

Item 1: Long Term Plan Steering Group 14

SESSION TYPE: Workshop

PURPOSE/DESIRED OUTCOME:

The workshop will cover the Revenue and Financing Policy review step 3 rates modelling results, Financial Strategy, and proposed updates to the Significance and Engagement Policy.

Councillors are asked to consider the information provided, test the proposed approaches and principles, and provide feedback to inform the next stage of Long Term Plan development.

Revenue and Financing Policy review step 3: rates modelling results and feedback

- The purpose of this item is to present high level rates modelling results and feedback for the Revenue and Financing Policy review.
- Councillors will be asked to consider the results, test the proposed approach and provide feedback to inform the next stage of the review.

Financial Strategy

- The purpose of this item is to present the developing Financial Strategy
- Councillor feedback will be sought on the proposed strategic approach to guide further development.

Significance and Engagement Policy – proposed updates

- The purpose of this item is to present proposed updates to the Significance and Engagement Policy.
- Councillor feedback will be sought to inform refinement of the proposed updates.

DATE/START TIME:

Tuesday 13 October 2026, 10:00am

TIME BREAKDOWN:

Presentation: 3 hours

Discussion and questions: 3 hours

PRESENTERS:

Revenue and Financing Policy review step 3: rates modelling results and feedback

Katherine Harbrow - General Manager Assurance, Finance & Risk
Tanea Hawkins - Finance Director
Vanessa Fauth- Financial Controller
Philip Jones - Rating Consultant (PJ & Associates)

Financial Strategy

Katherine Harbrow - General Manager Assurance, Finance & Risk
Tanea Hawkins - Finance Director
Vanessa Fauth- Financial Controller

Significance and Engagement Policy – proposed updates

Meaghan Miller - Corporate Services General Manager
Rebecca Pitts – Democracy Services Director

PUBLIC EXCLUDED:

It is recommended that part of the Revenue and Financing Policy review subject matter is discussed while the public is excluded. This recommendation is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

Section and Grounds	Reason for this recommendation
7(2)(h) to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	This is relevant as discussion and some slides in the presentation include commercially sensitive potential future rates changes for all property types across the District, based on a range of variables that have not yet been confirmed through Councillor direction – which is being sought in this meeting. This will enable the presentation of final draft proposed alternative rates models and data that can be publicly released and formally consulted with the community in early 2027 as part of Long Term Plan consultation.

Conditions under which publicly excluded material will be proactively released:	Redactions that will be required:
Release would be considered once final draft proposed alternative rates are produced for Councillor consideration at the 19 November LTP Steering Group, which is intended to be held in public.	7(2)(h) to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities

Prepared by:



Name: Ian Dunbar
Title: Organisation Performance Manager

2 October 2026

Reviewed and Authorised by:



Name: Meaghan Miller
Title: Corporate Services General Manager

2 October 2026

ATTACHMENTS:

A	LTP27 Steering Group 14 Presentation <i>Public version excludes Public Excluded slides</i>
B	Draft proposed Financial Strategy (without numbers)
C	Draft proposed Significance and Engagement Policy – Assessing Significance
D	Draft proposed Significance and Engagement Policy – Engagement Framework

Long Term Plan Council Steering Group

Workshop 14 – Refinement

13 October 2026

Agenda

Item	Owner	Time
1. Revenue and Financing Policy review step 3: rates modelling results and feedback	Philip / Vanessa	2hrs 10am-12pm
Lunch break	Rebecca	30mins 12-12:30pm
2. Revenue and Financing Policy review step 3: rates modelling results and feedback continued	Philip / Vanessa	2hrs 12:30-2:30pm
3. Financial Strategy and draft key financial metrics	Vanessa	1hr 2:30-3:30pm
4. Significance and Engagement Policy – proposed updates	Rebecca	55mins 3:30-4:25pm
5. Steering Group work programme	Ian	5mins 4:25-4:30pm

Revenue and Financing Policy review Step 3

1

Confirm the proposed groupings

Agree the rating groups to be used as the basis for differentials.

