

ANNUAL PLAN SUMMARY

2010/11

THE YEAR AHEAD



choice

HAVE YOUR SAY

WHAT HAS
CHANGED?

WHAT IS
THE COST?

FROM THE MAYOR AND CEO

On 13 April the Council adopted the Draft Annual Plan. It delivers greater value for money to our ratepayers and the wider communities.

The plan sets out priorities for 2010/11 in the context of our 10-Year Community Plan. Since the adoption of the 10-Year-Plan, last year, the Council has worked to make improvements and keep promises.

The Annual Plan is the Council's opportunity to outline key changes to the 10-Year-Plan and how those changes affect our ratepayers in the coming year.

Please read this summary and have your say. We look forward to your feedback.

Clive Geddes

Debra Lawson

10-YEAR-PLAN 2009-2019

When a 10-Year Community Plan is adopted, forecasting and assumptions must be made for the years ahead. The 10-Year-Plan continues to be the guiding document for the Council until it is reviewed in 2012. Before then, the Annual Plan process allows those assumptions and forecasts to be checked and where necessary amended in 2010/11 and 2011/12.

A key issue in last year's 10-Year-Plan was affordability for the ratepayer. The 10-Year-Plan identified that in the last six years of the plan, debt levels were not affordable. It forecast a debt level of \$413 million by the year 2019.

The 10-Year-Plan said a review of the capital programme would be undertaken. That work is now one year on and the process will continue beyond adoption of this Draft Annual Plan as the Council addresses affordability into the future.



DRAFT

WHAT WAS THE STARTING POINT?

The Council's budgets for this year started with the budget set down for 2010/11 in the 10-Year-Plan.

That projected an average rate increase of 8.51%.

WHAT WE KNOW NOW THAT WE DIDN'T KNOW THEN

There are several costs in 2010/11 which together have a negative impact on affordability to the ratepayer. These issues were not provided for in the 10-Year-Plan:

1. Reduced solid waste (rubbish) leading to a drop in revenue (\$502,000).
2. Understanding the true cost of Lakes Leisure programmes and activities (\$356,000).
3. Increased legal costs and insurance in the regulatory area (\$552,000).
4. The cost of looking after new reserves transferred to Council ownership (\$211,000).

Read more about these four issues under 'What has changed from last year?'.

Each of them has a direct impact on rates. The total impact of these amounts is \$1.62 million. If this amount was added to the projected average rate increase, the average rate increase would be 11.90%. This was clearly an unacceptable position given the tough wider economic conditions.



ANNUAL PLAN

WHAT DID WE DO ABOUT IT?

Council officers were asked to produce budgets for 2010/11 with an emphasis on prioritisation of projects and value for money for ratepayers.

It involved a tough look at both operating and capital expenditure. The difficulty was trying to balance affordability with existing and expected levels of service.

The outcome of that process was:

- Rate funded operating costs (cost of keeping things going) have been reduced by \$1.07 million across the board.
- The capital expenditure (new projects) budget has decreased by \$10.94 million (16.0%) from \$68.4 million down to \$57.5 million. Infrastructure projects have decreased by \$6.08 million (23.9%). This is because we have 'put off' some Queenstown wastewater and stormwater projects.
- The property activity shows a reduction of \$3.34 million which is also about 'putting off' projects to develop Council land. These projects will be deferred until market conditions improve. The community capital programme (playgrounds, toilets etc) has also been significantly reduced from \$9.03 million down to \$7.13 million (down 21.1%).
- As a result of the changes in the capital budgets, interest costs have reduced by \$308,000 and capital funding from rates has reduced by \$512,000.

HOW HAS THIS AFFECTED THE RATES?

The rating effect of the revised budget for 2010/11 is an average overall rates increase of 7.95% (after allowing for growth). This is around 0.6% less than the 10-Year-Plan forecast of 8.51%. In the circumstances, this is likely to be the best result we can achieve.

CAN WE DO EVEN BETTER?

The submission process is a chance to hear what our communities say we should or shouldn't do. There may be an opportunity to further reduce the impact on rates through the submission process.

Timeline 2010

DRAFT PLAN ADOPTED	13 APRIL
SUBMISSIONS OPEN	17 APRIL
SUBMISSIONS CLOSE	17 MAY
SUBMISSIONS HEARD	3&4 JUNE
PLAN ADOPTED	29 JUNE



WHAT HAS CHANGED FROM LAST YEAR?

