

Draft Annual Plan 2026/27

Councillor Workshop

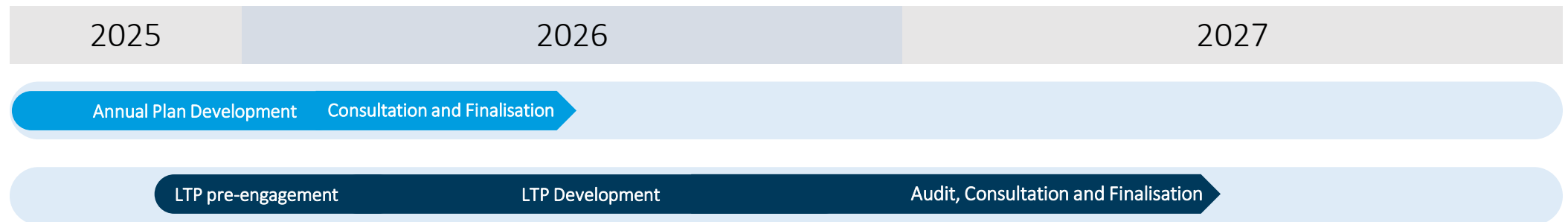
9th December 2025

Agenda

- > Introduction
- > Annual Plan 2026-2027
- > Next steps

Annual Plan Introduction

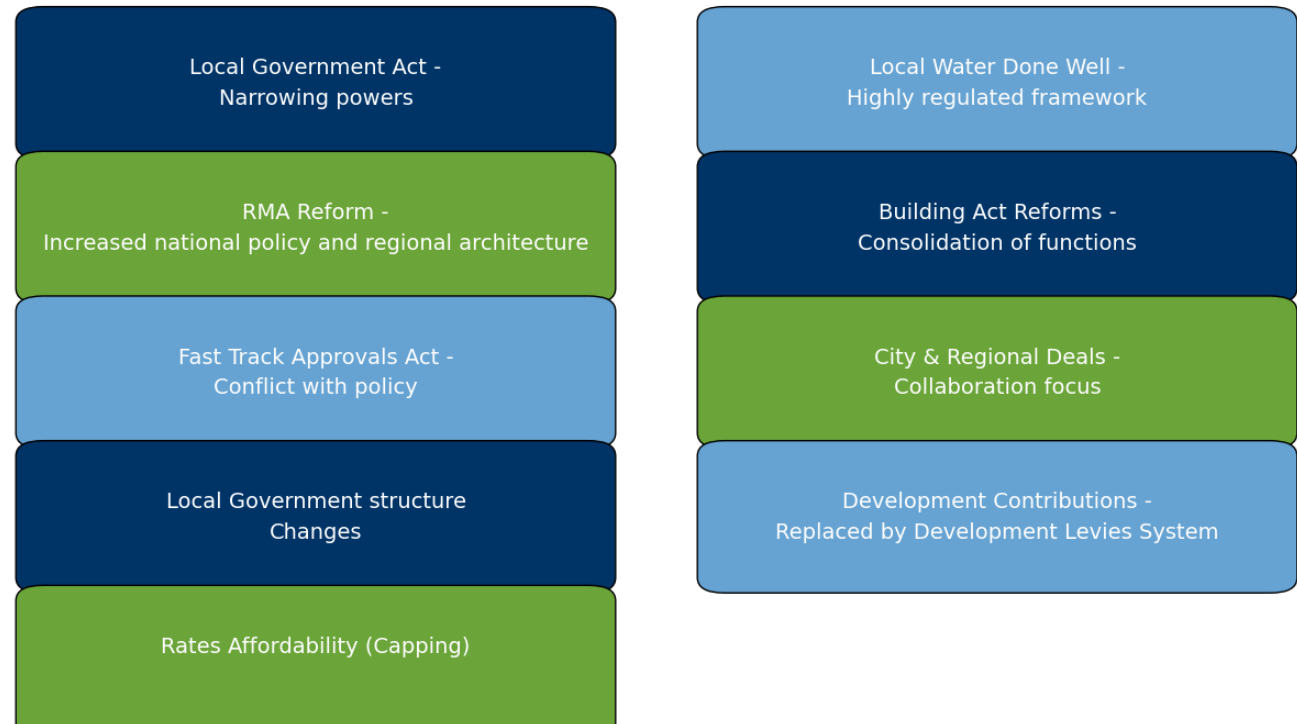
- > This Annual Plan updates Year 3 (2026-2027) of the Long Term Plan (LTP) 2024-2034
- > It sets the annual budget and funding impact statement, identifies variations from the LTP for that year and provides a mechanism for integrated decision-making and resource coordination
- > QLDC's longer term strategic planning will be addressed through LTP 2027-2037