2

Provide options

- General rate differentials
- Targeted rates and potential differentials
- Value of the UAGC

Existing rates and values

Existing	Total	Residential	Accommodation	Utilities	Commercial	Rural	Other
Capital value	74,128,440,000	50,663,510,000	9,529,395,000	1,421,577,000	9,901,088,000	2,004,723,500	608,146,500
SUIPs	36,643	27,425	4,985	51	3,643	319	220
General Rate	392,340	267,888	54,746	3,584	51,057	12,056	3,008
Aquatic Centre	7,465,249	6,496,882	566,452	3,277	283,355	79,304	35,979
CBD Transport	783,713	63,429	404,791	13	313,954	-	1,527
Governance	15,672,302	10,761,551	2,251,517	156,092	2,125,366	327,279	50,497
Governance & Regulatory	8,070,647	5,387,967	1,283,610	12,959	1,220,509	123,896	41,706
Recreation	24,514,400	12,805,980	8,560,921	208,041	2,759,429	128,648	51,380
Recreation & Events	6,128,599	3,486,220	2,091,170	4,906	491,293	34,782	20,228
Regulatory	16,610,289	11,294,294	2,435,663	172,555	2,311,310	343,473	52,996
Roading	28,605,511	14,024,193	8,177,575	96,517	5,805,915	424,558	76,753
Sports Halls & Libraries	20,029,605	17,429,311	1,538,314	8,644	743,492	208,779	101,065
Tourism Promotion	7,821,976	62,936	3,566,086	191,091	4,001,862	-	-
UAGC	9,811,883	7,344,083	1,334,923	13,657	975,551	85,424	58,244
Waste	12,344,697	9,783,482	1,443,120	11,716	904,172	126,859	75,348
Total rates	158,251,209	99,208,216	33,708,887	883,053	21,987,266	1,895,057	568,731
Percentage of total rates		62.7%	21.3%	0.6%	13.9%	1.2%	0.4%
Percentage of capital value		68.3%	12.9%	1.9%	13.4%	2.7%	0.8%
Percentage of SUIPs		74.8%	13.6%	0.1%	9.9%	0.9%	0.6%
Other rates							
Sewerage	34,970,663						
Stormwater	13,452,284						
Water	23,511,574						
	230,185,730						

Updated rates and values

	Total	Residential	Accommodation	Utilities	Commercial	Rural	Other
Capital Value	74,128,440,000	50,663,510,000	9,529,395,000	1,421,577,000	9,901,088,000	2,004,723,500	608,146,500
SUIPs	36,643	27,425	4,985	51	3,643	319	220
Economic Development	2,264,934	1,227,328	461,782	34,909	477,987	48,460	14,468
Emergency Weather Events	180,318	97,711	36,764	2,779	38,054	3,858	1,152
Event	1,790,680	970,338	365,089	27,600	377,901	38,313	11,438
Roading	17,633,534	9,401,638	3,666,889	292,999	3,801,072	355,520	115,415
Solid Waste	12,344,697	9,783,482	1,443,120	11,716	904,172	126,859	75,348
Tourism	8,233,658	170,924	4,221,626	349,352	3,411,075	4,906	75,774
UAGC	25,963,121	19,433,102	3,532,325	36,138	2,581,396	226,040	154,118
General Rates	89,840,269	51,133,828	17,072,330	1,247,084	17,579,392	2,281,600	526,035
Total Rates	158,251,211	92,218,352	30,799,925	2,002,579	29,171,049	3,085,558	973,748
Percentage of total rates		58.3%	19.5%	1.3%	18.4%	1.9%	0.6%
Percentage of CV		68.3%	12.9%	1.9%	13.4%	2.7%	0.8%
Percentage of SUIPs		74.8%	13.6%	0.1%	9.9%	0.9%	0.6%
Other rates							
Sewerage	34,970,663						
Stormwater	13,452,284						
Water	23,511,574						
	<u>230,185,732</u>						

1

Linked to the LGRA

Must be linked to the matters in Schedule 2 of the LGRA.