1. Rubbish – the cost of less

The combination of rubbish reduction incentives together with the 'buy in' for recycling in the community has resulted in a decrease of solid waste to landfill from an estimated 32,487 tonnes to 23,000 tonnes. It's the single largest annual waste reduction since the landfill was built in 1999 and has added between 4-6 months of life to the landfill. It also means that revenue has dropped to a level that does not cover the costs (which includes 50% of recycling costs). If Council covers this cost by putting up the price of getting rid of rubbish it creates two risks.

The risk is that the cost will lead to:

- Illegal dumping in our special environment.
- Disposal of waste outside of the district (that would in turn mean even less income from rubbish to help pay for recycling).

In order to deal with these risks, Council is proposing the following:

- Hold the landfill levy at \$36 per tonne for the 2010/11 year.
- Reduce solid waste operational expenditure for 2010/11 to reflect lower than expected waste volumes.
- Agree changes to the current contractual position with Otago Southland Waste Services to provide greater efficiency in the collection service.
- Increase the Waste Management Charge from \$140 to around

\$165 for a residential property.

This was not anticipated in the 10-Year-Plan and the additional rates required of \$502,190 account for just over 1% of the average rates increase of 7.95%.

2. Lakes Leisure Funding

Lakes Leisure is a 'not-for-profit' company that operates and maintains the major recreational assets owned by the Council, like the Queenstown Events Centre; Alpine Aqualand; the Lake Wanaka Centre; the Wanaka and Arrowtown Community Pools; the Memorial Hall and Arrowtown Hall as well as most of the sports fields in the district.

Council provides funding to Lakes Leisure to cover the shortfall in the cost of operating and maintaining these facilities for the community. It is the cost that is not recovered from user charges. Lakes Leisure has now had a full year of trading, which means the costs can be understood properly for the first time. The budget provided in the 10-Year-Plan for 2010/11 underestimated the costs. The overall increase in funding for 2010/11 when compared to 2009/10 is \$432,000.

Some of the key things that contributed to this:

- Reduced revenue from aquatics (partly attributable to the end of the 'honeymoon' period).

DO YOU AGREE WITH FUTURE PROOFING THE LIBRARY ?

- Continuing issues with the hydro-slide (the fast slide is closed). Income from events is also likely to be lower than anticipated which reflects wider economic conditions.

The new gym is debt funded and it is intended that it will fully cover its costs.

The budgets for this year were reviewed with the following 10-Year-Plan funded projects revisited and included in the Draft Annual Plan:

- Additional Parking \$350,000.
- Resurfacing Stadium Floors \$95,000.
- Improvements to Lighting in Events Centre \$27,000.
- Improvements to Lake Wanaka Centre (fire safety) \$24,000.

The Council regards these improvements essential for Lakes Leisure to continue delivering service to our communities.

3. Regulatory Legal and Insurance Costs

The legal cost to the community of resource consents, District Plan and building control has increased by \$300,000 on the cost last year.

Insurance costs in relation to the leaky homes issue are set to rise. Council has cover for the three outstanding claims but the excess amount of \$50,000 per claim will need to be provided for.

In addition to this, Council has now been required to pay into the local government insurance mutual (RiskPool) \$102,000. This was not known about when the 10-Year-Plan budgets were set.

4. Reserve Maintenance Costs

From time to time, areas of new reserve land are transferred to the community because of new development (i.e. subdivisions) or because of an agreement with the Department of Conservation. These new areas of reserve need to be looked after and that comes at a cost. More land was transferred than expected in the past 18-months.

The benefit to the community is more places to enjoy and play. The price is an increase of around \$211,000.

5. Queenstown Library – future proofing

Future proofing the Queenstown library and finding an affordable solution to housing the Council's staff is an issue that needs to be addressed. Queenstown Library continues to grow and is now a key community space.

The library currently occupies approximately 700 square metres of space on the ground floor of the Council building in Gorge Road. There is little room for expansion. The other thing to think about is that Council staff are in five different leased buildings, which is not ideal.

Any plan to solve these issues needs to achieve two outcomes. A new library must give improved service to the community and the cost of any proposal must be minimal to the ratepayer.



PARKING - also proposed, an exemption from fees for all mobility permit holders, would allow parking anywhere, anytime for free.