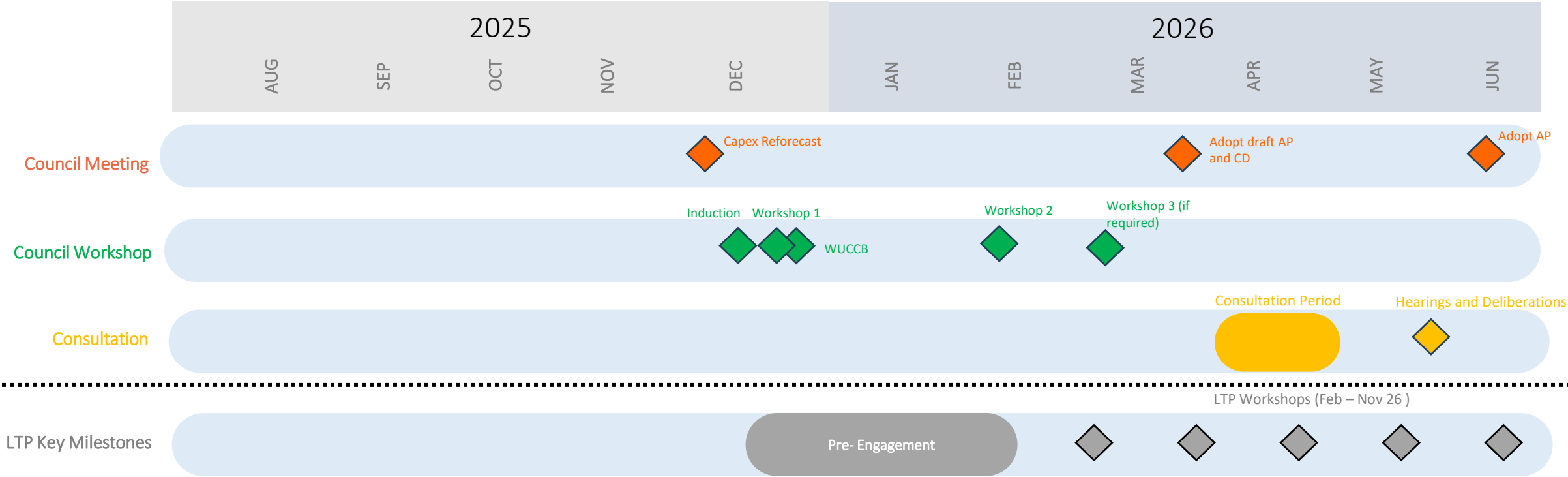
Upcoming Reforms

- > The LTP 2027-2037 will set a new course for QLDC in this Reform context
- > This Annual Plan marks the third year for the prior LTP sequence – the final Annual Plan in the pre-Reform context

