation process.

In order to come up with a sensible quantified limit on rates, it is necessary to take account of the various influences on rating levels. The limit should also be easily understood. The graph overleaf shows that rates are increasing by an average of 4.6% over the 10-years. This increase is not even however, as the impact of increased costs associated with new facilities is recognised. The forecasted rates increases for 2015/16 and 2016/17 are high (7.9% and 7.2%) as they reflect the increased costs of the new Wanaka Sports Facility and the Project Shotover.

It is proposed therefore to set a rates increase limit of 4% subject to growth changes and the effect of increased levels of service. This will be a challenge for Council and will require disclosure of the base rate increase and separately identify the impact of growth changes and the effect of increased levels of service.

## Operating Expenditure and Rates Revenue



## Financial Investments and Equity Securities

The Council holds very few financial investments as Council is a net borrower. Surplus cash will be invested for short periods from time to time in line with Council's Investment Policy. Council does hold equity securities (shares) in several subsidiaries. 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:

Name	Ownership Interest
Queenstown Airport Corporation	75.01%
Lakes Environmental Ltd	100.0%
Lakes Leisure Ltd	100.0%
Lakes Combined Forestry Committee	75.0%

The Council does not require a dividend from Lakes Environmental Ltd or Lakes Leisure Ltd as they are not intended to make profits. The Forestry Committee jointly owns the forest at Coronet Peak, the value of which at the end of 2011 was \$711,000.

The share-holding in Queenstown Airport Corporation (QAC) is both commercially and community oriented. The Council continues to hold a controlling interest in QAC because 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 recently, the Council was the sole share-holder but with the 2010 equity investment from Auckland International Airport Ltd, there is the expectation that dividends will now be paid.

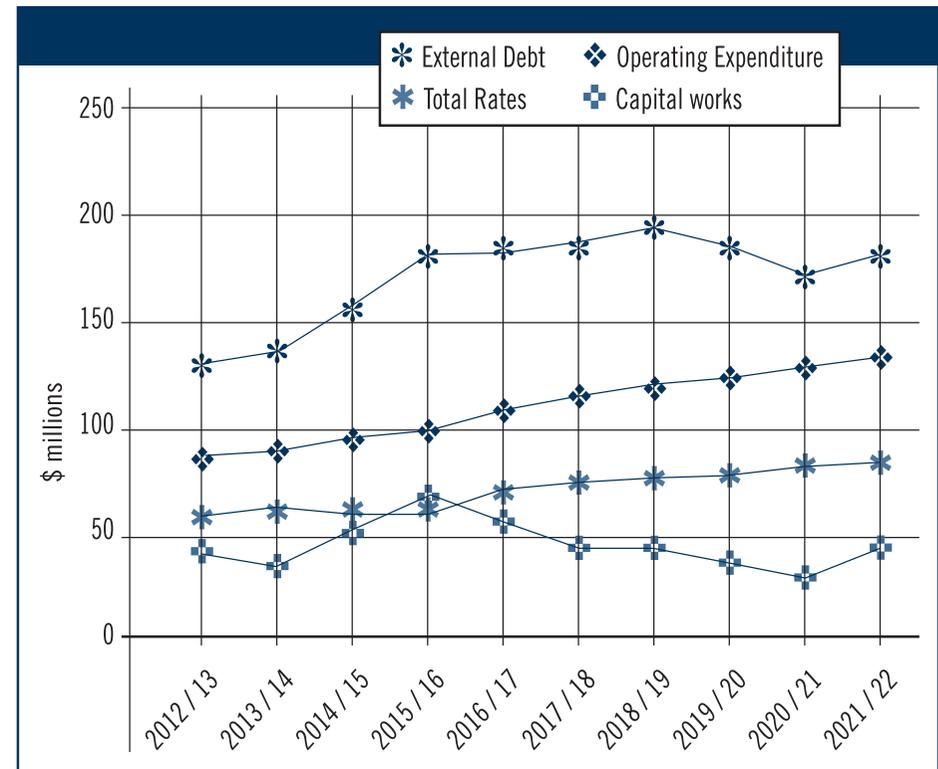
Over the next 10 years, \$41.9m of dividend income is forecast to be received by Council. Council intends to use 50% of this income to repay existing debt with the balance available to fund local projects. The criteria for the establishment of this fund will be consulted on.

## 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. If this task is successfully delivered, the following outcomes should be achieved:

- Prioritised Capital Programme – delivering the "right" projects at the optimum time.
- Rates increases set at maximum of 4% per annum (subject to changes in growth or increased levels of service).
- Debt levels maintained at prudent levels (within Borrowing Limits).
- Debt levels at the end of the 10-year period have stabilised and sufficient head-room exists to provide financing flexibility for future councils.
- To continue to provide excellent service within financial constraints.

## 10 Year Financial Analysis



The complete Financial Strategy is available in Volume 3.

# Key Consultation Issues - Pages 15-23

## ISSUE - Financial Affordability



### Affordability

#### What was the position three years ago?

In 2009 the 10-Year Plan process found that years one (2009) to four (2013) were affordable but in the later years of the plan, the debt levels became unaffordable. It forecast a debt level of \$393 million by the year 2019. There were several reasons Council found itself in this position, they included: growth and the pressure of providing infrastructure for the peak day population; better knowledge of Council's infrastructure; and changes to Central Government standards (i.e. water quality). The Council began a major review of its capital programme in 2009 with the single goal of producing an affordable 10-Year Plan in 2012. A steering group made up of Councillors and staff has spent the last three years delivering this goal. The Council's proposed Financial Strategy (Volume 3) provides transparency and ensures prudent financial management (see Financial Strategy). Financial affordability is a big Council issue that needs community input through the 10-Year Plan consultation process. We need to know what you think.

#### How has Council delivered an affordable 10-Year Plan?

The 2012 10-Year Plan is affordable. The 10-Year Plan steering group (councillors and staff) has systematically worked through the entire capital program testing all of the projects that were included in the 2009 10-Year Plan. Each project was examined to see if it was the best solution, if the timing of the project was right and to work out Council's priorities. Prioritisation of projects across the board saw the development of a new model to help the steering group make important decisions. The new prioritisation process was developed with the steering group in a number of workshops using best practice guidelines. Where possible the model incorporates existing Council systems and processes, such as the infrastructure services risk framework. Another important factor was to make sure Council continues to provide the right level of infrastructure and that our communities' expectations around level of service are met. The result has seen the capital program and debt significantly reduced over the next 10-Years.

### Debt Ratios

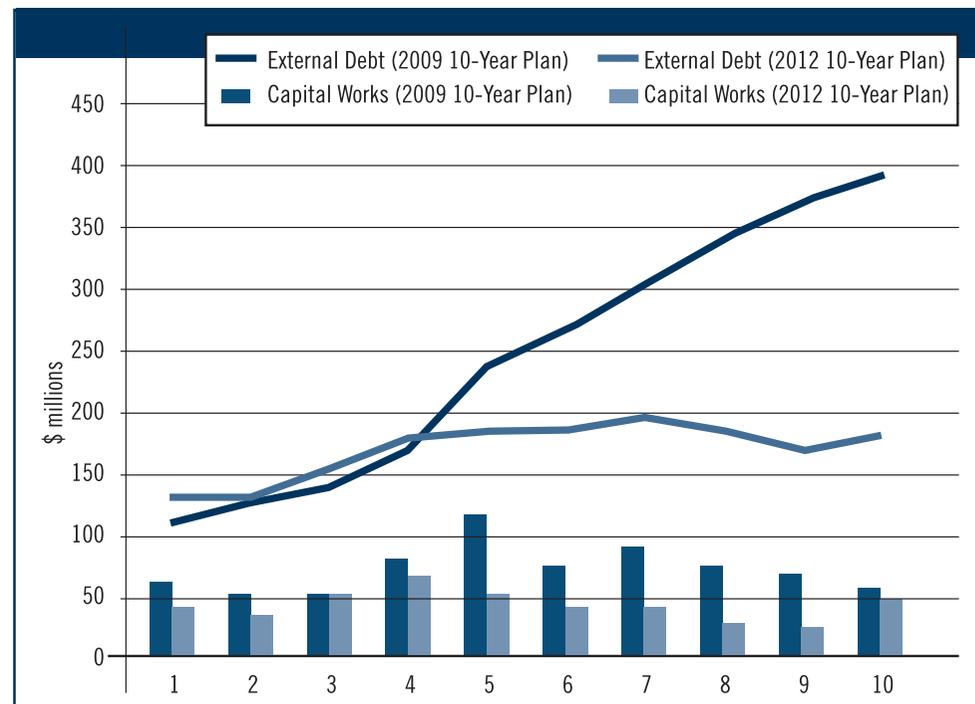
Debt ratios	2012	2009
Total Capital Asset Expenditure	\$552m	\$832m
Total External Debt (end of period)	\$171m	\$393m
NetDebt/Total Revenue <200% (end of period)	117.9%	250.5%
NetDebt/Equity <20% (end of period)	13.3%	30.9%
Average Annual Rates Increase (over 10 years)	4.6%	6.9%

Capital expenditure on physical works over the next 10-years is much lower than previously forecast. It amounts to \$552m (2009: \$832m) which represents a reduction of \$280m or around 33% compared to 2009. The capital expenditure programs for infrastructure have been developed from revised asset management plans that include the latest growth projections. The debt ratios in the table above show that the affordability position has improved significantly. In the 2009 plan, both of these ratios were exceeded. The 2012 10-Year Plan shows not only compliance but also considerable headroom is provided. Only projects that are absolutely necessary have been included and scheduled at the latest possible time of delivery.

### Debt

The reduction in capital expenditure has led to a significant reduction in forecast debt. Debt reaches \$171million by the end of the next 10-Year period but this is a big improvement from the forecast in 2009. This means the 10-Year-Plan is affordable. With the reduction in capital expenditure and debt, forecast rates increases are also reduced. The average annual increase over the 10 years is now 4.6% down from 6.9%. The graph below shows a comparison of the 2012 10-Year Plan to the 2009 for capital works and external debt over the 10-years. The improvement in the debt position is very obvious as the gap between the two lines is over \$220m. As outlined, debt is still a very important tool when looking to build assets that have a long life so that not all the burden falls on today's ratepayers and residents. To share the cost into the future, Council needs to strike the right balance when it comes to debt. Therefore the growth portion of the Capital Programme (some \$169m) will be funded by development contributions as growth occurs, but must be funded largely by debt in the first instance.

### 10 Year Financial Comparison – External Debt vs Capital Works



## Roading

The level of investment in roading has reduced. The Council was able to do this because it has delivered a big programme of roads rehabilitation over the last three years. The investment in roading can reduce without a change in the level of service.

It should still be noted that roading and parking continues to absorb a large part of the overall budget costing approximately \$225 m or 41% of the capital expenditure budget.

## 3 Waters

Another key factor is a reduction in expenditure in the area of 3 waters (water supply, stormwater, waste water). Council wants to see savings through water demand management instead of spending money to provide more capacity (see Water Demand Management).

The future of the disposal of waste water in the Wakatipu Basin (Project Shotover) has also been closely reviewed. The Council currently disposes treated wastewater to the Shotover River, the original Project Shotover proposal involved disposing the wastewater to land at the Shotover Delta instead.

The Council has been able to come up with a more affordable proposal for this multi-million dollar project (see Project Shotover).

## Rates

Operating expenditure is shown to increase over the 10 year period by an average of 5.5% (2009:6.6%) per annum. The forecasts do include a provision for inflation after the first year as well increases as a result of projected growth within the district.

Operating revenue for the same period increases by an average of 4.5% (2009:5.9%) per annum. With the reduction in capital expenditure and debt, forecast rates increases are also reduced. The average annual increase over the 10 years is now 4.6% down from 6.9% (2009).

It is proposed therefore to set a rates increase limit of 4% subject to growth changes and the effect of increased levels of service. This will be a challenge for Council and will require disclosure of the base rate increase and separately identify the impact of growth changes and the effect of increased levels of service.

All the work that has been done means that the proposed rates increase for the first year of the 10-Year-Plan (July 2012 to June 2013) is 2.7%. This is subject to some changes in the way Council allocates the rates (see Rates Review). The Council's aim is to make the rates more transparent and fairer.

## Airport Dividend

The future use for the Queenstown Airport dividend needs community input through this 10-Year Plan consultation process.

The Council has included in the 10-Year Plan the assumption that the Queenstown Airport Corporation will pay a dividend to its shareholders (QLDC and Auckland International Airport). It assumes a dividend of \$41.8m in the next 10-years.

The Council is proposing that 50% should be used to repay debt with the other 50% to be set aside as a potential funding source for local community projects. Council is currently looking to establish the guidelines which will be subject to full community consultation.

*In response to the 10-Year Plan survey 59% (82) supported Council's approach to affordability and 11% (15) did not, the remainder were neutral.*

*The Council's approach to affordability remains unchanged in the final plan.*



# ISSUE - Rates Review



In 2011 the Council began public consultation around a complete review of rates in our district. The main task of the Rates Review Working Party has been to look at how the general rates work.

The outcomes of the review which included public consultation are now included in this 10-Year Plan for further public input.

Until now the way general rates have been apportioned (differentials) has been largely historic. The working party wanted to review the rates to provide transparency regarding who pays and why.

The review focusses on how rates are allocated and decides who pays what share. An important part of this is to understand what impact the 2.8 million visitors to our community annually have on our costs. More importantly the review has considered how we best recover the costs.

The Council has tested the idea of a bed tax in the past with Central Government and it is reluctant to legislate for one. We have also listened to our community which has been vocal in the need to fairly apportion cost to visitors.

The next best thing is to use a series of targeted rates with the aim of recovering the impact of costs associated with visitors. To do this in a fair and transparent way, Council is looking to include a visitor cost in the rates of businesses in a region that benefits from tourism. In this way, Council will indirectly recover visitor costs in the rates charged to local businesses.

This is not a new concept for the district as there has been an element of indirect recovery already a part of the rates charged for the last 20-years. What has changed is the level of analysis and complete transparency within the new proposals.

For example the new recreation and events rate which will recover the costs associated with parks, reserves, trails, walkways, public toilets and events is designed to recover around 50 cents per day from each visitor. It's important that businesses first understand the concept and then give Council feedback on the proposal.

The focus of the review has been around making the general rate more understandable by breaking it down into a series of targeted rates. The new rates proposed are:

- Recreation and Events Rate (as outlined)
- Governance Rate
- Regulatory Rate
- Sports Halls and Libraries Charge

The general rate and uniform annual general charge are retained under the proposal but only fund a small amount of the costs previously collected this way.

The differentials which apply to the Rooding Rate have also been re-calculated with the latest data.

The pie charts at right demonstrate the proposed position for the general rate and roading.

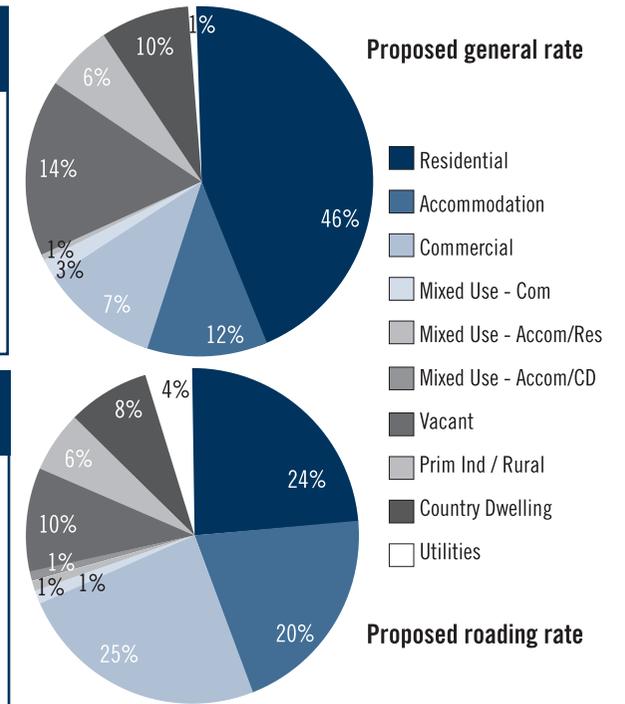
The Council sought feedback through the 10-Year Plan consultation on the proposed changes to rates policy. More detail about rates is available in Volume 3 page 39.

## For the General rate activities, the main impacts are as follows:

- Residential - increased allocation now 46% (was 42%)
- Accommodation - same allocation now 12% (was 12%)
- Commercial - decreased allocation now 7% (was 11%)
- Vacant Land - decreased allocation now 14% (was 17%)

## For the Rooding rate activities, the main impacts are as follows:

- Commercial - increased allocation now 25% (was 19%)
- Residential - decreased allocation now 24% (was 26%)
- Accommodation - decreased allocation now 20% (was 22%)
- Vacant Land - decreased allocation now 10% (was 12%)



There were 87 submissions received that included a response on the rates review. In summary the main focus of the submissions was the proposal to introduce a new recreation and events rate, which included a differential for accommodation properties. The accommodation sector opposed the proposal.

The balance of submitters generally supported the outcome of the review and more importantly the principle that visitors should contribute (indirectly) to costs.