The building opposite Memorial Hall and previously occupied by Pulse Gym is now vacant and the owner is prepared to completely renovate the building to house the library.

The building is adjacent to Horne Creek and has a north facing outlook. It is over three floors and a total of 1100 square metres with pedestrian access off Shotover Street and Memorial Street. This means we can have a dedicated children's library, a lending library, an archival area and community meeting space. Take a look at the plans at Queenstown library or on the website www.qldc.govt.nz. The lease would include six car parks on Memorial Street with further public parking available at various locations close by. The proposal would allow Council staff to move into the current library space.

The funding of this proposal would add 0.2% on the rates. More financial detail is in the Draft Annual Plan.

If the proposal is adopted, the relocated library could be operating before the end of this year.

6. Motor Camps

The Glendhu Bay Motor Camp will receive a much needed upgrade. A budget of \$2.5 million was provided in the 10-Year-Plan. The biggest cost is the upgrade to the water supply and wastewater systems (\$1.87 million). This must be done so that this iconic camp can stay open. The balance of funds is required to upgrade facilities in line with the original 'Kiwi Camp' concept. The camp lease ended in April and the camp is now being managed by the Council.

The current lease at the Wanaka Motor Camp also expires in August, at which time the Council will take over its management. At this point, there is a considerable amount of uncertainty surrounding the long-term future of the camp. Council has looked into an upgrade but any large scale redevelopment is not viable.

At this stage the Council will operate the park 'as is' for the next

two summers until final decisions about the camp are made.

Budgets for the operation of both camps have been developed and are now included in the Draft Annual Plan for 2010/11. This increases revenue and cost within the property activity. The effect is an overall increase of \$250,000 net surplus available to offset rates.

7. Parking

A proposal for improved parking for Queenstown shoppers and short-stay parkers has been included in this Draft Annual Plan.

The aim of the proposal is to enhance access to the Queenstown Central Business District. This is in line with the Council's long term Transportation Strategy.

It is proposed that on Ballarat Street charges would increase by fifty cents an hour to \$1 an hour (with no cap) and for Boundary Street a new charge would be introduced of fifty cents an hour (with a cap of \$2.50 per day). The proposal affects 281 long-stay parks. Also proposed, an exemption from fees for all mobility permit holders, would allow parking anywhere, anytime for free.

Any change needs good alternative travel choices for the community and in particular CBD commuters. These pricing options can only be introduced together with improved travel options for those people that work in the CBD, including carpool incentives and improved bus services.

The change will be timed to coincide with the planned introduction by July this year of improved bus services by the Otago Regional Council and bus operator Connectabus. This includes an express Arrowtown service and services to Kelvin Heights and Arthur's Point. Also proposed by QLDC is the development of secure bicycle parking, and discounted carpooling parking spaces.

This proposal will also help improve parking debt. Through the acquisition of the Boundary Street carpark in the 1990s and the construction of the Church Street underground carpark, the level of debt for parking activities sits at \$1.1 million.

8. District Plan Review

The Council has made savings of \$196,000 in the District Plan area through reduced research, legal fees and consultant use. It has also agreed to move from its current programme consisting 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 means the plan will be improved and simplified. The Council will be continuing to deliver a number of plan changes (14) in the 2010/11 year.

The most important plan changes involve the rezoning of major 'greenfield' areas of Frankton Flats in the Wakatipu Basin and Three Parks at Wanaka.

The Urban Growth Boundary Plan Changes will also be significant, as is the work around the Town Centres for Queenstown and Wanaka. Other plan changes include: Affordable Housing, Wanaka Airport, Kingston, Arrowtown Boundary and Wanaka Industrial Zone. A total budget of \$1.79 million has been included in the Draft Annual Plan for this activity.

9. Event Strategy

The Council would like feedback on removing funding for the Event Strategy (\$50,000).

This does not mean Council does not support events in our district. It considered that the Council already gives support to events, without extra cost to the ratepayer. Iconic events have demonstrated they can continue to succeed without additional ratepayer funds.

10. Community Grants

Another budget saving has been found in the area of community grants. In previous years smaller communities could apply for funding for projects up to \$5,000 per annum.

The budget of \$50,000 has been cut to \$10,000 to allow for application for funding of no more than \$1,000 per association.