Key Local Government Reform Themes



Annual Plan 2026-27 Timeline



Annual Plan 2026-2027

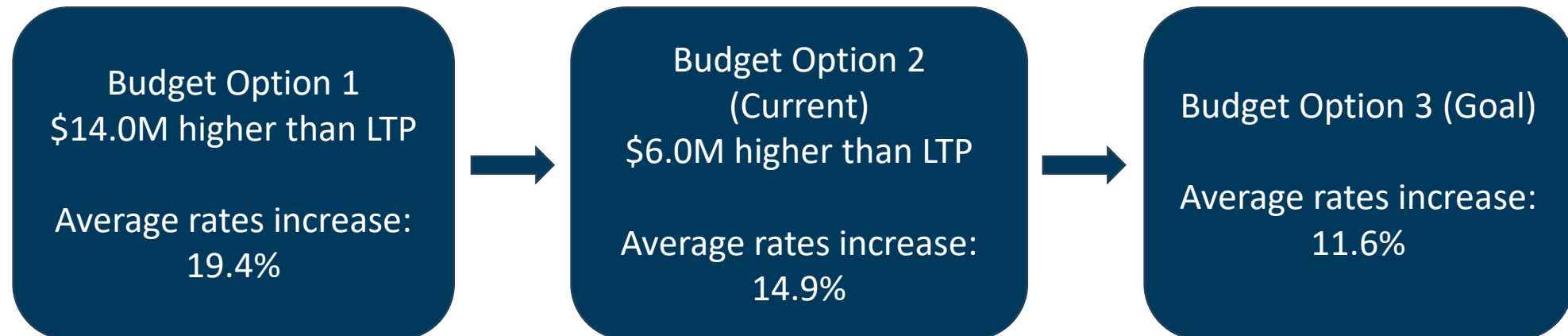
Annual Plan – What was in LTP Year 3?

Financial Year End 30 June	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Net rates increase (after growth)	15.8%	13.5%	11.6%	8.5%	11.1%	5.1%	2.7%	3.4%	2.3%	1.3%
Water Reform	<div>WSOCO established</div> <div>Water separated from LTP and AP</div>									
Rates Affordability (capping at 2-4%)	<div>Transitional Period</div> <div>Transitional Period</div> <div>Full regulatory model</div> <div>Full regulatory model</div> <div>Full regulatory model</div> <div>Full regulatory model</div> <div>Full regulatory model</div>									
Rating Unit Projections	33,823	34,727	35,863	36,999	38,135	39,271	40,406	41,542	42,678	43,814

In 2026/27, just over 30% of rates revenue is driven by Three Waters (\$65.9M out of \$214.3M total)

Annual Plan - The journey to date

- First draft of 2026/27 Annual Plan had Rates increase of 19.4% (\$216.8M)
- Second draft has reduced this Rates increase to 14.9% (total \$208.8M)
- Focus is on reducing proposed rates to the LTP figure of 11.6% after growth (\$202.8M)



Cost Pressures – Budget Option 1

Upward Pressures



Growth – growth in District placing greater demand on QLDC services



External costs – Electricity (\$480K), Central government impacts including Unique Emissions Factor (UEF) (\$1.5M), reduction in National Land Transport funding (\$740k), Water levy from Taumata Arowai (\$200K) and local government supplier contract increases above CPI



Infrastructure Maintenance – upward of \$5M in cost pressures

Key drivers behind \$14M variance from LTP Yr 3

Offsets



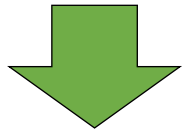
Increased Revenue – Rising tourism numbers have driven an increase in QLDC's turnover rent revenue, reflecting higher commercial activity throughout the district.



Depreciation and Interest – Financial position benefited from lower interest costs and deferred capital expenditure, easing short-term budget pressures.

Offsetting Savings – Budget Option 2

Key contributors to reduce variance from \$14m to \$6m vs LTP Year 3



Personnel Costs – only critical LTP agreed and new proposed roles carried through to Budget Option 2