Several submitters asked Council to review the impact factor of 2.8. This has a significant effect on the allocation of this rate. Council has now completed this review. The factor of 2.8 was taken directly from a survey conducted several years ago. It is based on the relative time available on an average day for a visitor compared to a resident.

Council has reviewed the original survey findings and has applied the results over a full year. This approach is in line with the People/Days concept used to allocate the costs by a people related factor. The result is a reduction in the impact factor for Accommodation and Commercial within the Recreation & Events Rate. The impact factor reduces from 2.8 to 1.8.

The impact of the change is that \$480,355 of the cost previously allocated to Accommodation (\$375,450) and Commercial (\$104,905) is now allocated to Residential (\$334,195); Vacant (\$92,103); Primary Industry (\$11,729) and Country Dwelling (\$42,328). This reduces the allocation to Accommodation and Commercial by 18.5% and reflects a much fairer allocation of cost. The overall proposed increase to Accommodation rates is now roughly half of what was proposed in the draft (see page 46).

## ISSUE - District Events Office



### Shaping Our Future - Events Funding

The area of events in our district was considered a priority issue for the first Shaping Our Future forums. These district-wide forums concluded that a centralised event agency was required in the district and the Shaping Our Future Events Taskforce has produced a report with recommendations that the Council intends to consult on through the 10-Year Plan process.

The taskforce has recommended that the Council and the community endorse a 5-Year Plan. This includes the Council committing to the establishment and funding of a District Events Office. The key platforms upon which the District Events Office could be established are:

1. Strengthen and develop the Lakes District's ability and reputation as an event-friendly destination.
2. Provide a strategic framework and guiding principles for a balanced and coordinated calendar of events which provide community, economic and destination marketing benefit to the district.
3. Develop and coordinate the infrastructure and support services required to support events across the district.
4. Establish a framework and funding model to facilitate the provision of financial assistance to support the sustainability and growth of events in the district.

The Council has included \$50k for the establishment of a new role plus an additional \$50k for community events in in Year One of the 10-Year-Plan. It has budgeted \$100k per annum.

#### Proposal to be considered as a recommendation to the Annual Plan 2013

Council has not yet made provision for the indicative costs for years 2-5 of the recommended 5-Year-Plan.

*In response to the 10-Year Plan survey question 36% (50) respondents supported a District Events Office and 40% (55) did not, the remainder were neutral. The Council's approach to the events funding remains unchanged in the final plan.*

## ISSUE - Facilities



### Community Facilities - Increased Level of Service



An artists impression of the proposed Wanaka Sports Facility Complex

#### Wanaka Sports Facility

A priority project for community facilities is the Wanaka Sports Facility project. The 10-Year Plan proposes that stage 1 of the development (indoor sports facility and hard court area) will be completed in year three 2014/15.

The Working Party has completed a Facilities Mix report and produced concept design plans, perspective drawings and the landscape design concept report. The quantity surveyor's capital cost estimate has been received and the first cut of the operating cost and impact on rates has been prepared. The Notice of Requirement for the land has been lodged and stakeholder agreements with Ballantyne Investments Limited and Willowridge Developments Limited have now been signed.

## The Cost

The Cost - Wanaka sports facility	
<b>Key Financial Details</b>	
Capital cost	\$16.84 million
Project Timing	2013-2015
<hr/>	
Operating Revenue (User Fees)	165,000
Operating Expenditure:	
Direct Costs	460,000
Depreciation (Funded)	167,153
Interest	402,597
<hr/>	
	1,029,750
<b>Operating Deficit</b>	<b>864,750</b>
<b>Impact on Rates</b>	
Estimated Deficit From above:	864,750
Chargeable Properties (per new Sports, Halls & Libraries Charge)	
District wide chargeable properties:	18,078
Additional Amount to Charge (incl GST)	\$55.01
Increase on 2015/16 Total Rates	2.35%
Rate Funding of Deficit	
1. Area of Benefit will be District wide as for the Events Centre (excluding the aquatic centre)	
2. Funding by way new differential Annual Charge (Sports, Halls & Libraries Charge)	

It's important that the Upper Clutha community understands the impact of this project. There are financial implications and increased and ongoing (operational) costs as a result of this decision.

*In response to the 10-Year Plan survey question 34% (49) thought the Wanaka Sports Facility was a priority and 41% (60) said it was not, the remainder were neutral. The Wanaka sports facility funding and timing remains unchanged in the final plan.*

## Event Centre Extension

The major projects for the Queenstown Event Centre campus (extension to sports hall and sports field development and the covered courts project) have been included in this 10-Year Plan but prioritisation and financial constraints (especially the need to deliver an affordable 10-Year Plan) mean they won't start until year four (2015).

This is later than indicated in the Lakes Leisure Master Facility Plan consultation for the site. Demand on these facilities is therefore likely to increase in the interim.

The community may need to be more flexible regarding sports scheduling to optimise the existing facilities.

*In response to the 10-Year Plan survey 68% agreed with the Council's approach to defer QEC projects and 17% (25) were against, the remainder were neutral. The Council's approach to the Event Centre Extension remains unchanged in the final plan.*

## Convention Centre

In August 2011 Mayor van Uden established a Convention Centre Working Party to investigate the viability of developing such a facility for Queenstown.

The group includes membership from the Queenstown Chamber, Destination Queenstown Convention Bureau, the arts, business and accommodation sectors. The working party is narrowing its focus on a number of issues (location, size, cost, economic benefit and challenges). The goal has been to find ways to deliver the project so that it will be affordable to the community.

Although the working party currently sits outside any formal Council process it should be flagged that whilst major funders, including Central Government, will be sought to commit to the project, it is likely that the Council will reach a position where it will need to consult with its community before it can proceed.

The Council has committed to undertake a feasibility study, which will be done in two stages being firstly the establishment of demand and secondly consideration of location.

No other funding has been included in the 10-Year Plan for a convention centre but this could be revisited with the community in next year's Annual Plan or through a Special Consultation Process.

## Memorial Hall

In response to a submission to the Annual Plan a working party was formed in 2010 to investigate the potential upgrade of the Memorial Hall to make it a better performing arts and community venue.

Research and consultation with stakeholders showed an upgrade was both needed and viable and a charitable trust was formed to oversee fundraising for the \$3 million project. Subject to funding targets being reached, the hall is scheduled to close for renovation on 22 July 2012.

The Council has included \$220,000 in this 10-Year Plan for the Queenstown Memorial Hall Upgrade project which was originally contained in the 10-Year Plan for maintenance of the hall.

## ISSUE - Water Demand Management



### Water Demand Management

The amount of water used in our district changes a lot between winter and summer with variables including the number of visitors and climate. Our biggest problem is meeting the peak time flows at the height of summer. In Queenstown the peak day in summer is one and a half times the average day in winter. At Lake Hawea the summer peak is eight times as much as it is during winter.

If our communities can reduce peak usage then Council can reduce its investment in infrastructure. Water Demand Management is key to reducing these peaks including initiatives such as irrigation timers to optimise night flow and irrigation restrictors.

#### High Water Use

The Queenstown Lakes District continues to be one of the highest areas of water usage per person in New Zealand. Leakage mitigation work is continuing however water use is high even after leakage is factored. There are a number of reasons including the perception that we have an endless supply of water (lakes and rivers), the dry summer climate, the high value of property and the associated need for green urban areas (manicured lawns and landscaping). Water Demand Management includes an education component.

### The water costs we can't change

Within the next ten years the Public Health Risk Management Plans will need to be implemented for the majority of the district.

The Otago Regional Council requires the Council to develop Water Demand Management Plans for any new consents. This requires Council to be a 'responsible citizen' when it comes to Water Demand Management.

The Council is also designing a forward programme of renewals for replacement of aging pipes. The estimated cost over the next ten years is in the Capital Expenditure table on page 39.

### Water costs we can change through Water Demand Management

The Council has identified Water Demand Management as a key consultation issue because by deferring upgrades through a reduction in demand the projected capital expenditure cost for water has been projected to reduced to \$72m (2009: \$171m) provided over the 10 years.

Development beyond the boundaries of existing schemes is where Council has identified the greatest future demand for water.

These areas will require new infrastructure and that will come at a cost. Water Demand Management will be factored into any investment in new infrastructure.

It can lead to potential savings around the size, capacity and timing of any new projects.

For main projects/ timing for the next 10-years see Capital Expenditure.

#### Leaks

The Council has continued to carry out an on-going programme of leak detection and repair. Some pipes (particularly Queenstown) are aging and therefore the rate of leakage continues. The Council manages this issue with regular leakage checks. Overall the Council has reduced leakage since 2008.

#### Volumetric Charging

Council has made no policy decision regarding volumetric charging (user pays water charge through metering), however this method of Water Demand Management will continue to be considered over the next 10-years. Issues regarding the introduction of water metering include the cost of installation, reading frequency and the unknown effect.

The Council has undertaken some preliminary investigation work through the small scale installation of meters. The Council has installed 30 meters in the Central Business District in Queenstown and discovered significant private leaks. The second project has involved installing metres at Luggate to monitor and understand water usage in a small community.

#### Looking forward

Further leak detection work will be needed for Council assets and private properties. The Council will need to continue to understand who uses water and when. The Council will need to undertake significant public education and campaigns around Water Demand Management, including the cost of water and how to use water wisely (i.e. using timers for watering and irrigation during optimal hours (overnight).

On a scheme by scheme basis if the Council continues to find that individual supplies are having difficulties meeting their demands the Council will continue with full or partial irrigation restrictions. The updating of the Water Supply Bylaw, programmed for 2012/13, will give the Council more ability to curb water use and to require individual water consumers to take affirmative action by improving the water usage on their property.

The bylaw can consider restrictions, modification to private water assets, and/or the charging on an individual or communal basis.

The Council has sought feedback on its position on Water Demand Management.

*In response to the 10-Year Plan survey 59% (79) supported the Council's approach to water demand management, 14% (19) did not, the remainder were neutral. The approach to water demand management remains unchanged in the final plan.*

## ISSUE - Wanaka Algae



### Wanaka Algae Mitigation

The Council has been continuing to work on the problem associated with algae in the Wanaka water supply. Algae has been present in the lake for a number of years but increasing significantly in the last five years. Notably the last 12 months has not seen an increase in problems reported to the Council.

It has been shown that there are no health issues associated with the algae. Problems encountered typically are blocked filters on washing machines and domestic irrigation systems.

Some households have opted to install a 'pre-filter' adjacent to the toby at the street boundary. This is termed 'point of use treatment'. This filter must be cleaned by the owner on a regular basis but does not stop algae from entering the home water supply as some smaller particles will be passing through the filter.

Filters at the street boundary should be sized to match the downstream filter size to avoid excessive cleaning. Larger commercial filters also have automatic back washing to prevent blockage as well as being size matched to the downstream filters.

The following has been undertaken to date:

- Regular cleaning of the two lake intakes by divers.
- Changes to the operational timing of the automatic water backwash on the Beacon Point intake.
- Investigation drilling to locate suitable sites for 'bankside filtration' bores as recommended. Despite quite widespread investigation no suitable site has been found on the Wanaka waterfront or in the vicinity of the two intakes.
- Installation of a pilot plant at the Western intake to assess the effectiveness of the recommended micro strainers. The monitoring has provided a high level of confidence in this method of algae filtration. The capital cost estimate is \$3.3m for each of the two intakes.
- Extending the intakes to a greater depth – still under investigation.
- Continued monitoring of algae in the lake and in the reticulation.

Before committing to a significant capital project, being microstrainers with automatic back washing estimated at \$6.6m, Council wants to fully investigate other options.

The option of continuing with individual treatment by household filtration (i.e. 'point of use') is the lowest cost as only those households that are affected need to install filters. The Draft 10-Year Plan does not include funding for the \$6.6m project.

Should the Council continue with requiring mitigation at the 'point of use' then the Council will need to advise the public in more detail about working with the algae and the most appropriate solutions.

In the interim the Council will continue with the detailed investigation of residential mitigation options (filters etc).

The apparent reduction in issues is being investigated. It is not clear whether the work that has already been undertaken has made a difference or whether those most affected have simply become used to managing the problem of blocked filters.

The costs at right are indicative and relate to the option of microfiltration at the two intakes. Remember, Council has not included the cost at this time.

### Impact on Rates and Cost

The Cost - Microfiltration	
<b>Key financial details</b>	
Capital Cost (in 2011 dollars)	\$6.6m
Operating cost	\$350,000
Depreciation (Funded)	\$105,600
Interest	\$299,000
Total additional annual cost	\$754,600
<b>Impact on Rates</b>	
Chargeable properties connected to the Wanaka Water Supply	5,573
Additional Amount to Charge (incl GST)	\$155.71
<b>Indicative increase 2012/13 TOTAL RATES</b>	<b>6.8%</b>

Council has sought feedback from users of the Wanaka Water Supply as to whether the increase in water rates would be acceptable compared to the 'point of use' treatment alternative.

As outlined the Council has not included the \$6.6m in the Draft 10-Year Plan.

*In response to the 10-Year Plan survey 51% (72) agreed with investing in further mitigation of algae with 16% (23) against, the remainder being neutral, although only 26% (38) supported investing \$6.2 million and 39% (57) were opposed to the significant investment, the remainder were neutral. Council's approach to Wanaka Algae Mitigation remains unchanged in the final plan.*

## ISSUE - Project Shotover



# Wakatipu Wastewater Treatment

An upgrade to the existing treatment system is needed. This is to meet forecast increases to wastewater flows and because we are required by the Otago Regional Council to treat wastewater to a much higher environmental standard. This is needed to meet long term consent conditions.

Other stakeholders also desire an improved level of treatment around issues such as iwi considerations, health requirements and environmental perceptions. An alternative view exists that the disposal of treated wastewater to the Shotover River has no measurable effect. In other words QLDC has raised questions regarding the stringency of the long term consent.

All of these matters must be considered in the context of affordability and need to be fully debated by this community. It is the community that will be paying for the upgrade through rates and development contributions.

This is the single most costly project in the 10-Year-Plan so Council has spent a lot of time testing it on a number of levels.

The current consent for the Shotover Ponds (Shotover Delta) and the disposal of treated waste water to the Shotover River will expire in 2014 and the new, long term consent comes into effect at that time.

Council is clear that its intention is to improve the level of treatment of wastewater in the Wakatipu. It has already commenced a process to clean the existing ponds and upgrade filtering to improve the treatment ability of the ponds until the upgrade can be delivered.

Not only do we need to consider what level of treatment will be palatable for the community but Council must also give considerable regard to affordability. Affecting both these considerations will be the issue of timing. Stakeholders (ORC, Public Health South, Iwi and Fish and Game) would like to see this project sooner than later but what does the community think?

The project has been estimated to cost in the region of \$36.9 million and is included in the 10-Year Plan.

At this stage the project has been separated into two parts. A treatment plant would be developed first to improve the quality of the wastewater. Delivering this part of the project would mean Council would achieve the quality requirement of its long term consent conditions. The cost is estimated to be \$28 million.

The second part of the project would end the disposal of treated wastewater to the Shotover River through disposal to land at the Shotover Delta.

The Council's intention in 2009 to deliver this part of the project means it was included as a condition of the long term consent. The Council would like to flag that it would like to revisit and test whether disposal to land is still required in 2012.

The Council acknowledges that disposal to land is an important cultural and aesthetic part of the project, however it adds significant cost to the ratepayer. The cost is estimated to be \$8.8 million (31% of the overall project cost).

The treatment plant is contained in the 10-Year Plan to be delivered by year three, the Council has included the disposal field at a much later time (Year ten).

Because of the significant impact the inclusion of a disposal field will have on rates (more than anticipated when the project was first included in the 2009 10-Year Plan) the Council encouraged robust debate on this issue.

## Rates Impact with and without land disposal

Indicative rate increases 2021/2022		
	Without land disposal	With land disposal
Queenstown	14.5%	16.1%
Arrowtown	9.7%	11.5%
Lake Hayes	10.7%	11.6%
Arthurs Point	9.8%	10.9%

## So what are we proposing for now?

The Council has included in this 10-Year Plan a proposal that would deliver an upgrade in the Wakatipu Basin on the same basis as Project Pure in Wanaka (disposal of waste water to land).

The cost estimates (see overleaf) that have been included in this 10-Year Plan have not been tested with the industry in the current market.

The Council proposes that we now (May 2012) call for expressions of interest around the project. What we want to know is: are there more affordable solutions that we have not fully considered? Getting this process underway means we are committing to an upgrade.

By calling for Expressions of Interest the Council will know what its achievable options are. The Council will want to have a conversation about these options with the community and stakeholders with a view to tender the project in 2012/13. The intention would see an upgrade completed by 2015/16.

## The Cost - Project Shotover

### Key Financial Details

Capital Cost \$35.9m

### Project Timing:

Treatment Plant 2013-2016

Disposal Field 2022

### Operating Expenditure:

Direct Costs 2,024,650

Depreciation (Funded) 228,736

Interest 1,405,234

3,658,620

**Operating Deficit 3,658,620**

### Impact on Rates

Estimated deficit from above 3,658,620

Chargeable Properties (Queenstown, Arthurs Pt, Arrowtown and Lake Hayes)  
13,194

Additional amount to charge (incl GST) \$318.89

Increase on 2016/17 Total Rates 13.5%

### Rate Funding of Deficit

1. Area of benefit will be Queenstown, Arthurs Point, Arrowtown and Lake Hayes
2. Rates impact will vary according to area. Estimated range of increase: 10 to 15%
3. Excludes land disposal costs

Remember the cost is based on estimates only and over the next 12 months Council will know if the market can deliver a more affordable option.