2

Linked to the policy rationale

Must be linked to the rationale in the Revenue & Financing Policy, either:

- The assessment of benefits — s101(3)(a) **and / or**
- The assessment of impacts on the community — s101(3)(b)

3

Must be

Transparent

Robust

Durable

Current Groups and proposed groups

Current

13 rating groups

- | | |
|----|----------------------------|
| 1 | Residential |
| 2 | Residence plus Flat |
| 3 | Hydro Electric/Utilities |
| 4 | Vacant Sections |
| 5 | Accommodation |
| 6 | CBD Accommodation |
| 7 | Commercial |
| 8 | CBD Commercial |
| 9 | Primary Industry |
| 10 | Country Dwelling |
| 11 | Country Dwelling plus Flat |
| 12 | Other |
| 13 | Mixed Use Apportioned |

Proposed

7 rating groups

- | | |
|---|--------------------------|
| 1 | Residential & Lifestyle |
| 2 | Commercial & industrial |
| 3 | Rural |
| 4 | Accommodation |
| 5 | Other |
| 6 | Hydro Electric/Utilities |
| 7 | <i>Vacant</i> |

Must be linked to the matters in Schedule 2 of the LGRA

Key options to consider

Use

Zone

Location

Rationale

What is your rationale for the selection of zones?

Proposed groups

Suggestions for consideration

1

Residential & Lifestyle

2

Commercial & industrial

3

Rural

4

Accommodation

5

Other

6

Hydro Electric/Utilities

7

Vacant

Two considerations require direction today

a

Benefit assessment — s101(3)(a)

There are activities where identified parts of the community benefit more than others.

b

Overall assessment — s101(3)(b)

There are activities with identified exacerbators that are best recovered by rates.

However, these do not require a precise assessment, nor an economic assessment

It is based on **Council's view** of who benefits and who creates the need.

General rate differential rationale

Benefit assessment — s101(3)(a)

The following activities have an assessment of either a group benefit or an exacerbator.

Activity	Individual	Groups	Community	Exacerbator	Rates required
Transport	30-40%	0%	20%	40-50%	\$29,389,224
Economic Diversification	10%	45%	45%	0%	\$4,118,063

Question: who are the Groups and who are the Exacerbators?

Benefit assessment — s101(3)(b)

Requires an assessment against "the overall impact of any allocation of liability for revenue needs on current and future communities".

Previously: the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community.

What this enables

Council can consider not just the pure allocation of benefits, but the wider implications of all the activities revenue requirements and the impact on the community, and modify if required.

In practice

- The effect an accumulation of identifiable ratepayers has on Council's overall expenditure, without identifying specific exacerbators or beneficiaries.
- Holiday-home and tourism areas where a group drives summer demand on toilets, carparks, reserves and refuse, and residents wear the congestion and crowding year after year.
- Both of these examples can and have been used to support differentials

Uniform annual general charge (UAGC) — how it works

Nature

- Considered as part of the general rate
- Can be a basket of activities, or used as a levelling tool
- Is regressive in nature

How it is set

- Set on all rateable land within the district, and can be:
- (a) a fixed amount per rating unit; or
- (b) a fixed amount per separately used or inhabited part of a rating unit.

Reason for the value must be

- Transparent — why the value was chosen
- Durable — not fluctuating year by year
- Can be a range relating to the 30% cap

The UAGC is a fixed charge — it applies equally regardless of property value, so it shifts rates share toward lower-valued properties, but benefits higher-valued properties.

Reminder of direction from previous meetings

General rate

Test a district-wide rate against a ward-based rate.

UAGC purpose

Use the UAGC as a levelling tool rather than a home for specific costs.

UAGC levels

Model the charge at \$300, \$500 and \$700.

Roading rate

Test a district-wide rate against a ward-based rate.

Differentials

Commercial and Accommodation at 1.5, 2.0 and 2.5, with a differential of 1 on the rest.

Sector simplification

Six sectors for ease of rating: Residential / Lifestyle, Commercial / Industrial, Rural, Accommodation, Utilities, Other.

The driver throughout is simplification — a rating system that is easy to explain and easy for ratepayers to understand.

Rating review timeline

16 July, 18 August, 17
September



Principles and direction

Three meetings held to set principles and give direction.

13 October



Direction on the modelling

Review the models and narrow the scope for detailed modelling.

19 November



Detailed modelling

Review the detailed modelling.

End of year



Consultation document

Review the consultation document.

March / April



Community consultation

Consult with the community.

May



Council deliberations

Council considers the consultation feedback.