Other, more sizable projects can be covered through the submission process.

11. Aspiring Arts Trust

Funding for the Aspiring Arts Trust for this year will be dropped from the Draft Annual Plan.

The trust, which receives \$50,000 annually to allocate to works of public art in the district has sufficient funds to continue to invest in public art works in the 2010/11 year.

***ICONIC EVENTS
have demonstrated they can
continue to succeed without
additional ratepayer funds.***





KEY PROJECTS ONGOING IN 2010/11

Council is continuing to deliver on projects approved in Year 2 of the 10-Year-Plan including:

1. COMMUNITY HIGHLIGHTS

New Fire Truck

A new fire appliance for Kingston has been included for \$100,000. The Council has also put \$50,000 towards a new emergency building, which has now received Community Trust of Southland funding to ensure its construction.

New Toilets

The Earnslaw Park Toilet replacement is well overdue. The existing, aging toilets are proving difficult to clean and maintain to acceptable standards. Funding of \$550,000 is in the 10-Year-Plan.

Wetland Work

Critical work around the restoration of essential wetland areas at Matakauri Reserve and Albert Town will be undertaken. Funding of \$25,000 is included.

Improved lighting of the Queenstown Gardens and Earnslaw Park at a cost of \$80,000 is included.

Cycleway

The National Cycleway project has funding of \$100,000 in the 10-Year-Plan with the main focus for 2010/11, being the Arrowtown to Gibbston route.

Wanaka Sports Facilities

The Council resolved in February to further investigate a greenfield site. Funding for a sports facility and fields was allocated in the 10-Year-Plan in 2009.

The 10-Year-Plan had \$10.6 million to build the sports facility with a further \$350,000 to upgrade the Wanaka Pool, which will commence in June, this year.

If the location of the sports facility can be agreed within the next few months, it could be built by 2013.

2. INFRASTRUCTURE HIGHLIGHTS

Roading

A significant investment in roading will be made and the following projects undertaken:

- Ardmore/Brownston Street intersection; reconfiguration of the intersection at a cost of \$1.09 million.
- Gorge Road urban section - Henry Street to the edge of town. Road pavement reconstructed and resurfaced at a cost of \$1.18 million.
- Lake Esplanade from Lake Street to One Mile Roundabout. Road pavement reconstructed and resurfaced at a cost of \$945,000.
- Malaghans Road - a section joining the site constructed in April 2010; road pavement reconstructed and resurfaced at a cost of \$516,000.
- Adamson Drive road pavement reconstructed and resurfaced at a cost of \$776,000.
- Crown Range Road - sections above the Eastbourne Gates. Road pavement reconstructed and resurfaced at a cost of \$1.24 million.
- Glenda Drive - finally the Council and the New Zealand Transport Agency are in the advanced stages of planning for the improvement of access to Glenda Drive. This project will address long standing safety concerns at the existing intersection and provide for increasing traffic that will come with the expected development of the area. NZTA proposes to build a new roundabout on the state highway while the Council is responsible for the local roads that will link the new roundabout with Glenda Drive. The 10-Year-Plan makes provision for Council's contribution to the cost of this roading.

Project Shotover

The 'waste water to land' disposal project for the Wakatipu Basin, Project Shotover, is awaiting the outcome of Environment Court appeal on its consents.

Meanwhile it is expected that procurement of professional services, shortlisting of contractors for a Design Build Operate (DBO) contract and the advertising of tender documents for the construction of the project will happen in the 2010/11 year. Funding of \$998,772 is in the 10-Year-Plan (total cost \$41 million).

THE COST

Rates

As outlined, the revised budget in the Draft Annual Plan would mean an average overall rates increase of 7.95%, 0.6% lower than forecast. This figure is an average, with rate increases ranging from 3.31% to 11.17%.

The percentage increase is only relative to what is already being paid by each community. An increase for one community may be a greater percentile but in monetary terms it could be less than another community.

Therefore percentages are not comparable from community to community. The increase does not impact evenly over the district but is dependent on services received.

What do rates pay for?

Targeted Rates

These rates are applied through: the recreation charge; the roading rate; the governance charge; aquatic centre charge (Wakatipu); stormwater rate; tourism promotion rate; waste management charge; water supply rate; and sewerage rate and are applied to the services you receive and where you live.