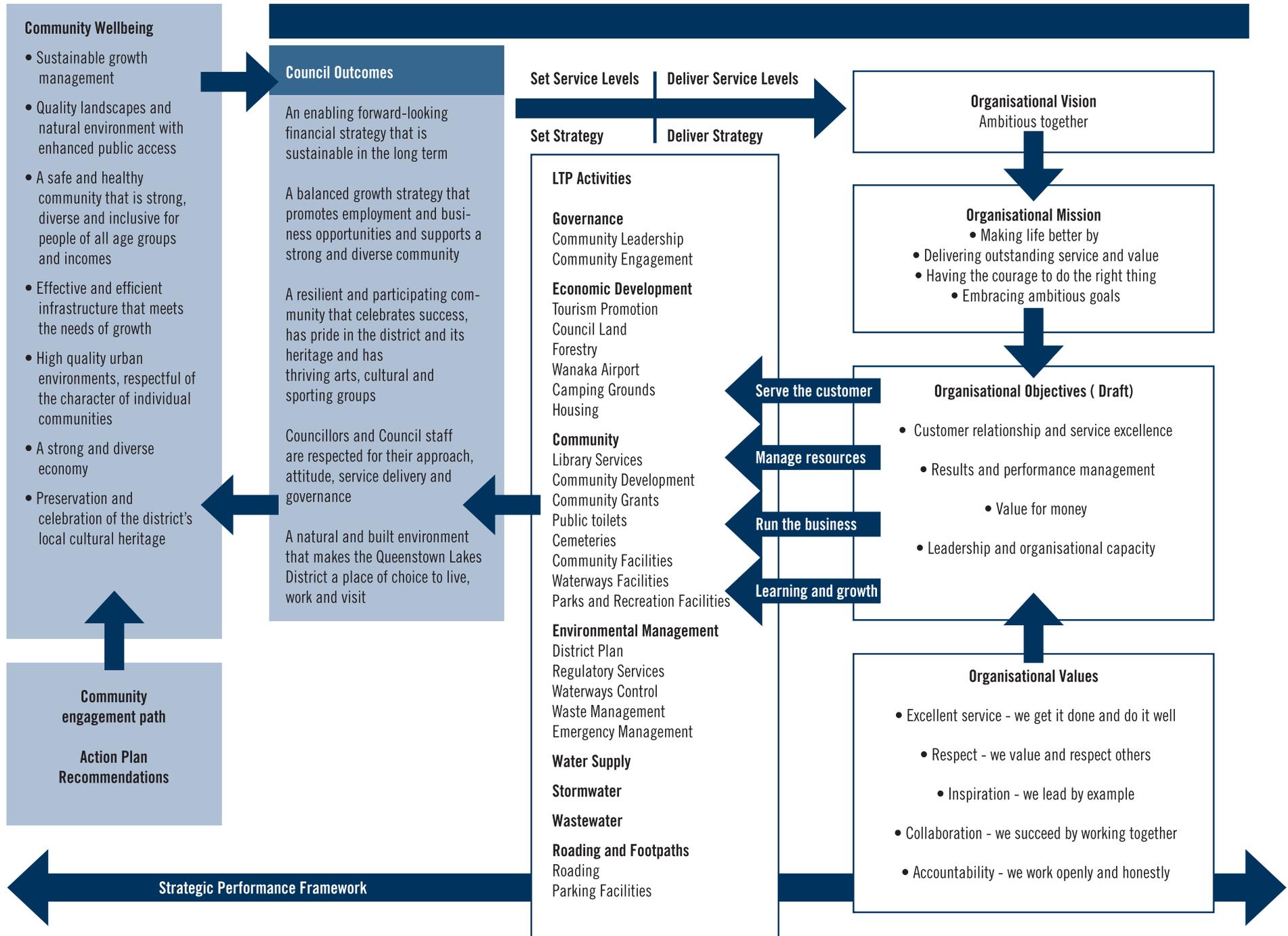
### Want more detail?

More detailed information is available on the Council website [www.qldc.govt.nz](http://www.qldc.govt.nz)

*The response from the 10-Year Plan survey had 53% (68) in support of the Council's approach to Project Shotover and 11% (14) against, the remainder were neutral. The Council's approach to Project Shotover remains unchanged in the final plan.*



This Strategic Framework influences the following activities and projects:



# Community outcomes linked to activities



## Sustainable Growth Management



### A strong and diverse economy

- Governance, page 28
- Economic Development, page 30
- Environmental Management, page 35



### Safe, healthy, strong community

- Governance, page 28
- Economic Development, page 30
- Environmental Management, page 35
- Community, page 31
- Emergency Management, page 36



### Landscapes, Natural environment

- Governance, page 28
- Environmental Management, page 35
- Community, page 31



### Effective, efficient infrastructure

- Governance, page 28
- Environmental Management, page 35
- Community, page 31
- Water Supply, page 37
- Stormwater, page 38
- Wastewater, page 39
- Rooding and Footpaths, page 41



### Local, cultural heritage

- Governance, page 28
- Environmental Management, page 35
- Community, page 31



### High quality urban environment

- Governance, page 28
- Economic Development, page 30
- Environmental Management, page 35
- Community, page 31
- Water Supply, page 37
- Stormwater, page 38
- Wastewater, page 39
- Rooding and Footpaths, page 41

#### Governance

- Community Leadership
- Community Engagement
- 

#### Economic Development

- Tourism Promotion
- Council Land
- Forestry
- Wanaka Airport
- Campaign Grounds
- Housing

#### Community

- Library Services
- Community Development
- Community Grants
- Public Toilets
- Cemeteries
- Community Facilities
- Waterways Facilities
- Parks and Recreation Facilities

#### Environmental Management

- The District Plan
- Regulatory Services
- Waterways Control
- Waste Management
- Emergency Management

#### Water Supply

#### Stormwater

#### Wastewater

#### Rooding and Footpaths

- Rooding
- Parking Facilities

# Other Initiatives and Projects

The following is a guide to Council projects either completed or underway and how they relate to furthering individual outcomes.

## 1. Growth managed in a sustainable way

- Growth Options Study and Growth Options Strategy
- Frankton Flats Master Plan and Plan Change
- Wanaka Structure Plan
- Wanaka Town Centre Strategy
- Queenstown Town Centre Strategy
- District Plan fully operative
- Variations and Plan Changes to better align the Plan with community outcomes (ongoing)
- Development Contributions
- Waste Management Strategy (towards 'Zero Waste')
- Business and Industrial Zones review and monitoring
- Visitor Accommodation Plan Change
- Arrowtown Urban Growth Boundary Plan Change
- District Plan Review
- Car Parking Plan Change

## 2. Quality landscapes and natural environment and enhanced public access

- Landscape values well protected through the District Plan and Environment Court
- Monitoring the effectiveness and efficiency of the Rural General Zone
- Wakatipu Trails Trust Strategy 2004
- Rural Roding Corridor Management Guideline
- Wakatipu / Wanaka entranceway study
- Earthworks rules in the rural zones
- Wilding Conifer Strategy 2008 (to be reviewed 2012)
- Ben Lomond, Queenstown Hill Reserves Management Plan 2004
- Upper Lake Wakatipu Reserves Asset Management Plan 2004
- Tree Management Plan
- High-country tenure review (ongoing)
- Broom and Gorse Strategy
- Public awareness guidelines (ecology and wilding species)
- Albert Town-Wanaka walkway/cycleway
- Identifying areas of Significant Indigenous Vegetation
- Frankton Marina Project

- Bob's Peak Forest Plan
- Upper Clutha Trails Trust and Strategy
- Wanaka Sports Facility and Aquatic Centre (ongoing)
- Lighting Strategy
- Jetty and Mooring Policy
- Arrowtown proposed Urban Growth Boundary Plan Change consultation 2008/09
- Queenstown Trail construction
- Introduction of Ottasealing for gravel roads

## 3. A safe and healthy community that is strong, diverse and inclusive for people of all age groups and incomes

- Flood Mitigation Strategy
- Youth facilities – skate parks Queenstown, Wanaka, Arrowtown, Glenorchy, BMX Wanaka, Queenstown
- Lakes Leisure Limited established 2008 (council controlled organisation managing community facilities district-wide)
- Social Wellbeing Strategy
- Joint Library Service
- HOPE Strategy implementation
- Affordable Housing Plan Change
- Community Housing Trust Established 2008
- Dog Policy and Bylaw 2006
- Liquor Policy 2004 (reviewed 2006)
- Brothel Control Bylaw 2011
- Gambling Policy 2004
- Opening of Alpine Aqualand 2008
- Water Safety and Navigation Bylaw 2009
- Co-operation and facilitation of land sales to Ministry of Education
- Pedestrian Flow Project 2004
- Support for Sport Central
- Strategy on Earthquake prone buildings 2007
- Shaping Our Future
- Queenstown Airport Aircraft Noise Boundaries Plan Change
- 'Choice' website (travel, water, waste) implemented
- Happy Nappy scheme implementation
- Wakatipu Health Reference Group
- Support for Creative Queenstown and CLASS arts funding bodies
- Community Groups website
- Food Safety Bylaw 2011
- Support and funding for community associations
- Introduction of Community Guides and CCTV
- Gambling Policy review 2010

- Translation of the Community Handbook into Portuguese
- Bar Safe
- Rugby World Cup

#### 4. Effective and efficient infrastructure that meets the needs of growth

- Project Pure - Wanaka and Albert Town disposal of wastewater to land
- Project Shotover - Wakatipu disposal of wastewater to land
- Waste Management and Minimisation Plan consultation 2010
- Roading Maintenance Contract 2009
- Temporary use of Public Space for Construction Purposes Policy
- Transport and Parking Study for Wakatipu and Wanaka 2007/2008
- Queenstown Airport Corporation Strategic Plan to 2023
- Asset Management Plan Review Stormwater, Sewerage and Water Supply 2008
- Water Supply Bylaw 2008
- Kingston Water and Sewerage consultation 2009
- Glenorchy Water and Sewerage study 2008
- Future Link Transportation and Parking Strategy 2005
- Queenstown On Foot, By Cycle Strategy
- Public Transport Project
- Travel Demand Management 2009
- Wanaka Airport Plan Change
- Frankton Flats District Heating Scheme study
- Procurement strategy for Infrastructure Services

#### 5. High quality urban environments respectful of the character of individual communities.

- Wanaka Boat Strategy 2004
- Parks and Reserves Asset Management Plan 2003
- Wanaka Lakeside Reserves Development Project 2004
- Frankton Marina Reserve Management Plan 2004
- Dwelling Capacity Model
- Signage Bylaw and Plan Change
- Arrowtown Design Guide 2006
- Urban design guidelines and panels for Wakatipu and Wanaka
- Lakeview Project (ongoing)
- Residential density, carparking and visitor accommodation studies 2004
- Plan changes for amenity in the high density zone, car parking, accessways and residential flats
- CBD material palette developed 2005

- Rural Living Zone Review
- Urban design review for small towns
- Remarkables Centre (ongoing)
- Queenstown Recreation Reserve Management Plan 2006
- Freedom Camping Bylaw 2011
- Speed Limit Bylaw reviewed 2011
- Noise Measurement and Assessment Plan Change
- Introduction of Town Custodians

#### 6. A strong and diverse economy

- Focusing of Destination Queenstown and Lake Wanaka Tourism on high yield, longer stay shoulder season growth
- Film Friendly – co-funding of regional film office and encouragement of film and video industries
- Facilitate and promote educational opportunities
- Ongoing commitment to the development of the Queenstown and Wanaka airports (Queenstown Airport Terminal Upgrade 2008, runway lights and runway end safety area 2011 )
- District Plan Variation facilitating temporary activities (including filming and events)
- Conference Centre steering group
- Public bio-diesel consortium and refuelling facility

#### 7. The District's local cultural heritage preserved and celebrated

- Consultation with Iwi and continued fostering of relationships with local Whanau groups
- Arrowtown Miners Cottages purchase and restoration 2008/09
- Aspiring Arts Trust and on-going financial support
- Ongoing and regular consultation with the New Zealand and Queenstown Branch of the Historic Places Trust and local heritage groups
- Funding support for Lakes District Museum
- Skippers heritage redevelopment
- Heart of the District Awards
- Art in Public Places Policy
- One Mile Powerhouse Restoration Project 2004
- Lower Shotover Bridge Restoration Project 2005
- Heritage Plan Change
- Heritage Grants programme
- Events Strategy 2008/09
- Cemeteries Database
- Support for the Memorial Hall Upgrade Trust 2011
- Membership on the Convention Centre Working Party 2011

## Governance

This includes:

- Community Leadership
- Community Engagement

## Community Leadership

This activity supports elected members (Council, Committees and Wanaka Community Board) in their leadership role, enabling them make informed decisions and monitor the delivery of services. The activity enables community participation in strategic agenda setting.

Simply stated, this activity enables the exercise of powers to rate property owners and to use those funds in the wider public interest, enhancing the well-being of the community, establishing a strategic direction and advocating for and on behalf of the community.

## Council

The Chief Executive represents the Council in all employment issues. She employs all employees. The current workforce consists of 142 full time equivalents (including the horticultural team, town custodians, librarians and camping ground staff).

Council currently has one Mayor elected at large, 10 Councillors - six elected from the Wakatipu Ward, one from Arrowtown and three from Wanaka.

Council has four standing committees, each with terms of reference, being Infrastructure Services, Community Services, Finance and Corporate and Strategy. Meetings are generally held monthly. Committee meetings are held in Queenstown and the full Council meets every fourth month in Wanaka.

Elected members to October 2010 (Local Body Elections):

**Mayor:** Vanessa van Uden.

**Councillors:** Queenstown/Wakatipu - John Mann, Mel Gazzard, Cath Gilmour, Trevor Tattersfield, Simon Stammers-Smith, Russell Mawhinney Arrowtown – Lex Perkins, Wanaka – Lyal Cocks (Deputy Mayor), Leigh Overton, Jude Battson.

## The Wanaka Community Board

The Wanaka Community Board has an independent legal status from Council but the two bodies work closely together, and have a memorandum of understanding for their relationship. The Board has a vital role to play in local governance and is elected to represent the interests of the resident and business communities in the Upper Clutha. It was established to provide fair and effective representation for the Upper Clutha.

**Wanaka Community Board:** Lyal Cocks (Chairman and Councillor), Ken Copland, Bryan Lloyd, Dick Kane, Mike O'Connor (membership also includes Wanaka Councillors Overton and Battson).

## Community Engagement

The current Local Government Act changed the basis of local democracy from a model of representative democracy – where elected members represent the community and make decisions on their behalf – to participative democracy where the community is engaged and involved in making decisions about the community they live in.

This activity aims to empower the communities of the Queenstown Lakes District to participate meaningfully in shaping the district's services, facilities and policies.

### *Shaping Our Future*

Shaping Our future is a community engagement initiative designed to engage the community and other organisations and agencies to work together towards our well-being as a district, into the future. The Council is one of many active partners in Shaping Our Future, which plans to become an incorporated society.

It is guided by a volunteer steering group which co-ordinates activity including future forums on a number of key issues. These lead to the establishment of volunteer task force groups which carry out specific tasks requested by the forums, such as the Event Task Force (see Events Funding). The forums then make recommendations to the appropriate decision-making agencies.

To find out more go to [www.shapingourfuture.org.nz](http://www.shapingourfuture.org.nz)

## Affordability and Debt Reduction

The Council has worked tirelessly for the last three years to ensure that the 2012 10-Year Plan is affordable with greatly reduced debt and capital expenditure. This is a key consultation issue go to page 45 to find out more.

## Events Office

This is a key consultation issue go to page 18 to find out more

## Rates Review

This is a key consultation issue go to page 17 to find out more.

## Highlights of Governance

- Partner and advocate of Shaping Our Future Community Forums.
- 10-Year-Plan Steering Group
- Wakatipu Health Reference Group
- Memorial Hall Upgrade Working Party
- NZ Cycleway Construction and Advocacy
- Representation Review (instigated 2011)
- Advocacy for Convention Centre Group
- Canterbury Earthquake Project Assist
- Queenstown Airport Litigation (withdrawn May 2011)
- Council Controlled Organisations Statement of Intent Review

Note: More detail on this activity is available in Volume 2 of the 10-Year Plan and more financial data is available in Volume 3 of the 10-Year Plan.