June



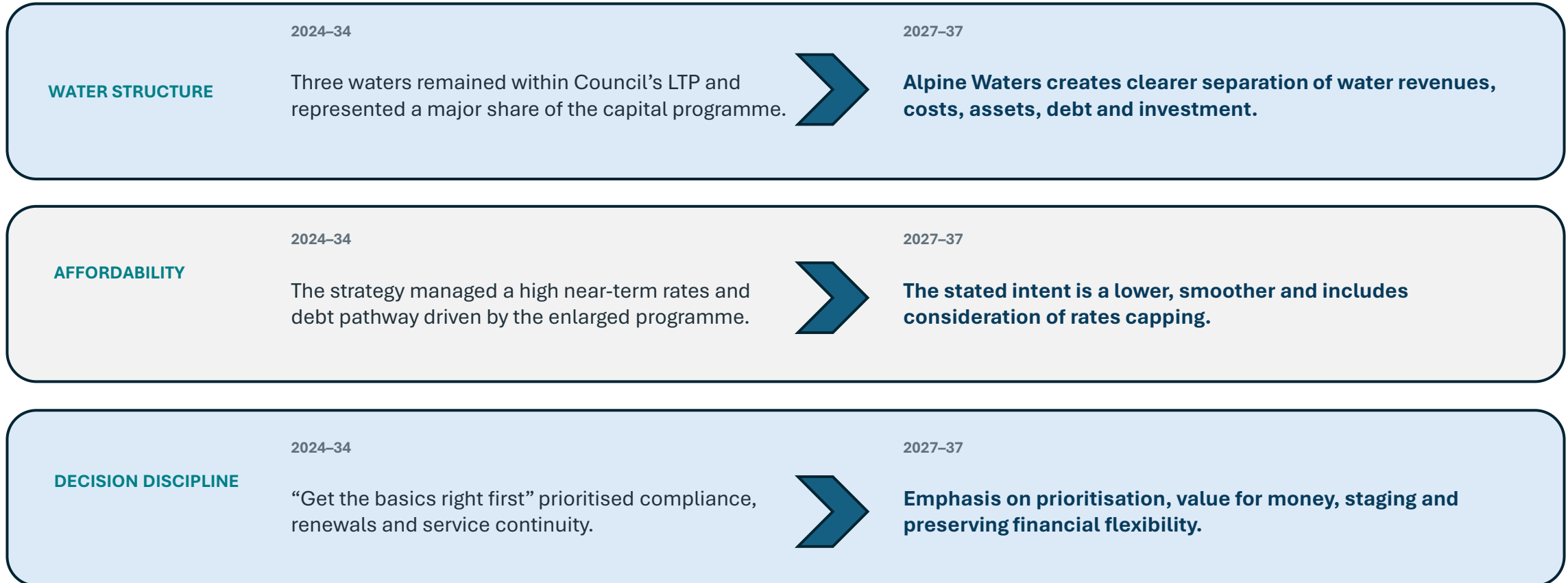
LTP adoption

Adopt the Long Term Plan.

Proposed Financial Strategy

The context has shifted, so the strategy must too

The new strategy is not simply a refresh of the numbers. It changes the financial framework around Council.



What continues, and what is genuinely different

The core financial disciplines remain. The shift is in structure, emphasis, the desired pathway and the risks Council carries.

DIMENSION	2024–2034 STRATEGY	EMERGING 2027–2037 STRATEGY	SHIFT
Strategic objective	Deliver essential investment within borrowing capacity	Invest in essential services while making rates lower and more predictable	REFRAMED
Capital programme	Large programme across growth, renewals and service levels	Still substantial programme, but with staging, deliverability and value-for-money tests	TIGHTER
Water services	Included within Council's capital, debt and rates settings	Separated out to Alpine Waters and its Water Services Strategy	STRUCTURAL
Funding mix	Rates, debt, development contributions, subsidies, reserves and dividends	Same core mix, with focus on alternative funding, partnerships and user/growth contributions	BROADER
Financial resilience	Operate under debt limits and progressively improve depreciation funding	Maintain headroom and maintain resilience; key risk is limited headroom under a large capital programme	STRONGER

Use the current strategy as a baseline, not a target

The new narrative can be agreed before the model is final. Numbers should test whether the narrative is achievable.