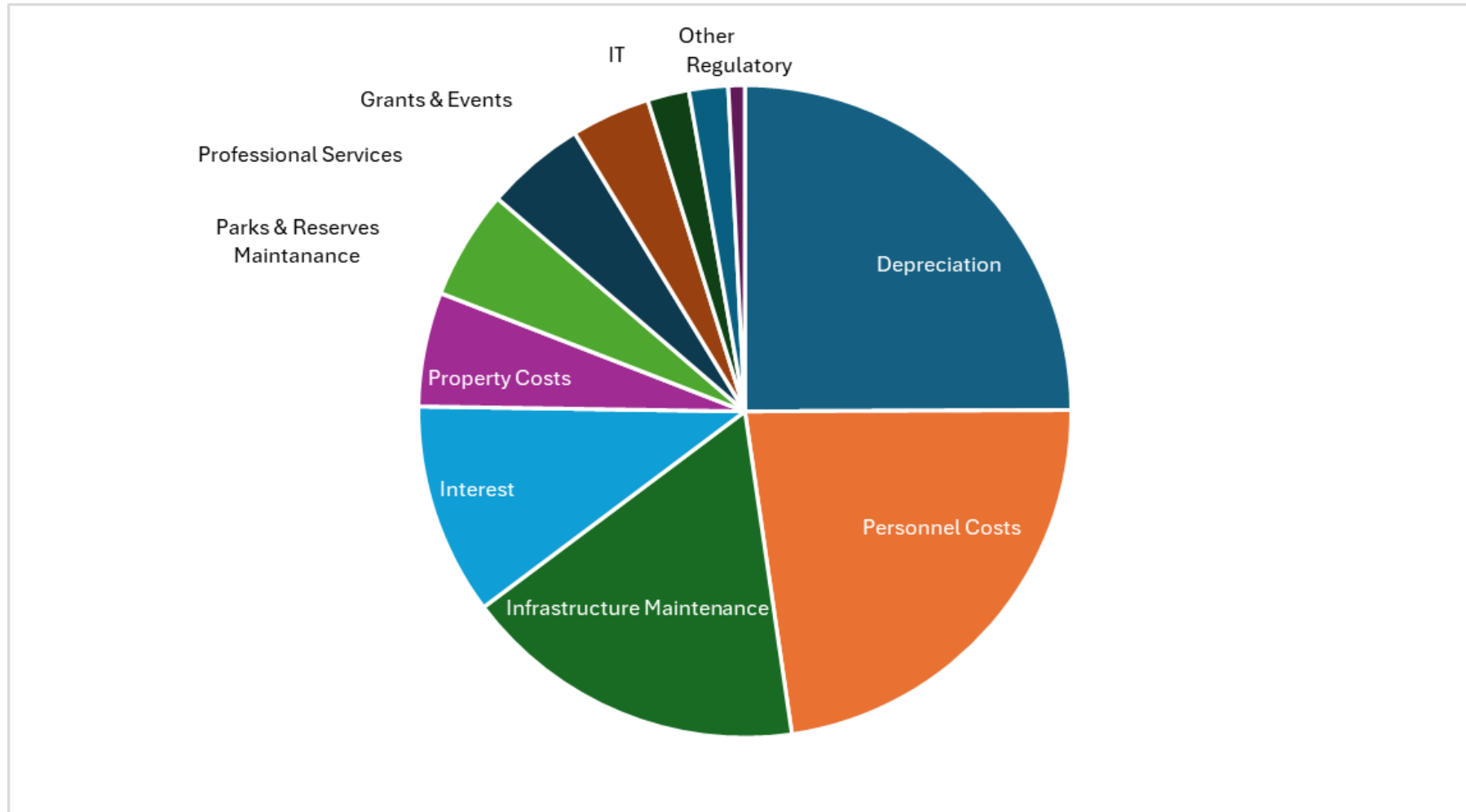
Professional Services – Reduction in professional services budget



Additional Revenue – Revenue activities have increased as previously vacant staff positions are now filled, enabling more effective execution of functions and improved service delivery.