## Summary of Forecasted Financial Performance

### Governance - Summary of Forecasted Financial Performance

Annual Plan 2011/12		LTP 2012/13	LTP 2013/14	LTP 2014/15
<b>\$000</b>	<b>Expenditure</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
4,324	Governance	4,155	4,389	4,488
362	Communications	365	388	400
<b>4,686</b>	<b>Operating Costs</b>	<b>4,520</b>	<b>4,777</b>	<b>4,888</b>
<b>2,712</b>	<b>Group Activity Income</b>	<b>2,492</b>	<b>3,702</b>	<b>3,633</b>
<b>1,974</b>	<b>Net Cost/(Surplus) of Service</b>	<b>2,028</b>	<b>1,075</b>	<b>1,255</b>
-	Capital Expenditure	-	-	-
<b>1,974</b>	<b>Funding Required/(Generated)</b>	<b>2,028</b>	<b>1,075</b>	<b>1,255</b>
	<b>Funded By:-</b>			
2,206	Targeted Rates	4,307	4,569	4,676
2,338	General Rates	0	0	0
(2,569)	Transfers (to)/from Reserves	(2,279)	(3,494)	(3,421)
<b>1,975</b>	<b>Total Funding</b>	<b>2,028</b>	<b>1,075</b>	<b>1,255</b>
	<b>Activity Income Includes (1)</b>			
-	User Charges	-	-	-
-	Grants & Subsidies	-	-	-
2,712	Other	2,492	3,702	3,633
-	Vested Assets	-	-	-
-	Capital Contributions	-	-	-
<b>2,712</b>	<b>Total Activity Income</b>	<b>2,492</b>	<b>3,702</b>	<b>3,633</b>



## Economic Development

This includes:

- Tourism Promotion
- Council Land
- Forestry
- Wanaka Airport
- Camping Grounds
- Housing

## Tourism Promotion

This activity supports the commercial interests of the district by collecting tourism promotional funding and providing it to the representative bodies of those commercial interests for distribution through targeted promotion.

Tourism is this district's single biggest economic driver.

### Grants paid to promotional organisations

Expenditure \$000	2012/13	2013/14	2014/15
Destination Queenstown	3,172	3,233	3,294
Lake Wanaka Tourism	626	638	650
Arrowtown Promotion	113	116	118

## Council Land

The Council is involved in this activity to provide the maximum possible return and benefit for the community. The Council portfolio includes residential and commercial subdivisions, freehold land, leased camping grounds, reserve land, airports, rental properties.

Land under cemeteries, community and recreational facilities or utility land are regarded as part of those activities. The Council is involved in land ownership for many reasons and with many restrictions.

Land is owned for the provision of community facilities including the various types of community buildings, recreational facilities and infrastructural requirements such as parking, cemeteries, oxidation ponds, water reservoirs and airports.

## Forestry

QLDC owns three forests, Ben Lomond Reserve, Queenstown Hill Reserve and owns part of the Coronet Forest with Central Otago District Council (CODC), 75:25 split.

## Wanaka Airport

Airports are drivers of economic growth and Wanaka Airport is set to experience significant growth over the next 30 years. The Airport is a business hub for the Wanaka Community and the host of the internationally recognised biannual Warbirds Over Wanaka Airshow.

In terms of airport locations, Wanaka Airport is well sited. It is located away from populated urban areas and has topographical and climatic advantages. It has frontage and vehicle access to State Highway 6. The Council has made a significant investment in the current Airport site to acquire additional land and seal the 1200m main runway.

## Camping Grounds

Council involvement in camping grounds has traditionally assisted to ensure an affordable accommodation option is available, while giving a regular and market based income from both leased camps and the Council managed Queenstown Lakeview Holiday Park. Historically throughout New Zealand, low-cost accommodation options like camping and cabins were not profitable. To fill the gap, local Councils started providing these facilities, often on reserve land. This is the case of the Queenstown Lakeview Holiday Park which is located on land covered under the Reserves Act.

The district continues to be an important visitor destination. This activity ensures that a full range of accommodation options are available to domestic and international visitors by providing affordable camping options close to major populated centres, without incurring a cost to the ratepayer. The Council is undertaking a Camp Ground Strategy Review in 2012.

## Housing

Residential properties are generally owned by the Council as an investment for future infrastructure development (for example a Queenstown CBD bypass). Elderly housing was introduced to Arrowtown and Wanaka in the 1970's and 1980's respectively to meet the demand. The Council supports the provision of affordable housing in the district.

### Highlights of Economic Development

- Wanaka Airport Upgrade and land investment.
- Hearing of designations and a Noise Plan Change in 2011 to protect the land around Wanaka Airport for future growth (under appeal to Environment Court as of January 2012 and scheduled for mediation).
- RWC 2011 team hosting.
- Destination Queenstown 10-Year Marketing Strategic Plan (2014 review).
- Destination Queenstown commitment to deliver \$1 billion per annum in visitor spend by 2015 (\$800 million 2011).
- Upgrade of the Glendhu Bay water and wastewater system 2011.
- Continued implementation of Wilding Pines Strategy at \$100,000 per annum.
- Harvesting 4ha of Ben Lomond Forest to offset reserve costs 2011.
- Construction of stage 2 (22 homes) by the Queenstown Lakes District Housing Trust got underway in 2011. The trust has delivered 47 homes as of 2011.

Note: More detail on this activity is available in Volume 2 of the 10-Year Plan and more financial data is available in Volume 3 of the 10-Year Plan.

## Summary of Forecast Financial Performance

### Economic Development - Summary of Forecasted Financial Performance

Annual Plan 2011/12	Expenditure (000)	LTP 2012/13	LTP 2013/14	LTP 2014/15
<b>3,902</b>	<b>Tourism Promotion</b>	<b>3,958</b>	<b>4,036</b>	<b>4,114</b>
574	Council Land	512	497	476
173	Housing	201	207	215
389	Wanaka Airport	473	568	634
295	Forestry	296	308	319
4,863	Holiday Parks	4,919	5,027	5,143
<b>10,196</b>	<b>Operating Costs</b>	<b>10,359</b>	<b>10,643</b>	<b>10,901</b>
<b>6,426</b>	<b>Group Activity Income (1)</b>	<b>6,278</b>	<b>6,465</b>	<b>6,657</b>
<b>3,770</b>	<b>Net Cost/(Surplus) of Service</b>	<b>4,081</b>	<b>4,178</b>	<b>4,244</b>
<b>Capital Expenditure</b>				
<b>1,200</b>	<b>Council Land</b>	<b>8</b>	<b>-</b>	<b>55</b>
301	Housing	5	56	33
1,110	Wanaka Airport	965	685	474
101	Holiday Parks	104	107	120
<b>2,712</b>	<b>Capital Works</b>	<b>1,082</b>	<b>848</b>	<b>682</b>
249	Debt Repayment	211	722	719
-	Vested Assets	-	-	-
<b>2,961</b>	<b>Capital and Debt Repayment</b>	<b>1,293</b>	<b>1,570</b>	<b>1,401</b>
<b>6,731</b>	<b>Funding Required/(Generated)</b>	<b>5,374</b>	<b>5,748</b>	<b>5,645</b>
<b>Funded By:-</b>				
3,706	Targeted Rates	3,672	3,741	3,810
586	General Rates	755	784	784
0	Asset Sales	-	-	-
1,441	Loans (Internal & External)	1,159	916	782
959	Transfers (to)/from Reserves	(241)	278	240
38	Depreciation not Funded	29	29	29
<b>6,730</b>	<b>Total Funding</b>	<b>5,374</b>	<b>5,748</b>	<b>5,645</b>
<b>Activity Income Includes (1)</b>				
6,426	<b>User Charges</b>	6,278	6,465	6,657
0	Property Sales	-	-	-
6,426	Total Activity Income	6,278	6,465	6,657
<b>6,426</b>	<b>Total Activity Income</b>	<b>6,278</b>	<b>6,465</b>	<b>6,657</b>

## Community

The Community activity includes the operation of:

- Library Services
- Community Development
- Community Grants
- Public Toilets
- Cemeteries
- Community Facilities
- Waterways Facilities
- Parks and Recreation Facilities

The delivery of community services throughout the district has been consolidated over the last three years, maintaining current levels of services, such as clean toilets and well maintained parks and gardens. There has been a limited number of playground improvements over the last three years.

There has been a small amount of renewal for high priority issues and some improvements made to facilities. A focus will be on providing a major project for Wanaka, with the proposed development of the Wanaka Sports Facility and Fields and funding for some Queenstown Event Centre projects.

The costs of these projects will be allocated by community. See page 18 for further information on the Wanaka Sports Facility and Fields.

More detailed information on community activities is contained in Volume 2 of the 10-Year Plan.

## Library Services

Internationally libraries are seen as one of the most fundamental facilities in our democratic society. They promote education and the exchange of information and ideas. They are also a focus for the communities they serve.

There are seven libraries in the Queenstown Lakes District, they are Queenstown, Wanaka, Arrowtown, Kingston, Glenorchy, Hawea and Makarora. The libraries are jointly managed together with Central Otago District Libraries and offer the Liberty System of electronic book co-resourcing.

The Council considers libraries to be an essential part of the community's resource, providing high quality library services to a national standard. Library services are available online [www.libraries.codc.qldc.govt.nz](http://www.libraries.codc.qldc.govt.nz).

## Community Development

This activity captures the Council's relationships with its community, providing programmes and communications that strengthen the networks that are based around social agencies, community groups and volunteers.

The Council's role in this area is generally undertaken through communication, promotion, advocacy and support. Community development is aimed at informing, involving and empowering the community.

The Council is also a central point for information about community funding and funds and supports arts, culture and sporting events. The Council also financially supports an independent regional film office and allocates funding to Sports Central.

## Community Grants

This activity provides financial support to community associations for the delivery of small projects and encouragement of community engagement. It ensures community groups can access funding available through other agencies. The Council provides grants to community associations to support their activities. It also administers other grants such as the Sport New Zealand Rural Travel Fund and Creative Communities Fund. It provides advice and support to groups seeking to raise funds for community projects.

## Public Toilets

The Council provides 47 public toilets across the district to meet the needs of residents and visitors. The objective of the activity is to protect the public environment through the provisions of clean, accessible and conveniently located public toilets.

The introduction of counters to new toilet facilities and radio frequency tags for maintenance monitoring enables the Council to consistently improve toilet facilities available to the community.

## Cemeteries

This activity promotes wellness in the community by enabling healthy grieving and memorialisation. There are twelve designated cemeteries under the ownership of the Queenstown Lakes District Council. There are 10 operating cemeteries. These are situated at Makarora, Queenstown, Glenorchy, Frankton, Kingston, Cardrona, Wanaka, Lake Hawea, Skippers and Arrowtown.

All cemeteries in the district are of major historical importance, including Skippers and Macetown Cemeteries. Of these only Macetown is 'closed'. A cemetery has been provided at Lower Shotover to meet future demand, once Wakatipu cemeteries are no longer operational.

Service enhancements that have occurred in the last three years include establishing levels of service for each facility, introducing on-line cemetery records data and ensuring data management is accurate and linked to Council's GIS system.

## Community Facilities

The purpose of this function is to provide a range of aquatic facilities, halls and similar multi-use indoor facilities throughout the District. Major facilities such as the Queenstown Event Centre, Queenstown Memorial Hall, Lake Hayes Pavilion, Athenaeum Hall and Lake Wanaka Centre are multi-purpose recreation and community venues are managed by Lakes Leisure.

Community halls such as Kingston, Glenorchy, Hawea Flat, Cardrona and Luggate support local needs and are generally managed in association with hall committees supported by the Council.

Aquatic facilities include Alpine Aqualand, Arrowtown Memorial Pool and the Wanaka Community Pool managed by Lakes Leisure. The Council also supports the operation of the Glenorchy and Hawea community pools via annual operating grant.

The aim of this activity is to provide affordable and accommodating facilities to a wide range of recreational, community, and cultural groups.

## Wanaka Sports Facilities and Queenstown Event Centre

Go to page 18 to find out more about a proposed level of service increase for facilities.

## Waterways Facilities

Council provides a range of recreational boating facilities so the community can safely utilise waterways for recreation and commercial activity. This includes a harbourmaster to administer bylaws and regulations and promote water safety.

The activity provides a range of boat ramps, jetties and moorings to facilitate the use of waterways and maintains a register of waterway structures and foreshore licences.

This includes the maintenance and development of Council owned waterways facilities including ramps and jetties. The Council maintains boat ramps and associated structures at Glenorchy, Sunshine Bay, St Omer Park, Bay View (Kelvin Peninsula), Frankton Marina, Kingston, Hawea foreshore, Roys Bay (Wanaka).

A programme of regular inspections are undertaken by qualified personnel to ensure waterway facilities are safe that routine maintenance is being undertaken and that capital repairs are forecast and planned well ahead of time.

The Council has also developed a Jetties and Moorings Policy which gives guidance to those who already own a jetty or mooring and those wishing to do so, on Frankton Arm, Queenstown Bay and Kingston Arm. It allows the Council to fully consider the cumulative effects of new applications and it sets out the issues of public access.

## Parks and Recreation Facilities

This activity provides for the health and well being of the community and protects the ecological health of the district and enhances and protects the landscape.

Council provides, manages and maintains over 1000 hectares of parks and reserves from neighbourhood parks to natural areas, forests and sports parks.

It provides an extensive network of modern playgrounds and facilitates a wide range of activity including golf, bowls, specialised mountain biking parks, skateparks, cross country skiing and other sporting activities. This activity provides and maintains a network of walking and cycle trails across the district including the New Zealand Cycleway and Te Araroa Walkway.

Multi-use indoor facilities are covered in Community Facilities. Council-assisted (not operated) facilities are covered under the Community Grants activity.

The Council undertakes maintenance of the Queenstown Gardens and all amenity horticulture work with its own staff, while mowing, tree maintenance and building maintenance is undertaken under contract by Asplundh (NZ) Limited. Sports Turf is maintained by the specialist turf team at Lakes Leisure Limited.

Some of the facilities provided and maintained by Council include:

- Queenstown Gardens and Wanaka Station Park.
- 36 playgrounds and four skate parks.

- Three BMX jump parks in association with local mountain bike clubs.
- 30 ha of sports fields in Queenstown, Arrowtown and Wanaka and Hawea.
- Over 50km of walkways, tracks and mountain bike trails.

#### Cycleway

The New Zealand Cycleway Queenstown Trail will be completed in September 2012 providing a 100 kilometre circuit connecting Queenstown, Arrowtown, Gibbston, Lake Hayes and Frankton and providing access to iconic view corridors and stunning vistas. As well as providing increased access and recreational opportunities for locals, the trails provide day and multi-day options for visitors. The Council envisages the cycleway will provide opportunities for small business and other economic activities. The 10-Year Plan provides for funding for upkeep and on-going enhancement of the cycleway.

#### Mountain biking

The success of downhill and cross country mountain biking has been huge and continues to grow district-wide. The Council is committed to work with operators such as Skyline, the Upper Clutha and Wakatipu Trails Trusts and clubs to maintain and enhance these trails across the district. This is an exciting new industry already having an impact in terms of visitor numbers and international exposure. The Council supports this growing recreation opportunity.

#### CCTV Camera – Crime Prevention

The Council is continuing to provide funding for its Queenstown Community Guides service as a first response and crime prevention initiative in the Central Business District. The guides have proved an important success both as a support to the community and other agencies including the police. The Council continues to support the 'Mellow Yellow' initiative, which enables close co-operation between police, bar staff and the community guides.

The new CCTV security camera network will be operating by June (2012) in Queenstown and is already operating in Wanaka. The two initiatives have been provided by Council at a cost of approximately \$150k with \$20k per annum provided in the 10-Year Plan for on-going maintenance. The Council is grateful to the support of Queenstown and Wanaka police in this initiative.