RATES

Old: high near-term increases, easing later

New test: lower, smoother and predictable

DEBT

Old: net debt rose while staying within a 280% limit

New test: adequate headroom after Alpine Waters

CAPITAL

Old: \$2.44b programme, with growth and service pressures

New test: staged, deliverable and affordable programme

RENEWALS

Old: funded depreciation increased progressively

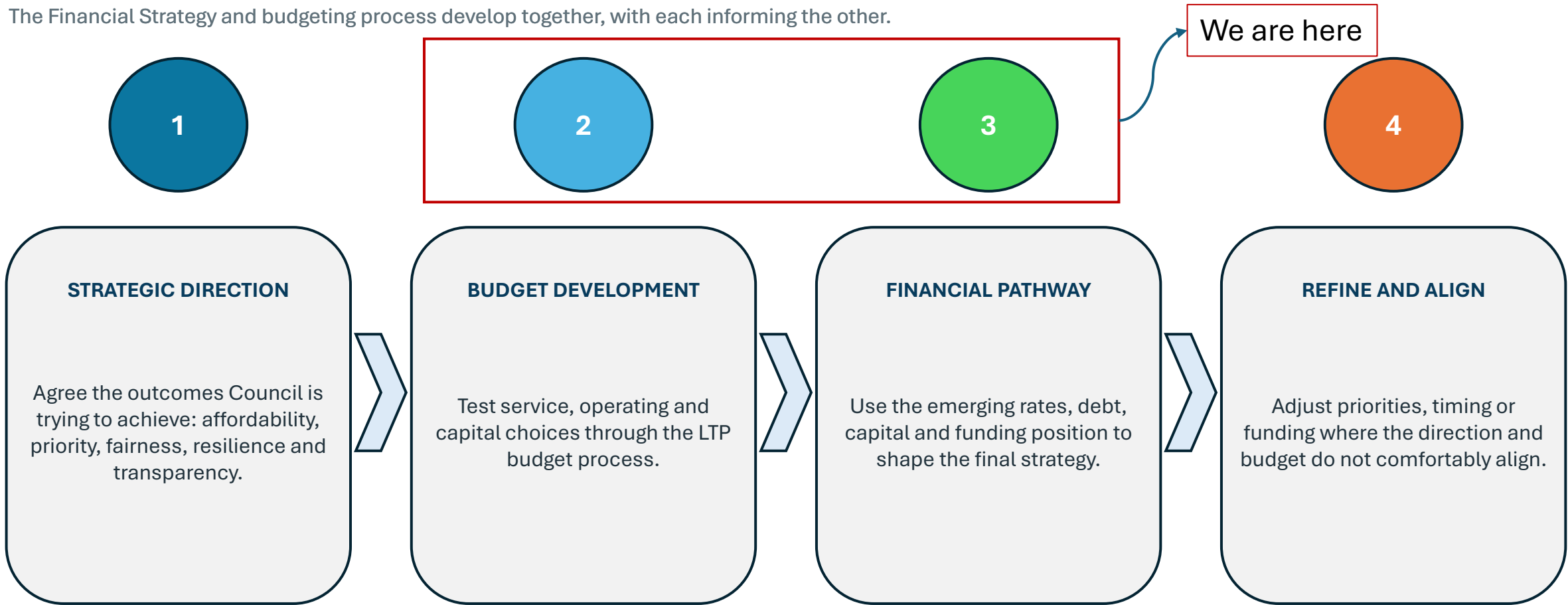
New test: assets maintained responsibly within a balanced budget

MODELLING GATE | Rates • debt and headroom • capital delivery • depreciation and renewals • funding mix

KEY RISKS | rate cap limits revenue • headroom after 3 waters transfer to Alpine Waters • delivery capacity • renewals backlog