Current Opex

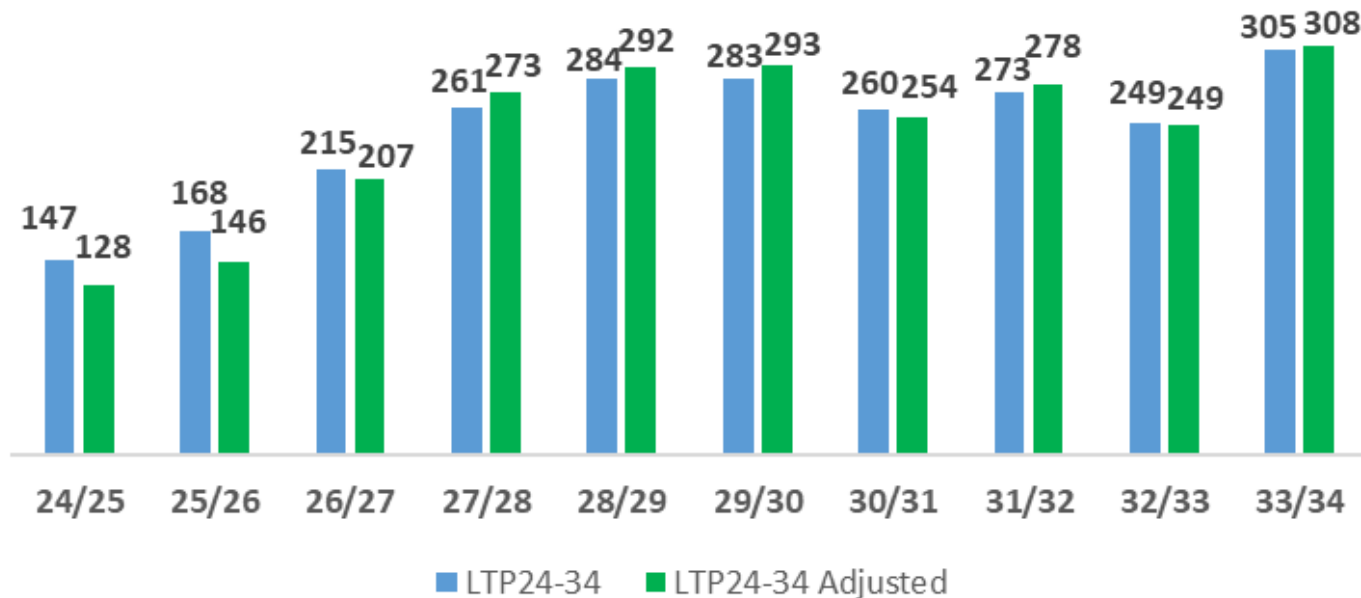
Budget Option 2



Approx \$1.8M of operating costs equates to 1% rates impact

Capex LTP 2024-34 vs Adjusted

Capex Budgets LTP vs Adjusted
(\$'s Inflated to Funding Year)



- > Proposed adjusted 26/27 budget includes reduction from \$215M to \$207M
- > The proposed adjusted Inflated LTP has reduced by \$15M vs the original LTP
- > Note the adjusted LTP includes \$21M of carry forwards from 23/24, offset with reductions identified in key projects

Budgets Inflated to Funding Year	Total 10YP Budget	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
LTP24-34	2,444	147	168	215	261	284	283	260	273	249	305
LTP24-34 Adjusted	2,429	128	146	207	273	292	293	254	278	249	308
Change	-15	-18	-22	-7	12	8	10	-5	6	-1	3

Capex Funding

- > Capex funding is categorised into Growth, Renewal and Levels of Service 'Cost Drivers'

Inflated to 26/27 \$M's	Cost Drivers		
2026/27 Draft Budget	Growth	Renewal	Levels of Service
\$ 207.5	\$ 79.1	\$ 57.3	\$ 71.1
100%	38%	28%	34%

- > Growth capex is funded from Development Contribution Reserves (DC's) or specific DC loans (so generally no impact to rates)
- > Renewals capex is generally funded from the Depreciation Reserve if available or a combination with loans.
- > Levels of Service (LoS) capex is funded from loans. For example In 26/27 the interest portion on \$71.1M at 4% (with an average for the 26/27 full year of 50% spent) would be circa \$1.4M in 26/27 charged to rates via interest. If the full \$71.3M was spent by the year end, the following year 27/28 would see interest at 4% being circa \$2.8M (plus a principle repayment if 30 years of circa \$2.3M).
 - Example of \$10M reduction in LoS funded projects. 26/27 - Interest (▼\$0.2M), 27/28 Interest/Principle (▼\$0.7M)