## Capital Expenditure

Major Projects (\$000)	2012/13	2013/14	2014/15
<b>Halls - Wanaka Sports Facility</b>			
Wanaka sports facilities building - Stage 1	208	214	16,415
<b>Parks and Reserves - Wakatipu Ward</b>			
Roading Improvements (parking and driveway)	-	393	-
Compact Ride-in Pavement Sweeper	200	-	-
Lighting improvements Queenstown Gardens		-	217
Signs and Furniture	66	68	70
<b>Parks and Reserves - Wanaka Ward</b>			
Kellys Flat field development	468		-
<b>Halls - Queenstown</b>			
Queenstown Memorial Hall Upgrade	300	-	-
<b>Libraries - Queenstown</b>			
Book Replacements - Queenstown	75	77	80

#### Libraries - Wanaka

Wanaka - Book Replacement	75	77	80
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#### Walkways - Wakatipu Ward

Wakatipu Trail Development	229	-	-
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#### Wanaka Aquatic Centre

Wanaka aquatic centre - learners pool	208	-	-
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## Summary of Forecast Financial Performance

### Community - Summary of Forecasted Financial Performance

Annual Plan 2011/12		LTP 2012/13	LTP 2013/14	LTP 2014/15
<b>\$000</b>	<b>Expenditure</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
4,030	Community Facilities	4,231	4,420	4,811
6,207	Active & Passive Recreation	6,749	7,389	8,071
562	Community Development	623	662	683
492	Community Grants	646	596	615
2,063	Libraries	2,091	2,159	2,223
198	Waterways	206	208	209
140	Cemeteries	164	172	187
779	Public Toilets	770	816	857
<b>14,471</b>	<b>Operating Costs</b>	<b>15,480</b>	<b>16,422</b>	<b>17,656</b>
<b>5,124</b>	<b>Group Activity Income (1)</b>	<b>3,516</b>	<b>4,928</b>	<b>7,503</b>
<b>9,347</b>	<b>Net Cost/(Surplus) of Service</b>	<b>11,964</b>	<b>11,494</b>	<b>10,153</b>
	<b>Capital Expenditure</b>			
1,593	Community Facilities	1,679	895	17,098
5,336	Active & Passive Recreation	5,606	6,242	4,739
387	Libraries	290	326	341
73	Waterways	83	34	35
11	Cemeteries	66	166	12
200	Public Toilets	324	294	190
<b>7,600</b>	<b>Capital Works</b>	<b>8,048</b>	<b>7,957</b>	<b>22,415</b>
1,531	Debt Repayment	732	1,496	1,686
-	Vested Assets	-	-	-
<b>9,131</b>	<b>Capital and Debt Repayment</b>	<b>8,780</b>	<b>9,453</b>	<b>24,101</b>
<b>18,478</b>	<b>Funding Required/(Generated)</b>	<b>20,744</b>	<b>20,947</b>	<b>34,254</b>
	<b>Funded By:-</b>			
6,608	Targeted Rates	10,771	11,704	12,618
3,903	General Rates	582	541	558
2,553	Loans (Internal & External)	3,982	2,776	12,603
3,973	Transfers (to)/from Reserves	3,864	4,201	6,562
1,443	Depreciation not Funded	1,545	1,725	1,913
<b>18,480</b>	<b>Total Funding</b>	<b>20,744</b>	<b>20,947</b>	<b>34,254</b>
	<b>Activity Income Includes (1)</b>			
1,333	User Charges	1,421	1,480	1,541
525	Grants & Subsidies	80	82	2,546

267	Other	197	199	200
-	Vested Assets	-	-	-
2,999	Capital Contributions	1,818	3,167	3,216
<b>5,124</b>	<b>Total Activity Income</b>	<b>3,516</b>	<b>4,928</b>	<b>7,503</b>

### Highlights of Community Activities

- Delivery of new community facilities for the Upper Clutha.
- Ongoing implementation of an ambitious strategy for trails and walkways in Wanaka and Wakatipu in co-operation with local agencies.
- Continuing development of a cooperative approach to libraries through the joint library service.
- Continued development of walkways.
- On-going support and facilitation of an independent regional film office.



# Environmental Management

This includes:

- District Plan
- Regulatory Services
- Waterways Control
- Waste Management
- Emergency Management

## The District Plan

The single most effective way the Council can manage the effects of growth and development in the district is the District Plan. The primary purpose of this activity is to continue to align the District Plan with the objectives of this 10-Year Plan. The District Plan therefore aims to enable development so that people and communities can meet their social, economic and cultural wellbeing while protecting the environment. For this District that can mean for example, providing for development, while protecting its outstanding landscapes.

The form and nature of the plan is governed by the Resource Management Act 1991 (RMA). That legislation contains extensive checks and balances to protect all parties to the process.

The District Plan activity includes work on the development, adoption, ongoing changes to, and monitoring of the District Plan. This activity also develops wider strategy for the Council including town centre strategies, a heritage strategy and an urban design strategy.

The District Plan is now operative. Over the last few years multiple plan changes have been developed and notified for public submission. These covered a number of areas from town centres and small communities, growth management, urban design, rural to a number of district wide issues such as trails and visitor accommodation.

The Council has agreed to move from its programme of a series of separate plan changes each year to a comprehensive review of most of the District Plan over the next three years. This is being done as much of the plan will be due for review from 2013. The process will allow the plan to be restructured and simplified. Council will be able to take advantage of reforms to the RMA and fix the numerous minor problems with the plan. The review will also update references and include amendments arising from National Policy Statements and Environmental Standards. It will also provide an opportunity to review much of the philosophy underpinning the plan, most of which was developed about 20 years ago.

## Regulatory Services

There are a number of reasons why Council is involved in the delivery of regulatory services:

### *Legal Compliance*

As a territorial authority, the Council has certain regulatory functions that it is obliged to administer. The Council is generally obliged to observe the wording of the relevant act and must generally act as an impartial decision maker weighing the evidence placed in front of it by the parties. To the extent possible, Council is required to separate its regulatory functions from the other activities it is involved with. Because of this, Council has chosen to contract the delivery of these services to third parties. The principle statutes that Council is required to administer are the: Resource Management Act 1991, Building Act 2004, Local Government Act 2002, Food Act 1981 and Food Hygiene Regulations, Health Act 1956, Sale of Liquor Act 1989, Dog Control Act 1996 and the Litter Act. Council also makes bylaws to deal with specific issues of public health and safety.

### *Community Choice*

There is a general expectation that a substantial amount of public information and assistance will be made available by Council in the area of Regulatory Services and that compliance will be sought when regulations and bylaws are breached.

### *Public Health and Safety*

Resource management helps protect public health and safety from negative effects associated with development and ensures environmental standards are met. Dog control and registration helps protect the public's health and safety from uncontrolled and wandering dogs. Several of these activities relate to road safety such as removal of abandoned vehicles and enforcement of no stopping areas and other safety regulations.

### *Environmental*

Resource management helps ensure protection of the environment from the negative effects of development. Where subdivision and development occurs provision is made for the development of recreational reserves to meet the recreational needs of new residents and for extensions to the current infrastructure.

### *Economic Development*

The District Plan establishes zones for alternative land use. The public then know where specific economic activity can occur within the district.

## Waterways Control

The purpose of this function is to control, by way of inspection, enforcement and promotion, the safe use of waterways and safety in waterways based activities in the District. It includes the provision of Harbourmaster services, which is contracted to Southern Lakes Monitoring Services. Harbour Master services are provided 365 days a year.

## Waste Management

This activity ensures sustainable waste management that protects public health and the environment. The Waste Management activity is managed in three sub-activities. These are:

- Waste Minimisation and Recycling provides recycling and waste diversion services throughout the district. This includes kerbside recycling collection, recycling litterbins, resource recovery parks, greenwaste drop off sites, composting facilities and promoting other waste minimisation initiatives.
- Refuse Collection provides a weekly residential kerbside refuse collection service in the urban areas in the district. Rural areas are serviced by rural drop off points where economically viable.
- Landfill Provision and Management provides facilities for disposing of solid waste and the provision of hazardous waste facilities. This sub-activity includes the Victoria Flats landfill, transfer stations in Queenstown and Wanaka, collection of litterbin waste and ongoing management of the closed landfills and dump sites.

There are only a small number of Waste Management assets. The most significant assets are the land where the landfills, transfer stations, resource recovery parks and greenwaste sites are located. Council also own some buildings on these sites. The total asset value is around \$7M. Council contracts out the operation of the waste management sites and the delivery of waste management services to third parties. The contracts where assets are involved are Build, Own, Operate, Transfer (BOOT) contracts.

The Victoria Flats landfill and the Transfer Stations are operated under BOOT.

## Capital Expenditure

Major Projects (\$000)	2012/13	2013/14	2014/15
<b>Refuse Wanaka</b>			
Closed Landfills - Wanaka	460	-	-

## Emergency Management

This activity relates to the provision of Civil Defence and Rural Fire emergencies.

The Council has, with the other authorities in the Otago Region, developed a Civil Defence Emergency Management Plan and supports associated personnel and infrastructure for Civil Defence and other civil emergencies. The main role of this function is to protect public safety by planning, educating and the mitigation of risk.

Council has prepared Emergency Management Plans (Lifelines Study) that outline procedures to be followed to enable the District's essential infrastructure to continue to function in the event if a major breakdown or civil emergency. These are to meet the needs of the Civil Defence Emergency Management Act 2002 (Lifelines).

Council is the Rural Fire Authority for all areas of the District other than the main urban townships and Department of Conservation areas. The role of this function is twofold, firstly, to mitigate the risk of rural fires by planning and prevention and secondly, to manage any rural fire suppression and to provide resources to fight any fire outbreaks. The Council provides contracted Rural Fire Units operated by the Council's horticultural team and Voluntary Rural Fire Forces based at Kingston, Glenorchy, Makarora and Arrowtown. Council also supports the Upper Clutha area with a tanker based at Luggate Fire Station.

Council provides Rural Fire Units in Queenstown and Wanaka. These units comprise around 40 trained personnel and trailers containing fire suppression equipment.

Council also supports community Voluntary Rural Fire Forces at Kingston, Glenorchy, Arrowtown and Makarora by providing appliances, equipment buildings and training.

Council is responsible for rural fire control through:

- Monitoring of the fire danger.
- Implementation of fire restrictions.
- Administration of a fire permit system.
- Provision of public information.
- Suppression of all uncontrolled fires in rural areas except Department of Conservation property and urban townships covered by NZFS.

## Highlights of Environmental Management Activity

- District Plan Review 2012/13.
- Significant investment in digitilising historic resource consent and property records.
- Focus on the timeliness of resource and building consent processing and cost effectiveness.
- Online public access to property and development information in the next three years.
- Introduction of emission units for landfills in 2013 (carbon prices have dropped considerably to \$10 per tonne since this was first proposed).

## Summary of Forecast Financial Performance

Environmental Management - Summary of Forecasted Financial Performance				
Annual Plan		LTP	LTP	LTP
2011/12		2012/13	2013/14	2014/15
<b>\$000</b>	<b>Expenditure</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
4,394	Regulatory Services	4,116	4,234	4,363
422	Waterways Regulation	452	466	482
6,430	Waste Management	6,235	6,594	6,873
616	Emergency Services	588	625	640
2,553	District Plan	2,528	2,367	2,377
<b>14,415</b>	<b>Operating Costs</b>	<b>13,919</b>	<b>14,286</b>	<b>14,735</b>
<b>5,035</b>	<b>Group Activity Income (1)</b>	<b>5,076</b>	<b>5,509</b>	<b>5,722</b>
<b>9,380</b>	<b>Net Cost/(Surplus) of Service</b>	<b>8,843</b>	<b>8,777</b>	<b>9,013</b>
	<b>Capital Expenditure</b>			
-	Regulatory Services	-	-	-
216	Waste Management	556	49	113
37	Emergency Services	19	11	50
-	District Plan	-	-	-
<b>253</b>	<b>Capital Works</b>	<b>575</b>	<b>60</b>	<b>163</b>
1,589	Debt Repayment	747	1,206	1,193
-	Vested Assets	-	-	-
<b>1,842</b>	<b>Capital and Debt Repayment</b>	<b>1,322</b>	<b>1,266</b>	<b>1,356</b>
<b>11,222</b>	<b>Funding Required/(Generated)</b>	<b>10,165</b>	<b>10,043</b>	<b>10,369</b>
	<b>Funded By:-</b>			
2,629	Targeted Rates	7,833	7,929	8,161
6,684	General Rates	567	539	537
373	Loans (Internal & External)	624	164	272
1,504	Transfers (to)/from Reserves	1,009	1,280	1,267
31	Depreciation not Funded	132	131	131
<b>11,221</b>	<b>Total Funding</b>	<b>10,165</b>	<b>10,043</b>	<b>10,369</b>
	<b>Activity Income Includes (1)</b>			
3,654	User Charges	3,602	3,989	4,153
150	Grants & Subsidies	152	167	174
1,231	Other	1,322	1,353	1,395
<b>5,035</b>	<b>Total Activity Income</b>	<b>5,076</b>	<b>5,509</b>	<b>5,722</b>

## Water Supply

The Queenstown Lakes District Council (QLDC) is responsible for approximately 414km of water mains and 11 treatment plants serving approximately 15,000 properties that between them use a total of approximately 18,200 cubic metres of water per day.

The Council adopted a draft 3 Waters Strategy in June 2011. The strategy recognises that the key to the management of the water infrastructure is balancing the affordability of maintaining the existing network and creating additional capacity with a reduction in risk, a demand for growth, and an improved level of service. The strategy reviewed the water network, identified key issues and likely problems with the drivers or challenges and planning assumptions which Council would apply when addressing these.

The strategy has provided input to the drafting of the Activity Management Plan which has in turn provided the input to the 10-Year Plan. The adoption of a 10-Year Plan will in turn modify the Activity Management Plan as the Council takes into account the factors that determine where the balance of what is affordable should be.

The Council provides safe, potable water at an agreed level of service to the community. This system is designed and managed in such a manner that the user of the system is able to give minimal thought and appreciation to the service and can assume that they have a right to a continuously available and efficient network. The Council:

- Manages, operates, maintains and renews existing intakes, pump stations, treatment plants, pipes and manholes.
- Complies with the requirements of legislation that govern this activity.
- Facilitates the planning and development that has been approved to occur within the district.
- Contracts work to various parties to complete the above works.
- Works with other external organisations to ensure that appropriate consultation and standard of work occurs.

The Council, in the last 10-Year Plan, identified a significant forward programme of works in response to projected growth. It was identified that there were difficulties with the long term funding of these projects. The Council has determined that by managing the demand on its assets and by optimising the use of its existing assets some of the significant works in its forward programme may be postponed.

High water demand due to leakage and irrigation significantly affects the cost of operating and the requirement for improvements on the water supplies. A reduction in non-core water use can reduce both present and future costs to the networks.

The Council has identified Water Demand Management as a key consultation issue. By deferring upgrades through a reduction in demand the projected capital expenditure cost for water is projected to reduce to \$72m (2009: \$171m) provided over the 10 years.

Water Demand Management and Mitigation of Algae in the Wanaka Water Supply are key consultation issues in this 10-Year Plan. For more information go to page 20.

## Summary Forecast Financial Performance

### Water Supply - Summary of Forecasted Financial Performance

Annual Plan 2011/12		LTP 2012/13	LTP 2013/14	LTP 2014/15
<b>\$000</b>	<b>Expenditure</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
7,842	Water Supply	8,288	8,878	9,378
<b>7,842</b>	<b>Operating Costs</b>	<b>8,288</b>	<b>8,878</b>	<b>9,378</b>
<b>3,005</b>	<b>Group Activity Income (1)</b>	<b>1,919</b>	<b>2,372</b>	<b>2,473</b>
<b>4,837</b>	<b>Net Cost/(Surplus) of Service</b>	<b>6,369</b>	<b>6,506</b>	<b>6,905</b>
<b>Capital Expenditure</b>				
4,836	Water Supply	5,149	4,475	4,174
<b>4,836</b>	<b>Capital Works</b>	<b>5,149</b>	<b>4,475</b>	<b>4,174</b>
531	Debt Repayment	117	503	919
1,360	Vested Assets	1,331	1,377	1,426
<b>6,727</b>	<b>Capital and Debt Repayment</b>	<b>6,597</b>	<b>6,355</b>	<b>6,519</b>
<b>11,564</b>	<b>Funding Required/(Generated)</b>	<b>12,966</b>	<b>12,861</b>	<b>13,424</b>
<b>Funded By:-</b>				
6,613	Targeted Rates	6,999	7,496	7,930
-	General Rates	26	27	28
3,215	Loans (Internal & External)	3,925	3,692	5,251
1,162	Transfers (to)/from Reserves	1,411	1,020	(438)
574	Depreciation not Funded	605	626	653
<b>11,564</b>	<b>Total Funding</b>	<b>12,966</b>	<b>12,861</b>	<b>13,424</b>
<b>Activity Income Includes (1)</b>				
-	User Charges	-	-	-
-	Grants & Subsidies	-	-	-
56	Other	56	59	62
1,360	Vested Assets	1,331	1,377	1,426
1,589	Capital Contributions	532	936	985
<b>3,005</b>	<b>Total Activity Income</b>	<b>1,919</b>	<b>2,372</b>	<b>2,473</b>

## Capital Expenditure

Major Projects (\$000)	2012/13	2013/14	2014/15
<b>Queenstown</b>			
Water Supply - Renewals - Queenstown	800	800	800
Installation of interim UV treatment at Kelvin Heights Intake	366	-	-
Installation of interim UV treatment at Two Mile Intake	366	-	-
Two Mile to Fernhill Roundabout Main	332	-	-
Scada Upgrade - District Wide	160	167	-
Ben Lomond Pressure Zone	-	-	226
Fernhill Pressure Zone	-	-	226
<b>Wanaka</b>			
Water Supply - Renewals - Wanaka	545	545	545
Beacon Point filtration/UV (provisional on testing outcomes)	-	605	600
Western filtration/UV (provisional on testing outcomes)	-	501	329
Albert Town Ring Main	371	-	-
<b>Hawea</b>			
Hawea Water Supply Upgrades - Relocation of Intake to Scott's Beach Borefield	470	490	-
<b>Arrowtown</b>			
Water Supply - Renewals - Arrowtown	149	149	149
Arrowtown water supply treatment upgrade	-	201	-
<b>Glenorchy</b>			
Glenorchy Water Reservoir Upgrade	52	-	446
<b>Arthurs Point</b>			
Arthurs Point Water Supply - Accuflow	-	218	-
Arthur's Point Water Supply Upgrades, Stage 1 (Treatment Only)	-	208	-

## Stormwater

The Queenstown Lakes District Council (QLDC) is responsible for approximately 198km of stormwater mains, 13 detention basins and a number of interceptors (basic stormwater separators) serving approximately 10,900 properties that approximately cater for an average 10-year flood event.

The Council adopted a draft 3 Waters Strategy in June 2011. The strategy recognises that the key to the management of the stormwater infrastructure is balancing the affordability of creating additional capacity for an improved level of service.