The strategy sets the direction; the budget builds the pathway

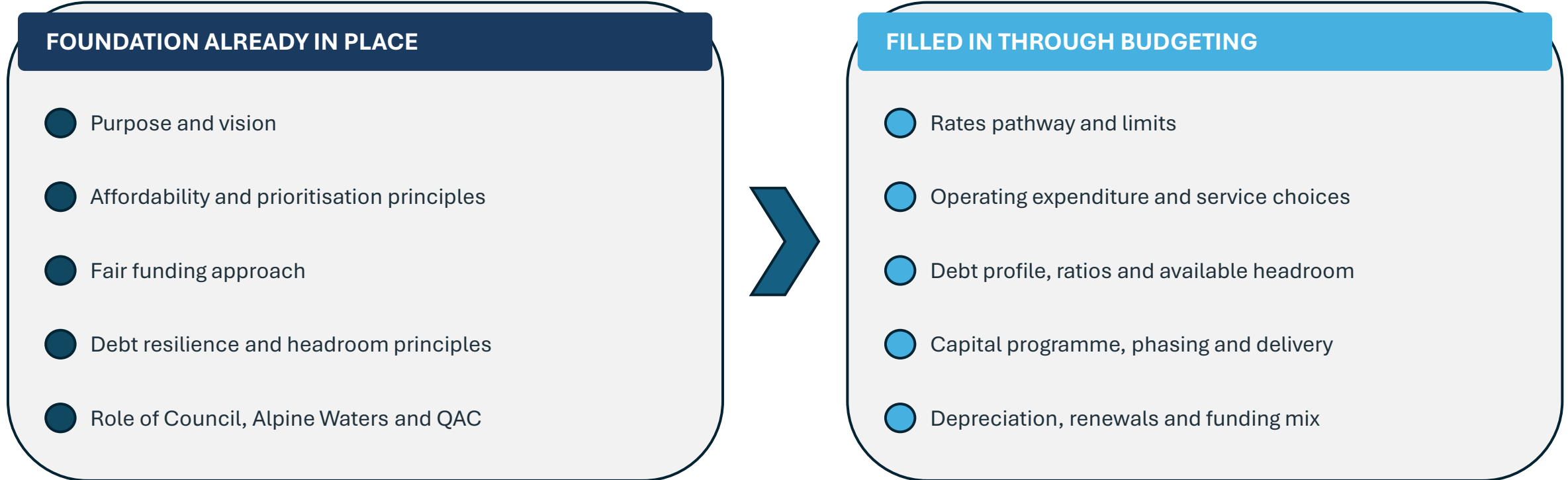
The Financial Strategy and budgeting process develop together, with each informing the other.



This is an iterative process, not a strategy first and numbers later exercise.

The narrative is established first; the budget is progressively built

Numbers will feed into the strategy as they are developed through the LTP budgeting process.



FINAL OUTPUT

A Financial Strategy that reflects the adopted LTP budget

The directions we need from this workshop

Focus on direction and tolerances. Detailed settings return with modelling.

01 **DIRECTION** Is this the right direction for the strategy?

02 **TRADE-OFFS** What comes first when affordability, timing and service levels conflict?

03 **RESILIENCE** How much headroom should we protect rather than spend?

04 **CLARITY** What should we do with the QAC dividend?

OUTCOME

A clear direction for officers to complete modelling and return with a quantified strategy.

Significance and Engagement Policy

Discussion on proposed updates for 2027

- > The Significance and Engagement Policy is a requirement under the Local Government Act 2002 section 76AA and reviewed as part of the Long Term Plan cycle.

- > Key drivers for this review include:
 - > Water Services reform;
 - > Improved guidance for assessing significance;
 - > Minor legislative amendments
 - > Improved guidance on how engagement approaches align with the IAP2 spectrum
 - > Supporting more consistent and transparent engagement planning across Council

Overview of proposed changes

> Introduction

- > Extending reference to the Vision Beyond 2050 to the wider QLDC Strategic Framework and its outcomes

> Section 2: Determining Significance

> **Part A - Assessment**

- > Introduce a clearer significance assessment framework with supporting guidance and examples
- > Reclarification that significance is determined by considering multiple factors, not any one factor

Outline of proposed changes

> Section 2: Determining Significance

> **Part C – CCO / CCTO**

> Update to reflect Councils current shareholdings:

- > Queenstown Airport Corporation (CCTO)
- > Alpine Waters (CCO)

> Update the section on statutory requirements for governance and accountability to include the Local Government (Water Services) Act 2025 triennial statement of expectations for a WSCCO

Outline of proposed changes

> Section 4: How we consult and engage

> Replace the whole section to cover off:

- > The distinction between consultation and engagement
- > A commitment to improving opportunities for diverse communities
- > The importance of tailoring engagement approaches to the audience, topic and significance
- > a commitment to innovation and continuous improvement

> References a new appendix 3 *Engagement Framework* for more detailed information about the channels and how we may engage in relation to the IAP2 Spectrum

Outline of proposed changes

> Appendix 2: Schedule of Assets

- > Add Council's 100% shareholding for the WSCCO
- > Remove water services strategic assets or groups of assets that will transfer to the WSCCO.
- > These assets or groups of assets must now be detailed in the WSCCO's own Significance and Engagement Policy as required by section 36(3) of the Local Government (Water Services) Act 2025. The Act defines strategic water services assets under section 4.
- > Update the definition of an airport company in alignment with the changed definition in the Local Government Act section 5. The definition was amended on 5 April 2025 by section 486 of the Civil Aviation Act 2023.