Focus areas to achieve target for Budget Option 3

- > To achieve the LTP Year 3 forecasted average rates increase of 11.6%, we will explore the following areas:

Immediate
opportunity

Depreciation

Rate at which this is funded

Growth Assumption

Loans

Revenue (excl rates)

- Review of 'no change' 26/27 proposed fees and charges
- Development Contributions - inflationary adjustment

Policy and Level
of Service Drivers

Levels of Service

Revenue (excl rates) *Policy reviews required*

- Revenue and Financing Policy settings for fees and charges
- Development Contributions Policy changes

Depreciation - Reducing Funded Depreciation

AP 26/27 Depreciation = \$70m (\$36.4m (52%) Funded via rates and \$33.6m (48%) Unfunded)

Short Term Benefit

- > Reduced operating expenditure (less funding available for renewals).
- > Lower rates requirement for the year due to decreased funding of depreciation.
- > Creates short-term affordability relief for ratepayers.

Risks & Long-Term Consequences

- > Future rates pressure as council may need:
 - Higher renewal funding budgets later to catch up, or
 - Larger future rate increases to restore adequate depreciation funding.
- > The % gap accumulates every single year. Over the years, this creates a funding shortfall.

Depreciation \$M	Funded \$M	Unfunded \$M	Funded %	Rates Saving \$M
\$70.0	\$36.4	\$33.6	52%	
\$70.0	\$34.4	\$35.6	49%	\$2.0
\$70.0	\$32.4	\$37.6	46%	\$4.0
\$70.0	\$30.4	\$39.6	43%	\$6.0
\$70.0	\$28.4	\$41.6	41%	\$8.0
\$70.0	\$26.4	\$43.6	38%	\$10.0
\$70.0	\$24.4	\$45.6	35%	\$12.0

This is not a saving in actual costs. The assets (pipes, roads) still wear out at the same rate. We are simply saving less cash to replace them.

Growth - Higher than expected population growth

Growth running at 4.4% instead of the 3.5% assumed in the LTP expands the rating base, improving short-term affordability and financial capacity. (4.4% Based on Prior Year)

0.9% approx. additional 300 Dwelling @ \$3,000 = \$900,000

Financial Benefits

- > Reduces pressure on existing ratepayers because fixed costs (core services, governance, infrastructure maintenance) are shared more widely.

Financial Implications

- > Higher demand for services (water, transport, waste, community facilities).
- > Increased operating costs due to more users and higher service volumes.
- > Renewal and maintenance costs rise earlier than planned.

Loans -Impact of Extending Council Loan term

Short-Term = Rates Go Down (Extending loans lowers current-year costs and helps minimise immediate rates increases)

- > Lower annual debt repayment reduces council operating costs
- > This directly reduces the amount needed from rates
- > Creates short-term affordability relief for ratepayers

Long-Term = Rates Pressure Increases

- > Total interest paid increases over the life of the loan
- > Higher lifetime debt cost → future rates increases
- > Future councils face:
 - Larger debt servicing costs
 - Less flexibility for new borrowing
 - Potential credit rating impacts

Loan Repayments funded via Ratepayers or Dividends AP 26/27 \$45m

- > Council Activities (Excluding Three Waters) \$25.1m
- > Three Waters \$7.2m
- > QLDC Dividend \$12.7m
- > (eg \$12m being paid of Weather Tightness Loan funded \$8m via ratepayers & \$4m from QAC Dividend)