General Rate

This rate covers things like walkways and reserves, public toilets, emergency services and Council management and is applied to all ratepayers.

Uniform Annual General Charge

This charge covers things like cemeteries, community development, health, enforcement and waterways control and is also applied to all ratepayers.

How have the rates changed in Year 2 of the 10-Year-Plan?

The changes have led to an overall decrease in forecast rates of 0.6%.

The main changes are:

- Uniform Annual General Charge has decreased by \$2 per property from \$66 to \$64.
- Waste Management Charge has increased by \$25 per residential property from \$140 to \$165.
- Waste Management Charge has increased by \$12 per non residential property from \$103 to \$115.
- Aquatic Centre Charge (Wakatipu only) has increased by \$19 per property to \$91.
- Recreation Charge has increased by \$18 per property to \$269.
- Governance Charge has decreased by \$2 per property from \$126 to \$124.
- Increases for some targeted rates for Water Supply and Wastewater as result of increases in depreciation, interest and the utilities maintenance contract.

Water supply per annum	Existing	Proposed
Queenstown	\$180	\$210
Wanaka	\$180	\$160
Arrowtown	\$150	\$160
Glenorchy	\$580	\$580
Hawea	\$280	\$280
Arthurs Point	\$580	\$580
Lake Hayes	\$440	\$480
Luggate	\$390	\$430

Sewerage per annum	Existing	Proposed
Queenstown	\$270	\$280
Wanaka	\$520	\$520
Arrowtown	\$340	\$340
Hawea	\$480	\$500
Arthurs Point	\$500	\$500
Lake Hayes	\$360	\$380
Luggate	\$450	\$480

How are you affected?

The following table shows the indicative impact by location and land use:

RATE SAMPLE 2010/11

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 10/11

Property Type	CV	Location	% Movement	\$ Movement
Residential	\$691,200	Queenstown	10.94%	\$216.48
Commercial	\$1,287,600	Queenstown	8.01%	\$433.84
Accommodation	\$1,287,600	Queenstown	7.88%	\$557.60
M/U Accommodation	\$831,600	Queenstown	10.12%	\$276.37
Vacant	\$432,000	Queenstown	9.93%	\$155.33
M/U Commercial	\$831,600	Queenstown	10.13%	\$264.84
Residential	\$583,200	Wanaka	4.20%	\$88.71
Commercial	\$777,000	Wanaka	4.31%	\$163.89
Accommodation	\$777,000	Wanaka	3.86%	\$209.11
M/U Accommodation	\$648,000	Wanaka	4.55%	\$119.44
Primary Industry	\$3,597,000	Wanaka	10.43%	\$343.67
Country Dwelling	\$1,187,200	Wanaka	11.17%	\$186.37
Vacant	\$324,000	Wanaka	4.23%	\$64.02
M/U Commercial	\$648,000	Wanaka	4.35%	\$109.81
Residential	\$507,600	Arrowtown	7.30%	\$133.55
Commercial	\$1,221,000	Arrowtown	5.74%	\$314.04
Accommodation	\$1,221,000	Arrowtown	5.26%	\$385.40
M/U Accommodation	\$680,400	Arrowtown	7.03%	\$179.93
Vacant	\$270,000	Arrowtown	7.66%	\$102.08
M/U Commercial	\$680,400	Arrowtown	6.93%	\$170.49
Primary Industry	\$2,943,000	Wakatipu	11.07%	\$297.97
Country Dwelling	\$1,534,400	Wakatipu	10.49%	\$205.98
Residential	\$496,800	Glenorchy	6.79%	\$117.83
Residential	\$324,000	Albert Town	3.31%	\$57.73
Residential	\$399,600	Hawea	6.02%	\$108.22
Residential	\$496,800	Kingston	10.19%	\$117.83
Residential	\$540,000	Arthurs Point	5.40%	\$123.03



HAVE YOUR SAY

FEEDBACK

We want your feedback

Your feedback will become a submission to the Draft Annual Plan.

All submissions will be considered by all elected members before the Annual Plan is adopted.

It is important that you have your say!

How can I find out more?

More detailed financial information on the Draft Annual Plan is available at Council offices, libraries and on the Council website www.qldc.govt.nz



Name:

Postal address:

Contact number:

I wish to speak in support of my submission at the hearings YES NO

My submission is about the following subject or subjects:

Comments:

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