Outline of proposed changes

- > Appendix 3: Engagement Framework
 - > More detailed Engagement Framework
 - > Includes examples of when to use, risks and opportunities, as well as the methods available



Financial Strategy

Te Rautaki Ahumoni

Executive Summary

This Financial Strategy sets out how Council will manage the financial challenges and opportunities facing Queenstown Lakes District over the 2027-2037 Long Term Plan. The strategy focuses on achieving an affordable and predictable rates pathway, delivering essential infrastructure, managing debt prudently, and using a broad mix of funding sources to support long-term affordability and sustainability.

Introduction

The purpose of this Financial Strategy is to provide a clear framework for Council's funding, expenditure, debt and investment decisions over the next ten years.

It sits alongside the Long Term Plan and is closely aligned with Council's Infrastructure Strategy, which provides the longer-term view of infrastructure issues, options, investment requirements and significant decisions over a 30-year horizon. Together, these strategies explain how Council will balance investment in infrastructure and services with the need to keep rates affordable, maintain financial resilience, and ensure costs are shared fairly between current and future communities.

Purpose

As required under section 101A of the Local Government Act 2002, this Financial Strategy provides a guide for Council to consider proposals for funding and expenditure, and to provide transparency around the management of Council's services, rates, debt and investments.

Our vision and purpose

Council has proposed a vision for the 10-year financial strategy of:

Investing today to create the district we want tomorrow

Te whakangao i tēnei rā hei waihanga i te takiwā e wawatahia ana mō āpōpō

Council's financial vision is to invest in essential infrastructure and services while keeping rates increases lower and more predictable. This will be supported by disciplined prioritisation, non-rates revenue, careful debt management, and the clearer separation of 3 water-related investment through the 100% owned by QLDC water services entity, Alpine Waters.

Context

Queenstown Lakes District continues to face strong population and visitor growth, rising delivery costs, legislative requirements and affordability pressures. The 2027-2037 Long Term Plan responds by prioritising essential infrastructure and statutory obligations, while managing rates, debt and long-term financial sustainability.

Key changes to the 2027-2037 Financial Strategy

- Alpine Waters (Water Services Council Controlled Organisation - CCO) was established and is now monitored via the Council's financial strategy. Water services have their own Water Services Strategy, which provides the detailed strategic direction for water supply, wastewater and stormwater. This Financial Strategy reflects the financial implications of those arrangements, while the detailed water services direction is addressed through the Water Services Strategy.
- Continued reliance on Queenstown Airport Corporation dividends to support Council's overall financial position and reduce pressure on rates and debt.
- A continued large capital programme focused on growth, renewals, levels of service
- Prioritisation of capital delivery, rates affordability, value for money and long-term financial sustainability.

What this means for the community: Council is planning to invest in important infrastructure while keeping rates increases as steady and affordable as possible. The strategy is about making choices now so the district can keep up with growth and future needs.

Current Financial Position

Council is entering the 2027-2037 Long Term Plan with a significant capital programme and increasing debt to fund priority infrastructure. Forecast net debt rises from approximately \$xxx.x million in 2027 to \$x.xx billion by 2037, while remaining within borrowing limits and supported by prudent debt management and diversified funding.

Key Challenges and Opportunities

The key challenge for Council is to deliver priority infrastructure while keeping rates affordable and debt within approved limits. Growth remains a major driver of investment, with approximately \$xxx million of capital expenditure directly attributable to future growth and development requirements.

Council's response is to prioritise essential and statutory investment, use alternative funding where appropriate, ensure growth contributes fairly to infrastructure costs, and preserve flexibility to respond to future risks and opportunities.

What this means for the community: Council will need to spend more on infrastructure as the district grows, but it will also need to manage debt carefully and look for funding sources beyond rates where possible.

The table below and graph on the following page summarise some of the key financial metrics over the next 10 years.