Development contributions

- > Development contributions revenue funds growth related capex (cost recovery)
- > Per QLDC Development Contributions Policy
 - Section 1.4.4 - may update this policy annually
- > **Proposed charge** - add annual inflation in line with the Producers Price Index (PPI) outputs for construction, permitted by sections 106 (2B) and (2C) of the LGA 2002
- > Creates a revised version of the Policy for the year in question
- > PPI is expected to provide an approx. \$500K additional revenue at 2% PPI
- > This information will be provided as part of the consultation

While Central Government works on replacing Development Contributions with Development Levies over the coming year(s), we are still able to make changes to our current Development Contributions Policy as set out here to ensure better value for our communities

Proposed Fees & Charges

- > Proposed fee changes are based on our commitment to annually make modest adjustments aligned to inflation to avoid the need for larger increases developing over time
- > Consultation is mandatory when proposing changes to many types of user fees
- > CPI increase for Fees & Charges in line with BERL projections as follows:

Community	2.10%
Planning & Regulation	2.20%
Roading	2.20%
Water & Environment	2.70%
- > Some exceptions:
 - No increases in Cemetery Fees; Trade Waste Fees; some Fees & Charges in Libraries and Sports & Rec
 - Wānaka Airport – Fee adjustment in accordance with independent market assessment and benchmarking
 - Church St Carpark – proposed fee reflects being most centrally located carpark in the Queenstown CBD
- > Refer to Appendix for full list of proposed Fees & Charges

Proposed Fees and Charges – New Fees

Sports and Recreation – (page 4)

- Climbing Wall Casual Climbing Gear Hire
- Frankton Golf Course - 5 new renewing member fees

Libraries – (page 17)

- 3D Printing

Transfer Station – (page 18)

- Scrap metal – loads heavier than 200kg

Parking – (page 20)

- Hay St Parking

Other Fees – (page 30)

- Alcohol Licensing – Public Notifications (estimate)
- Parking and Freedom Camping – 5 new fees
- Monitoring and Enforcement – Stereo Seizure release fee and Seizures from Public Space

Next steps

> Annual Plan 2026-27 Consultation Document

> This can be (and has been) a vehicle for Fees and Charges consultation which must be formally undertaken.

> We can use this process to help clearly explain:

1. The LTP pre-consultation;
2. The financial constraints;
3. Project progress on the big-ticket items;
4. Progress on the WSCCO and how the new rates will work;
5. How rates affordability (capping) will work and what it might mean;
6. The spend by ward, what is in the AP and potentially what is not; and,
7. We can also signpost coming legislation around reform and potential impact.

> Or we can choose to do the fees and charges as a stand-alone consult and NOT undertake AP consultation/education/information.

Consultation and Engagement

> Annual Plan 2026-27 Consultation Document

- > Recommendation is to go ahead because the AP and LTP do get strong levels of engagement and it's a good opportunity to 'update' the community on a number of moving parts. Thoughts?
- > If we choose to proceed we can talk more about the potential content of the CD at the January 29 meeting and share a draft for comment in February.
- > Annual Plan consultation is planned to take place from 20 March – 23 April. Hearings and Deliberations scheduled for 13-15 May.

WUCCB Term Priorities

> Report going into 16 December WUCCB meeting, recommending these for Council consideration

> Work underway with WUCCB to inform potential funding

WUCCB Proposed Priorities for their 2025/2028 Term

A list of the potential projects is as follows

- Lakefront and Town Centre Development & Wānaka Lakefront Development Plan
- Wānaka – Upper Clutha Sports Fields
- Shared Paths and Active Transport
- Wānaka Performing Arts Centre
- Timisfield Park

Other Priorities for WUCCB

- Community Communication and Engagement
- Public transport
- Wānaka Asset Sales Reserve
- Water Quality
- Wānaka Airport Future Review
- Parking Management Strategy

What's next?

> **29 January: Councillor Workshop**

- > Coming back with Budget Option 3 to achieve LTP Year 3 target of 11.6% average rates increase

> **26 February: Councillor workshop (if required)**

- > A further opportunity for discussion during development of Annual Plan 2026-27

> **19 March: Full Council meeting**

- > Adopt the Consultation Document