The strategy reviewed the stormwater network, identified key issues and likely problems with the drivers or challenges and planning assumptions which council would apply when addressing these.

The strategy has provided input to the drafting of the Activity Management Plan which has in turn provided the input to the 10-Year Plan. The adoption of a 10-Year Plan will in turn modify the Activity Management Plan as the council takes into account the factors that determine where the balance of what is affordable should be.

The Council, in the last 10-Year Plan, did not include a significant forward programme of works that had been identified due to both an acknowledgement that many of the projects were not yet optimised and that there were difficulties with the long term funding of these projects. The council has determined that by aligning with associated projects, usually roading, and ensuring that the project is the most appropriate for the catchment an acceptable programme can be achieved.



## Summary of Forecast Financial Performance

### Stormwater - Summary of Forecasted Financial Performance

Annual Plan 2011/12	LTP 2012/13	LTP 2013/14	LTP 2014/15
<b>\$000 Expenditure</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
2,336 Stormwater	2,439	2,543	2,601
<b>2,336 Operating Costs</b>	<b>2,439</b>	<b>2,543</b>	<b>2,601</b>
<b>3,322 Group Activity Income (1)</b>	<b>2,956</b>	<b>3,169</b>	<b>3,288</b>
<b>(986) Net Cost/(Surplus) of Service</b>	<b>(517)</b>	<b>(626)</b>	<b>(687)</b>
<b>Capital Expenditure</b>			
645 Stormwater	1,167	475	877
<b>645 Capital Works</b>	<b>1,167</b>	<b>475</b>	<b>877</b>
610 Debt Repayment	669	616	951
2,720 Vested Assets	2,527	2,614	2,707
<b>3,975 Capital and Debt Repayment</b>	<b>4,363</b>	<b>3,705</b>	<b>4,535</b>
<b>2,989 Funding Required/(Generated)</b>	<b>3,846</b>	<b>3,079</b>	<b>3,848</b>
<b>Funded By:-</b>			
1,367 Targeted Rates	1,350	1,436	1,555
- General Rates	0	0	0
905 Loans (Internal & External)	1,682	801	1,450
247 Transfers (to)/from Reserves	324	336	322
470 Depreciation not Funded	490	506	521
<b>2,989 Total Funding</b>	<b>3,846</b>	<b>3,079</b>	<b>3,848</b>
<b>Activity Income Includes (1)</b>			
- User Charges	0	0	0
- Grants & Subsidies	0	0	0
278 Other	274	285	301
2,720 Vested Assets	2,527	2,614	2,707
324 Capital Contributions	155	270	280
<b>3,322 Total Activity Income</b>	<b>2,956</b>	<b>3,169</b>	<b>3,288</b>

## Capital Expenditure

Major Projects (\$000)	2012/13	2013/14	2014/15
<b>Wakatipu Ward</b>			
Stormwater - Renewals - Wakatipu	215	215	215
<b>Queenstown</b>			
Frankton Flats Stormwater - Outlet and Reticulation	765	-	-
<b>Wanaka</b>			
Bremner Park Stormwater Upgrade - Interim Solution	-	137	365
<b>Wanaka Ward</b>			
Stormwater - Renewals - Wanaka	80	80	80

## Wastewater

The Council is responsible for approximately 362km of wastewater mains, 54 pump stations and four treatment plants serving approximately 13,400 properties that between them discharge a total of approximately 8,700 cubic metres of sewerage per day. This includes the larger plants, namely Project Pure (wastewater treatment plant and disposal to land at Wanaka) and the Lower Shotover Ponds (wastewater treatment and disposal to the Shotover River).

The Council adopted a draft 3 Waters Strategy in June 2011. The Strategy recognises that the key to the management of the wastewater infrastructure is balancing the affordability of maintaining the existing network and creating additional capacity with an aging network, a reduction in risk, a demand for growth, and an improved level of service. The Strategy reviewed the wastewater network, identified key issues and likely problems with the drivers or challenges and planning assumptions which QLDC would apply when addressing these.

The Strategy has provided input to the drafting of the Activity Management Plan which has in turn provided the input to the 10-Year Plan. The adoption of a 10-Year Plan will in turn modify the Activity Management Plan as the council takes into account the factors that determine where the balance of what is affordable should be. The Council, in the last 10-Year Plan, identified a significant forward programme of works that was heavily reliant on projected growth. It was identified that there were difficulties with the long term funding of these projects. The Council has determined that by managing the demand on its assets and by optimising the use of its existing assets some of the significant works in its forward programme could be postponed.

The \$35.9 million Project Shotover wastewater treatment plant (disposal to land instead of treated waste water to the Shotover River) has been consented to commence development in 2013. This plan includes the project as currently consented but Council is considering other options.

Project Shotover is a key consultation project in this 10-Year Plan. For more information go to page 22.

## Summary of Forecast Financial Performance

Wastewater - Summary of Forecasted Financial Performance				
Annual Plan 2011/12		LTP 2012/13	LTP 2013/14	LTP 2014/15
\$000	Expenditure	\$000	\$000	\$000
8,885	Wastewater	9,424	9,831	10,889
<b>8,885</b>	<b>Operating Costs</b>	<b>9,424</b>	<b>9,831</b>	<b>10,889</b>
<b>3,760</b>	<b>Group Activity Income (1)</b>	<b>2,624</b>	<b>3,271</b>	<b>3,384</b>
<b>5,125</b>	<b>Net Cost/(Surplus) of Service</b>	<b>6,800</b>	<b>6,560</b>	<b>7,505</b>
<b>Capital Expenditure</b>				
11,001	Wastewater	3,348	7,300	21,186
<b>11,001</b>	<b>Capital Works</b>	<b>3,348</b>	<b>7,300</b>	<b>21,186</b>
738	Debt Repayment	796	593	757
1,904	Vested Assets	1,799	1,861	1,927
<b>13,643</b>	<b>Capital and Debt Repayment</b>	<b>5,943</b>	<b>9,754</b>	<b>23,870</b>
<b>18,768</b>	<b>Funding Required/(Generated)</b>	<b>12,743</b>	<b>16,314</b>	<b>31,375</b>
<b>Funded By:-</b>				
6,258	Targeted Rates	6,471	6,823	7,625
75	General Rates	229	237	332
7,290	Loans (Internal & External)	3,319	4,679	21,442
3,811	Transfers (to)/from Reserves	1,245	3,071	432
1,334	Depreciation not Funded	1,479	1,504	1,544
<b>18,768</b>	<b>Total Funding</b>	<b>12,743</b>	<b>16,314</b>	<b>31,375</b>
<b>Activity Income Includes (1)</b>				
-	User Charges	-	-	-
354	Grants & Subsidies	-	-	-
29	Other	34	36	38
1,904	Vested Assets	1,799	1,861	1,927
1,473	Capital Contributions	791	1,374	1,419
<b>3,760</b>	<b>Total Activity Income</b>	<b>2,624</b>	<b>3,271</b>	<b>3,384</b>

## Capital Expenditure

Major Projects (\$000)	2012/13	2013/14	2014/15
<b>Queenstown</b>			
Project Shotover - Stage 1	396	4,424	13,783
Wastewater - Renewals - Queenstown	535	535	535
Marine Parade Pump Station Upgrade with Generator	250	-	-
Frankton Flats Development - WW Servicing (Stage 1)	-	327	-
Scada Upgrade - District Wide	158	165	-
<b>Glenorchy</b>			
Glenorchy New Wastewater Scheme	56	58	2,922
<b>Arrowtown</b>			
Wastewater - Renewals - Arrowtown	123	123	123
Project Shotover - Stage 1	46	509	1,587
<b>Wanaka</b>			
Wastewater - Renewals - Wanaka	260	260	260
New and upgraded Aubrey Road West Reticulation	-	-	252
<b>Hawea</b>			
Hawea Land Disposal Option	438	-	-
<b>Arthurs Point</b>			
Project Shotover - Stage 1	23	257	801
<b>Lake Hayes</b>			
Project Shotover - Stage 1	23	255	794

Note: More detail on this activity is available in Volume 2 and the 10- year financial data is available in Volume 3 of this 10-Year Plan.

## Roading and Footpaths

The Council is accountable for just over 800km of local roading and public carparks located in Arrowtown, Queenstown, and Wanaka. In addition there are 232km of State highways within the District and these are managed by New Zealand Transport Agency (NZTA).

The Council's transport activities are funded from a combination of local and central government funding sources.

### Council Transport Strategies

The development of transport strategies for the Wanaka and Wakatipu Wards took place over the period from 2006/07 to 2008/09 when the two key strategies the Wakatipu Transportation Strategy and the Wanaka Transportation and Parking Strategy were adopted. Both strategies were endorsed by NZTA (or its predecessors). The Council has also adopted strategies for road safety, cycling and walking, and the Transport Asset Management Plan.

The Council's strategies promote an integrated approach to projects that together will achieve significant changes to the district's transport system and travel behaviour over the next twenty years. Key drivers for the strategies have been the need to cater for growing transport demands (as a consequence of forecast resident and visitor growth) and the need to protect and – where possible - enhance district amenity.

These strategies have been instrumental to changes in the Council's transport activity over the past three years.

The transport strategies have provided input to this 10-Year Plan. Within the next three years the key projects to have come out of transport strategies relate to the design of new roads in Wanaka and Wakatipu, and ongoing parking management.

It is planned that the Council's transport strategies will be reviewed in 2013/14 in order to continue strategic input to the next 10-Year Plan.

### Roading

The Council's roading activity seeks to provide a cost effective transport system that meets the district's changing needs. This reflects transport's role as a means to achieving community outcomes rather than necessarily being an end in itself. While the community outcomes are relatively stable, strategies and policies that influence the role and effects of transport are evolving.

### Parking Facilities

"Parking" is a fundamental part of the transport activity and as such contributes to provision of a cost effective transport system that meets the district's changing needs.

The Council uses parking supply and management to ensure that high demand destinations such as town centres are accessible and, where alternatives to car based travel exist, to influence how people travel. Key drivers of the parking activity, particularly in the Queenstown Town Centre (which is serviced by a public transport network) are:

- To reduce debt associated with the past acquisition of land for parking
- Ensure parking is available for visitors
- Encourage awareness and use of alternative to the single occupant car

## Capital Expenditure

Major Projects (\$000)	2012/13	2013/14	2014/15
<b>Wakatipu - NZTA</b>			
Wakatipu - Sealed Road Resurfacing	1,823	2,189	1,832
Frankton Flats Road 2 - New Roads	3,479	-	-
Wakatipu - Unsealed Road Metalling	626	649	669
Wakatipu - Associated Improvements	711	867	578
Wakatipu - Minor Improvements	625	501	383
Arthurs Point Road	1,395	-	-
Inner Links, Stage 1 - Melbourne Henry (Design and Land Purchase)	267	920	-
Wakatipu - Sealed Road Pavement Upgrade (Design)	626	276	139
Malaghans Road	-	720	-
Crown Range Road	-	706	-
Arawata Terrace	-	-	686
Panorama Terrace	657	-	-
Eastern Access Road - New Roads	-	300	310
<b>Wanaka - NZTA</b>			
Wanaka - Sealed Road Resurfacing	1,842	1,789	1,321
Wanaka - Unsealed Road Metalling	595	617	636
Wanaka Mount Aspiring Rd - Road Reconstruction	-	934	-
Cardrona Valley Road	737	-	-
Beacon Point Road	-	-	693
Wanaka CBD Intersection Improvements	506	141	-
<b>Wakatipu Other</b>			
Wakatipu Transportation - Minor Improvements, Non-Sub	626	649	669
<b>Wanaka Other</b>			
Wanaka Transportation - Minor Improvements, Non-Sub	313	325	335

## Forecast Financial Performance

### Roading and parking - Summary of Forecasted Financial Performance

Annual Plan 2011/12		LTP 2012/13	LTP 2013/14	LTP 2014/15
<b>\$000</b>	<b>Expenditure</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
17,229	Roading and Parking	18,073	19,709	20,574
561	Parking Provision	420	414	405
<b>17,790</b>	<b>Operating Costs</b>	<b>18,493</b>	<b>20,123</b>	<b>20,979</b>
<b>21,205</b>	<b>Group Activity Income (1)</b>	<b>18,449</b>	<b>16,760</b>	<b>15,709</b>
<b>(3,415)</b>	<b>Net Cost/(Surplus) of Service</b>	<b>44</b>	<b>3,363</b>	<b>5,270</b>
<b>Capital Expenditure</b>				
24,065	Roading	19,739	15,153	12,074
-	Parking Provision	-	173	-
<b>24,065</b>	<b>Capital Works</b>	<b>19,739</b>	<b>15,326</b>	<b>12,074</b>
1,146	Debt Repayment	3,903	3,705	5,500
3,699	Vested Assets	3,473	3,593	3,721
<b>28,910</b>	<b>Capital and Debt Repayment</b>	<b>27,115</b>	<b>22,624</b>	<b>21,295</b>
<b>25,495</b>	<b>Funding Required/(Generated)</b>	<b>27,159</b>	<b>25,987</b>	<b>26,565</b>
<b>Funded By:-</b>				
11,193	Targeted Rates	12,651	12,836	12,755
9,254	Loans (Internal & External)	9,420	7,623	8,026
2,567	Transfers (to)/from Reserves	1,847	1,944	1,939
2,481	Depreciation not Funded	3,241	3,584	3,845
<b>25,495</b>	<b>Total Funding</b>	<b>27,159</b>	<b>25,987</b>	<b>26,565</b>
<b>Activity Income Includes (1)</b>				
928	User Charges	928	963	993
15,621	Grants & Subsidies	12,906	10,491	9,222
391	Other	391	414	434
3,699	Vested Assets	3,473	3,593	3,721
566	Capital Contributions	751	1,299	1,339
<b>21,205</b>	<b>Total Activity Income</b>	<b>18,449</b>	<b>16,760</b>	<b>15,709</b>





# Financial Information at a Glance

## Affordability Achieved

The 2012 LTP provides an affordable financial plan for the district for the next 10 years. This has not been a simple task as there many demands for expenditure but Council is confident that the various programmes and projects described in this plan are the best way to meet the needs of our communities. In formulating the 2012 LTP, the Council has attempted to balance the inevitable financial cost against the well-being of the community.

The following are some indications of how the 2012 10-Year-Plan compares to the 2009 10-Year Plan:

	2012	2009
Total Capital Asset Expenditure	\$552m	\$832m
Total External Debt (end of period)	\$171m	\$393m
NetDebt/Total Revenue <200% (end of period)	117.9%	250.5%
NetDebt/Equity <20% (end of period)	13.3%	30.9%
Average Annual Rates Increase	4.6%	6.9%

Capital expenditure on physical works over the next 10 years is much lower than previously forecast. It amounts to \$552m (2009: \$832m) which represents a reduction of \$280m or around 33% compared to 2009. The capital expenditure programs for infrastructure have been derived from revised asset management plans that include the latest growth projections. The debt ratios in the table above show that the affordability position has improved significantly. In the 2009 plan, both of these ratios were exceeded. The 2012 10-Year Plan shows not only compliance but also considerable headroom is provided. With the reduction in capital expenditure and debt, forecast rates increases are also reduced. The average annual increase over the 10 years is now 4.6% down from 6.9%.

## Operating Costs and Revenue

The budgeting information contained in this document is provided in detail for the first three-years and at an indicative level for year's four to ten. The forecasts do include a provision for inflation after the first year as well increases as a result of projected growth within the district.

Operating expenditure is shown to increase over the 10 year period by an average of 5.5% (2009:6.6%) per annum. Operating revenue for the same period increases by an average of 4.5% (2009:5.9%) per annum. Rates are forecast to increase by an average of 4.6% (2009:6.9%) per annum.

The forecast for development contributions received has reduced from \$162m in 2009 to \$70.8m. This reflects slower than expected growth and a downturn in expected development activity. On a more positive note, the latest forecasts show an expected dividend stream from the QAC of \$41.8m; this was not available in 2009. Council intends to use 50% of this income to repay existing debt with the balance available to fund local projects. The criteria for the establishment of this fund will be consulted on.

## Capital Works

We continue to be faced with a major investment programme to maintain the standards that our residents, ratepayers and visitors aspire to in the face of continuing growth. The Capital Works programme included in this plan is significantly reduced from that projected in previous years.

Over the 10 years, we have identified around \$552m (2009:\$ 832m) (adjusted for future inflation) of capital expenditure required, which is 33% less than that estimated in the 2009 Plan.

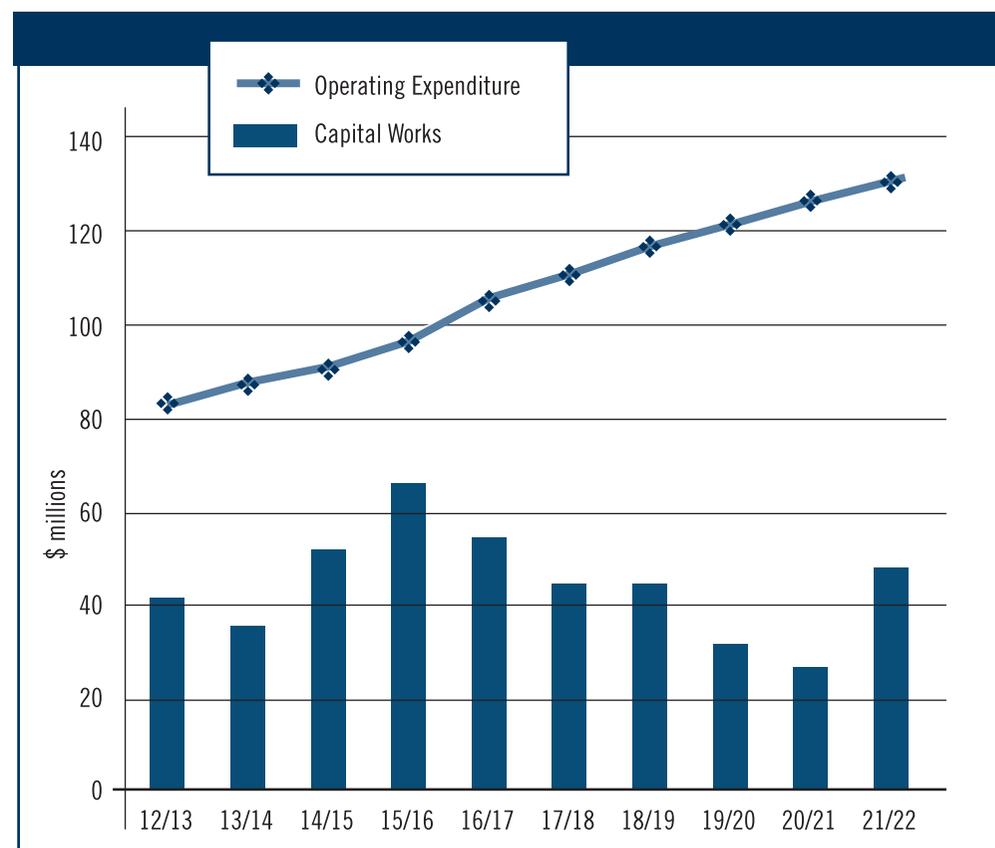
The main reasons for this are the reduced costs associated with upgrading water supply systems as Council looks to defer these works by managing demand. There is \$72m (2009: \$171m) provided over the 10 years for water supply projects.

There is \$98m (2009: \$151m) of wastewater upgrades including \$35.9m (2009: \$37m) for Project Shotover; the new sewerage disposal system for the wider Queenstown area.

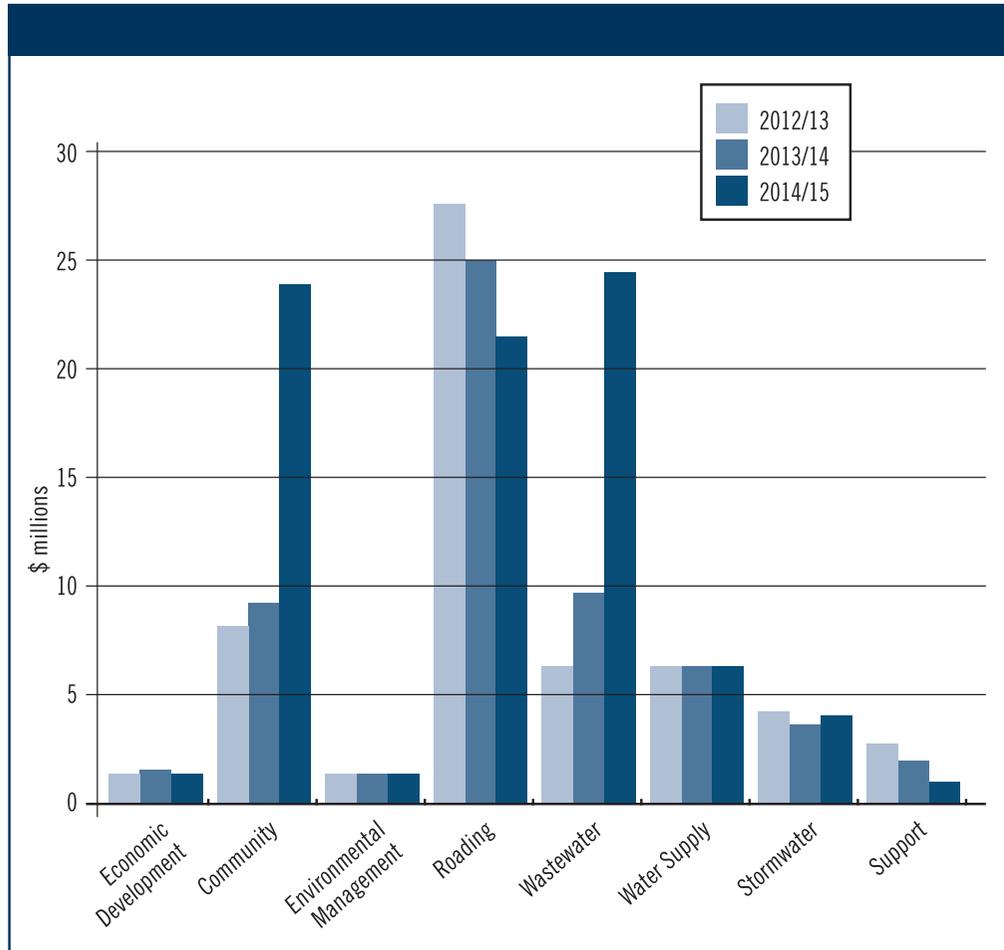
There are \$225m (2009: \$297m) of roading and parking projects allowed for in this plan, with a large proportion of those attracting subsidy from New Zealand Transport Agency.

There is also \$90m (2009: \$128m) of recreational asset expenditure included over the 10 years. This includes \$16.8m for an indoor sports facility for Wanaka (completed in year 3).

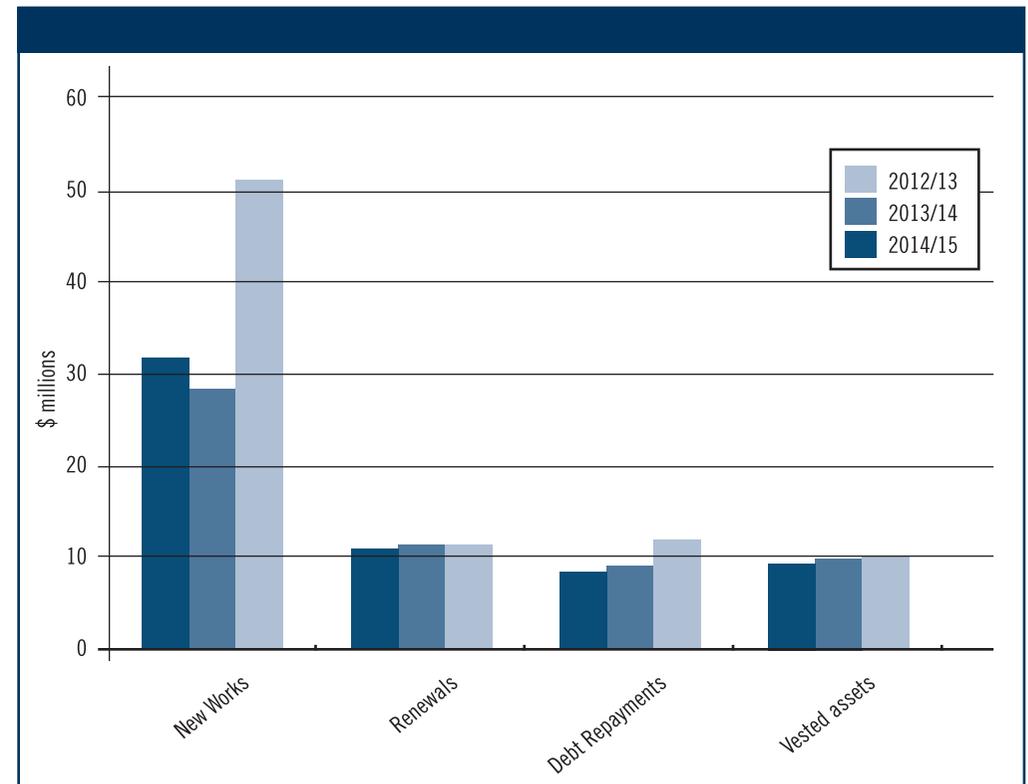
## 10 Year Projected Council Expenditure



## Capital expenditure by Activity Group 2013 to 2015



## Council Expenditure by Expenditure Type 2012 to 2015



### Debt

In order to deliver the large capital programme included in this plan, Council will need to rely on borrowing. The amount of borrowing required is well below the amount anticipated in the 2009 plan. Council has spent a considerable amount of time and effort working through the capital programme to ensure that it is affordable 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 three, external debt will have risen to \$167m and by the end of the 10- year period; it will have reached \$171m (2009:\$393m). This is less than half the amount anticipated in the 2009 Plan.

The growth portion of the Capital Programme (some \$169m) will be funded by development contributions as growth occurs, but must be funded largely by debt in the first instance. This allows for 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 now well within all of the debt parameters in Council's Liability Management Policy.

## Rates in 2012/13

The Council (elected members and staff) have worked hard over the past few months to reduce the level of rates increase. Consequently, the Draft 10-Year Plan shows a rates requirement for 2012/13 of \$54.0m in targeted rates and \$1.9m for general rates. This represented an overall increase of 2.7% over 2011/12 rates after allowing for growth (growth factor 1.5%).

The district has recently had its 3 yearly rates valuation update. This means that the new rating values will be used for the assessment of rates from 1 July 2012. If your property has changed in value to a greater degree than the average movement, then this will have an impact on rates payable.

Over the past six months, Council has undertaken a review of rates and funding. The outcomes from this review do not alter the total amount of rates required to be levied, but it does impact on the how the costs are allocated to the various rating categories.

Please refer to the full Rates Review Report in Vol. 3 for more detailed information.

The main features of the rates review are:

1. Review make-up of General Rate and Uniform Annual General Charge (UAGC) – now broken down into new targeted rates: Sports, Halls & Libraries Annual Charge; Recreation & Events Rate; Governance Rate; and Regulatory Rate.
2. Establish differentials for new targeted rates: Sports, Halls & Libraries Annual Charge; Recreation & Events Rate; Governance Rate; and Regulatory Rate.
3. Revise differentials for Roading Rate.
4. Revise targeting of Aquatic Centre Charge (Wakatipu only) to rating categories with residential component.

Much of the work involved in the review, focussed on developing a robust, transparent methodology for recovering the costs associated with visitors. The result is a differential system which acts as quasi "bed tax", with commercial ratepayers acting as the agent for Council in the recovery of some categories of cost. The new Recreation & Events Rate for example, is constructed on the premise that Council requires businesses to collect around 43c per day from each over-night visitor to go towards the cost of providing parks; trails; toilets and events.

*There were 87 submissions received that included a response on the rates review. In summary the main focus of the submissions was the proposal to introduce a new recreation and events rate, which included a differential for accommodation properties. The accommodation sector opposed the proposal. The balance of submitters generally supported the outcome of the review and more importantly the principle that visitors should contribute (indirectly) to costs. Several submitters asked Council to review the impact factor of 2.8. This has a significant effect on the allocation of this rate. Council has now completed this review. The factor of 2.8 was taken directly from a survey conducted several years ago. It is based on the relative time available on an average day for a visitor compared to a resident.*

*Council has reviewed the original survey findings and has applied the results over a full year. This approach is in line with the People/Days concept used to allocate the costs by a people related factor. The result is a reduction in the impact factor for Accommodation and Commercial within the Recreation & Events Rate. The impact factor reduces from 2.8 to 1.8.*

*The impact of the change is that \$480,355 of the cost previously allocated to Accommodation (\$375,450) and Commercial (\$104,905) is now allocated to Residential (\$334,195); Vacant (\$92,103); Primary Industry (\$11,729) and Country Dwelling (\$42,328). This reduces the allocation to Accommodation and Commercial by 18.5% and reflects a much fairer allocation of cost. The overall proposed increase to Accommodation rates is now roughly half of what was proposed in the draft.*

This cost is included in the rates set for all those businesses providing accommodation and recovered indirectly via the tariff charged to the visitor. This is seen an equitable, simple method of recovering visitor related costs and reduces the impact on residents.

## Indicative Rates Movements for 2012/13

Property Type	CV	Location	Revised %	Revised \$	Draft %	Draft \$
Residential	\$626,918	Queenstown	6.59%	\$150.44	5.64%	\$128.85
Commercial	\$1,167,853	Queenstown	0.84%	\$51.12	3.76%	\$229.02
Accommodation	\$1,167,853	Queenstown	6.05%	\$485.58	11.51%	\$923.89
M/U Accommodation	\$754,261	Queenstown	8.80%	\$275.60	10.45%	\$327.21
Vacant	\$391,824	Queenstown	-5.64%	-\$103.25	-6.06%	-\$111.05
M/U Commercial	\$754,261	Queenstown	7.21%	\$215.45	7.52%	\$224.73
Residential	\$528,962	Wanaka	3.43%	\$78.99	1.62%	\$37.21
Commercial	\$704,739	Wanaka	1.37%	\$58.57	2.33%	\$99.69
Accommodation	\$704,739	Wanaka	3.19%	\$190.92	6.46%	\$387.39
M/U Accommodation	\$587,736	Wanaka	6.23%	\$180.76	6.42%	\$186.38
Primary Industry	\$3,262,479	Wanaka	4.11%	\$163.36	3.78%	\$150.11
Country Dwelling	\$1,076,790	Wanaka	7.99%	\$158.89	6.77%	\$134.61
Vacant	\$293,868	Wanaka	-6.84%	-\$113.70	-8.18%	-\$135.99
M/U Commercial	\$587,736	Wanaka	5.27%	\$146.44	4.29%	\$119.09
Residential	\$460,393	Arrowtown	3.88%	\$81.38	3.13%	\$65.65
Commercial	\$1,107,447	Arrowtown	-1.16%	-\$71.88	1.60%	\$99.46
Accommodation	\$1,107,447	Arrowtown	3.97%	\$333.16	8.97%	\$752.09
M/U Accommodation	\$617,123	Arrowtown	6.48%	\$190.35	7.95%	\$233.40
Vacant	\$244,890	Arrowtown	-6.60%	-\$101.18	-6.98%	-\$106.99
M/U Commercial	\$617,123	Arrowtown	5.01%	\$141.13	5.31%	\$149.56
Primary Industry	\$2,669,301	Wakatipu	0.68%	\$22.17	1.76%	\$57.84
Country Dwelling	\$1,391,338	Wakatipu	8.46%	\$198.61	8.62%	\$202.43
Residential	\$450,598	Glenorchy	4.12%	\$81.19	3.39%	\$66.86
Residential	\$293,868	Albert Town	-1.02%	-\$18.96	-2.44%	-\$45.51
Residential	\$362,437	Hawea	2.68%	\$54.02	1.15%	\$23.25
Residential	\$450,598	Kingston	3.09%	\$41.19	2.02%	\$26.86
Residential	\$489,780	Arthurs Point	3.23%	\$79.59	2.04%	\$50.23

## Indicative Residential Rates 2012-13

Location	Queenstown	Wanaka	Arrowtown	Glenorchy	Kingston	Albert Town	Hawea	Lake Hayes
Capital Value (\$)	626,918	528,962	460,393	450,598	450,598	293,868	362,437	450,598
UAGC	56	56	56	56	56	56	56	56
Sports, Halls & Libraries	301	301	301	301	301	301	301	301
Aquatic Centre	98	0	98	98	98	0	0	98
General Rate	39	33	29	28	28	18	23	28
Recreation & Events Rate	215	181	158	154	154	101	124	154
Governance Rate	198	167	145	142	142	93	114	142
Regulatory Rate	254	214	186	182	182	119	147	182
Roading Rate	316	334	232	227	227	185	229	227
Stormwater Rate	61	109	45	44	44	60	75	44
Water	427	338	384	680	0	263	334	580
Sewerage	328	506	406	0	0	506	524	326
Waste Mgmt	141	141	141	141	141	141	141	141
<b>Total Rates</b>	<b>\$2,433</b>	<b>\$2,380</b>	<b>\$2,181</b>	<b>\$2,054</b>	<b>\$1,374</b>	<b>\$1,844</b>	<b>\$2,067</b>	<b>\$2,279</b>
<b>% Increase</b>	<b>6.59%</b>	<b>3.43%</b>	<b>3.88%</b>	<b>4.12%</b>	<b>3.09%</b>	<b>-1.02%</b>	<b>2.68%</b>	<b>2.30%</b>
<b>\$ Increase</b>	<b>\$150</b>	<b>\$79</b>	<b>\$81</b>	<b>\$81</b>	<b>\$41</b>	<b>-\$19</b>	<b>\$54</b>	<b>\$51</b>

## Indicative Commercial Rates 2012-13

Location	Queenstown	Wanaka	Arrowtown	Queenstown	Wanaka	Arrowtown
Type	Commercial	Commercial	Commercial	Mixed Use	Mixed Use	Mixed Use
Capital Value (\$)	1,167,853	704,739	1,107,447	754,261	587,736	617,123
UAGC	56	56	56	56	56	56
Sports, Halls & Libraries	0	0	0	301	301	301
Aquatic Centre	0	0	0	98	0	98
General Rate	59	36	56	45	35	37
Recreation & Events Rate	292	176	277	241	188	197
Governance Rate	368	222	349	238	185	195
Regulatory Rate	425	257	403	297	232	243
Roading Rate	2,207	1,667	2,093	641	626	525
Stormwater Rate	113	145	107	73	121	60
Promotion Rate	1,432	672	1,426	231	140	199
Water	760	497	872	513	394	502
Sewerage	328	506	406	328	506	406
Waste Mgmt	100	100	100	141	141	141
<b>Total Rates</b>	<b>\$6,143</b>	<b>\$4,334</b>	<b>\$6,141</b>	<b>\$3,203</b>	<b>\$2,925</b>	<b>\$2,960</b>
<b>% Increase</b>	<b>0.84%</b>	<b>1.37%</b>	<b>-1.16%</b>	<b>7.21%</b>	<b>5.27%</b>	<b>5.01%</b>
<b>\$ Increase</b>	<b>\$51</b>	<b>\$59</b>	<b>-\$72</b>	<b>\$215</b>	<b>\$146</b>	<b>\$141</b>

## Indicative Accommodation Rates 2012-13

Location	Queenstown	Wanaka	Arrowtown	Queenstown	Wanaka	Arrowtown
Type	Accommodation	Accommodation	Accommodation	Mixed Use	Mixed Use	Mixed Use
Capital Value (\$)	1,167,853	704,739	1,107,447	754,261	587,736	617,123
UAGC	56	56	56	56	56	56
Sports, Halls & Libraries	0	0	0	301	301	301
Aquatic Centre	0	0	0	98	0	98
General Rate	92	56	87	50	39	41
Recreation & Events Rate	1,448	874	1,374	428	333	350
Governance Rate	368	222	349	238	185	195
Regulatory Rate	498	300	472	309	241	253
Roading Rate	2,207	1,667	2,093	641	626	525
Stormwater Rate	113	145	107	73	121	60
Promotion Rate	1,432	672	1,426	231	140	199
Water	883	574	1,031	513	394	502
Sewerage	1,312	1,518	1,624	328	506	406
Waste Mgmt	100	100	100	141	141	141
<b>Total Rates</b>	<b>\$8,510</b>	<b>\$6,185</b>	<b>\$8,720</b>	<b>\$3,408</b>	<b>\$3,084</b>	<b>\$3,126</b>
<b>% Increase</b>	<b>6.05%</b>	<b>3.19%</b>	<b>3.97%</b>	<b>8.80%</b>	<b>6.23%</b>	<b>6.48%</b>
<b>\$ Increase</b>	<b>\$486</b>	<b>\$191</b>	<b>\$333</b>	<b>\$276</b>	<b>\$181</b>	<b>\$190</b>

## Indicative Rural Rates 2012-13

Location	Wakatipu	Wanaka	Wakatipu	Wanaka
Type	Primary Industry	Primary Industry	Country Dwelling	Country Dwelling
Capital Value (\$)	2,669,301	3,262,479	1,391,338	1,076,790
UAGC	56	56	56	56
Sports, Halls & Libraries	301	301	301	301
Aquatic Centre	98	0	98	0
General Rate	194	237	94	73
Recreation & Events Rate	115	140	180	139
Governance Rate	598	731	439	340
Regulatory Rate	702	858	523	405
Roading Rate	1,095	1,676	715	693
Stormwater Rate	0	0	0	0
Promotion Rate	0	0	0	0
Water	0	0	0	0
Sewerage	0	0	0	0
Waste Mgmt	141	141	141	141
<b>Total Rates</b>	<b>\$3,300</b>	<b>\$4,140</b>	<b>\$2,548</b>	<b>\$2,148</b>
<b>% Increase</b>	<b>0.68%</b>	<b>4.11%</b>	<b>8.46%</b>	<b>7.99%</b>
<b>\$ Increase</b>	<b>\$22</b>	<b>\$163</b>	<b>\$199</b>	<b>\$159</b>

## Council Controlled Organisations (CCOs)

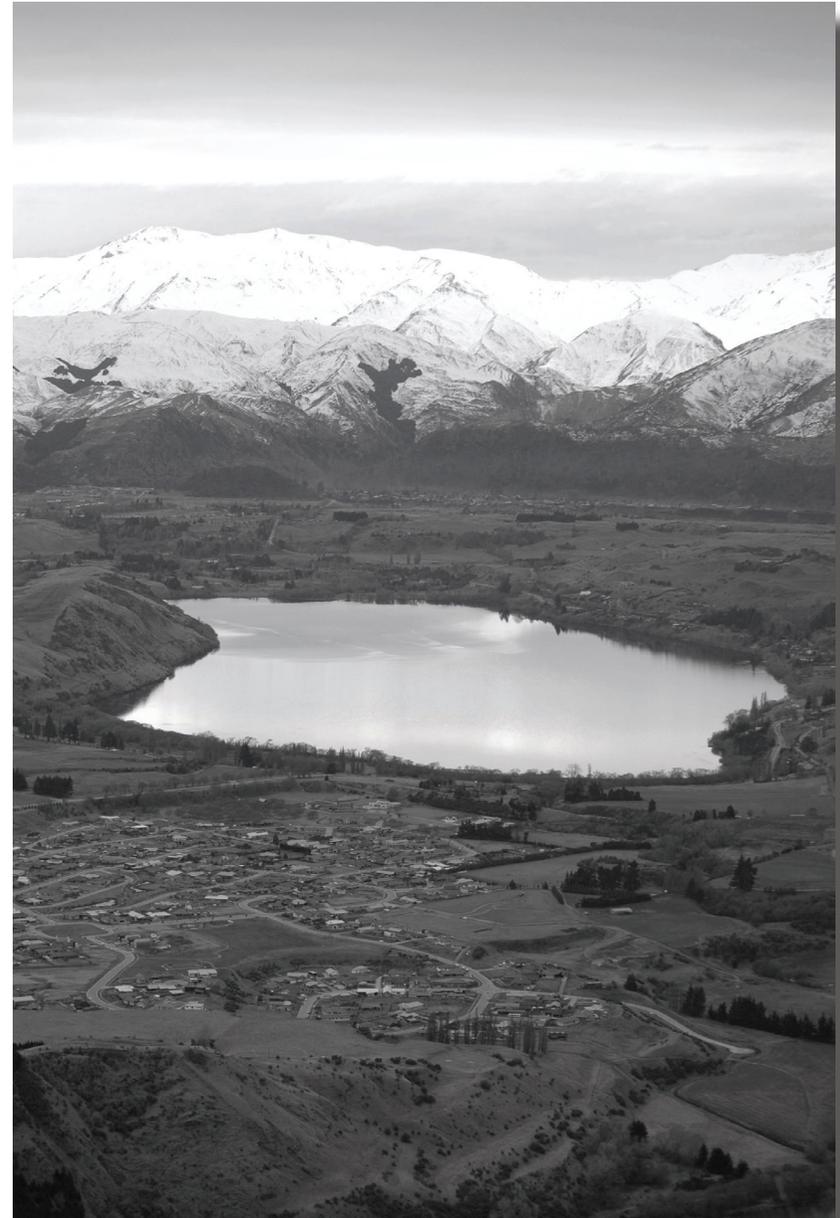
There are three Council Controlled Organisations. They are the Queenstown Airport Corporation, Lakes Environmental Limited and Lakes Leisure Limited.

The Queenstown Airport Corporation manages the assets and operations of the Queenstown Airport at Frankton. A board of directors is selected by the Council, and they appoint an Airport Manager.

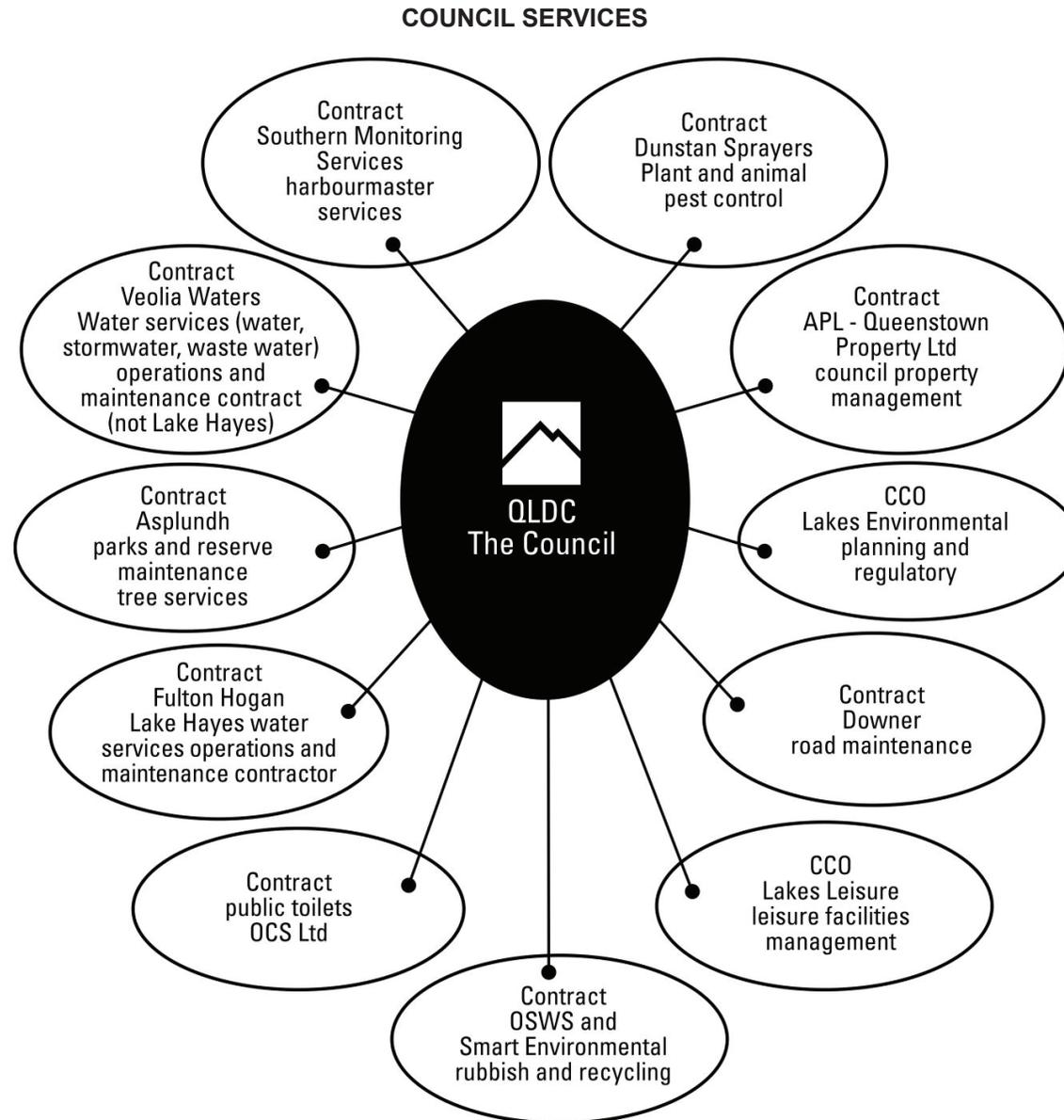
Lakes Environmental Limited undertakes the delivery of the Council's regulatory and resource management services.

Lakes Leisure Limited manages Council's leisure and recreation facilities and the delivery of services from those facilities.

More detail on the CCO's is contained in Volume 2.



# Contractor Structure



## Contact Us

### Council Offices

Civic Centre  
10 Gorge Road  
Private Bag 50072  
Queenstown

### Telephone and Facsimile

Telephone: (03) 441 0499  
Facsimile: (03) 450 2223  
Email: [services@qldc.govt.nz](mailto:services@qldc.govt.nz)  
Website: [www.qldc.govt.nz](http://www.qldc.govt.nz)

### Service Centres

Arrowtown Library  
58 Buckingham Street  
Arrowtown  
Phone: (03) 442 1607

Wanaka Office  
47 Ardmore Street  
Wanaka  
Phone: (03) 443 0024  
Fax: (03) 443 8826

## Other

### Lakes Leisure (Alpine Aqualand, Queenstown Events Centre, Sportsfields, Wanaka Aquatic Centre)

Joe O'Connell Drive, Frankton  
P O Box 2009  
Queenstown  
Phone: (03) 450 9005

### Queenstown Airport Corporation Limited

Terminal Building, Queenstown Airport  
P O Box 64  
Queenstown  
Phone: (03) 442 3505

### Auditors

Deloitte on behalf of the Auditor General  
Dunedin

### Bankers

Bank of New Zealand  
Queenstown

### Solicitors

MacTodd  
Simpson Grierson

### Sister Cities

Aspen, Colorado, USA (Queenstown)  
Hikimi, Shimane, Japan (Wanaka)

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## INDEPENDENT AUDITOR'S REPORT TO THE READERS OF QUEENSTOWN LAKES DISTRICT COUNCIL'S LONG-TERM PLAN FOR THE TEN YEARS COMMENCING 1 JULY 2012

The Auditor-General is the auditor of Queenstown Lakes District Council (the District Council). The Auditor-General has appointed me, Peter Gulliver, using the staff and resources of Deloitte, to report on the Long Term Plan (LTP), on her behalf. We have audited the District Council's LTP dated 29 June 2012 for the ten years commencing 1 July 2012.

The Auditor-General is required by section 94(1) of the Local Government Act 2002 (the Act) to report on:

- the extent to which the LTP complies with the requirements of the Act; and
- the quality of information and assumptions underlying the forecast information provided in the LTP.

### Opinion

#### Overall Opinion

**In our opinion the District Council's LTP dated the 29 June 2012 provides a reasonable basis for long term integrated decision-making by the District Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the District Council.**

In forming our overall opinion, we considered the specific matters outlined in section 94(1) of the Act which we report on as follows.

#### *Opinion on Specific Matters Required by the Act*

#### **In our view :**

- **the District Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment; and**
- **the underlying information and assumptions used to prepare the LTP provide a reasonable and supportable basis for the preparation of the forecast information.**

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 29 June 2012. This is the date at which our opinion is expressed. The basis of the opinion is explained below. In addition, we outline the responsibilities of the Council and the

Auditor, and explain our independence.

### Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 : *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the LTP does not contain material misstatements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves performing procedures to obtain audit evidence about the forecast information and disclosures in the LTP. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the information in the LTP. In making those risk assessments we consider internal control relevant to the preparation of the District Council's LTP. We consider internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

Our audit procedures also include assessing whether:

- the LTP provides the community with sufficient and balanced information about the strategic and other key issues, and implications it faces and provides for participation by the public in decision making processes;
- the District Council's financial strategy, supported by financial policies is financially prudent, and has been clearly communicated to the community in the LTP;
- the presentation of the LTP complies with the legislative requirements of the Act;
- the decision-making and consultation processes underlying the development of the LTP are compliant with the decision-making and consultation requirements of the Act;
- the information in the LTP is based on materially complete and reliable asset or activity information;
- the agreed levels of service are fairly reflected throughout the LTP;
- the District Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the LTP are based on best information currently available to the District Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information complies with generally accepted accounting practice in New Zealand;
- the rationale for the activities is clearly presented;
- the levels of service and performance measures are reasonable estimates and reflect the key aspects of the District Council's service delivery and performance; and
- the relationship of the levels of service, performance measures and forecast financial information has been adequately explained within the LTP.

We do not guarantee complete accuracy of the information in the LTP. Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the LTP and determining compliance with the requirements of the Act. We evaluated the overall adequacy of the presentation of information. We obtained all the information and explanations we required to support our opinion above.

### **Responsibilities of the Council**

The Council is responsible for preparing a LTP under the Act, by applying the Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The Council is also responsible for such internal control as it determines is necessary to enable the preparation of a LTP that is free from material misstatement.

The Council's responsibilities arise from Section 93 of the Act.

### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the LTP and reporting that opinion to you based on our audit. This responsibility arises from section 15 of the Public Audit Act 2001 and section 94(1) of the Act.

It is not our responsibility to express an opinion on the merits of any policy content within the LTP.

### **Independence**

When reporting on the LTP we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than this report and in conducting the audit of the LTP Statement of Proposal, the annual audit and tax compliance assignments which are compatible with those independence requirements, we have no relationship with or interests in the District Council or any of its subsidiaries.


**P Gulliver**  
**On behalf of the Auditor-General**  
**Dunedin, New Zealand**

### **Matters relating to the electronic presentation of the report to readers of the Long-term Plan (in relation to the on-line version only).**

This audit report relates to the Long-Term Plan of Queenstown Lakes District Council for the 10 years commencing 1 July 2012 included on the council's website. Queenstown Lakes District Council is responsible for the maintenance and integrity of its website. We have not been engaged to report on the integrity of Queenstown Lakes District Council's website. We accept no responsibility for any changes that may have occurred to the Long-Term Plan since it was initially presented on the website. The audit report refers only to the Long-Term Plan named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the Long-Term Plan. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited Long-Term Plan as well as the related audit report dated 29 June 2012 to confirm the information included in the audited Long-Term Plan presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.