10-year key financial metrics

10 Year Key Financial Metrics	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Net Debt	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX
Net Debt to Total Operating Revenue	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%
Headroom by Year	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX
Total Capex	XX.X	XX.X	XX.X	XX.X	XX.X	XX.X	XX.X	XX.X	XX.X	XX.X
Rates Increase (after Growth)	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%	XX%

Commented [KH1]: Based at 280% convanent

Other Considerations

Significant Forecasting Assumptions

The Long Term Plan is underpinned by a range of significant forecasting assumptions that influence Council's financial position over the next ten years. These include assumptions about growth, inflation, interest rates, construction costs, funded depreciation, capital delivery, external funding and the timing of investment. Together, these assumptions shape forecast operating expenditure, capital expenditure, funding requirements, rates and debt levels.

Inflation assumptions are based on the Local Government Cost Index (LGCI), prepared by BERL. The LGCI is used because it reflects the types of cost pressures typically faced by councils, including infrastructure, construction, staffing, materials and service delivery costs. This provides a more appropriate basis for Long Term Plan forecasting than relying solely on the consumer price index (CPI).

Depreciation forecasts are based on Council's asset values, expected useful lives, planned capital investment and renewal programmes. Depreciation is a non-cash operating expense that reflects the consumption of assets over time and is expected to increase as new infrastructure is completed and existing assets are revalued. Council progressively funds depreciation to support the renewal and replacement of assets, informed by asset condition, lifecycle needs and the timing of the renewal programme. This helps ensure the cost of providing services is appropriately shared between current and future communities.

Growth, land use change and community expectations

Queenstown Lakes is one of New Zealand's fastest-growing districts, with population growth and high visitor numbers placing sustained pressure on housing, infrastructure, transport, community facilities and local services. This growth is reflected by Queenstown Lakes consistently issuing the highest number of building consents per 1,000 residents in New Zealand.

The residential population is expected to grow by 34% over the next 10 years and double over the next 30 years. The district also averages over 87 commercial guest nights per resident each

year, compared with a national average of seven, and on peak days visitors outnumber locals. On an average day, visitors make up approximately one third of the population. Council must balance this growth with the investment needed to protect public health and safety, maintain levels of service and keep costs affordable for the community.

Funding approach

Council uses a mix of rates, development contributions, fees and charges, grants and subsidies, dividends and investment income, leases, borrowing, and reserves to fund services and infrastructure. This approach supports fairness, affordability and transparency by aligning costs with those who benefit, while ensuring long-life assets are funded across the generations that use them.

Development contributions remain a key tool for ensuring growth contributes appropriately to the infrastructure it requires, while borrowing enables Council to deliver essential long-term investment when it is needed without placing the full cost on current ratepayers.

Funding sources

Council's main funding sources are:

- General rates
- Targeted rates
- Development contributions
- Fees and charges
- Grants and subsidies (Grant supported by NZTA 51%)
- Dividends and investment income
- Leases
- Borrowing
- Infrastructure Funding and Financing (IFF-exploring this option)
- Reserves

Together, these funding sources provide flexibility to fund day-to-day services, renew existing assets and invest in infrastructure for growth, while maintaining a clear connection between costs, benefits and affordability.

What this means for the community: Not all costs are paid for in the same way. Some are paid through rates, some by people using specific services, some by developers, and some through borrowing so costs are spread over time.

Fees and Charges

Fees and charges are applied where there is a clear private benefit and charging users is practical and efficient. This ensures a fair proportion of costs is recovered from those who receive or use specific services, rather than from the wider community.

Alternative Funding and Financing

Alternative funding and financing will be important in supporting the scale of infrastructure investment needed for future growth. Council will continue to consider options such as infrastructure funding and financing mechanisms, developer agreements, government funding, grants, strategic partnerships and co-funding opportunities where they help reduce pressure on rates, debt and Council's balance sheet.

These tools provide flexibility to deliver growth-related infrastructure at the right time, while supporting affordability and long-term financial sustainability.

Debt and Borrowing Strategy

Borrowing is a deliberate and necessary part of Council's financial strategy. It enables Council to deliver essential infrastructure when it is needed, while spreading the cost fairly across the current and future communities that benefit from those assets.

Debt

Debt is used to fund long-term infrastructure investment that cannot be met from annual revenue alone. This supports intergenerational equity by matching the cost of major assets with the communities that benefit from them over time.

The Long Term Plan includes a significant capital programme to maintain, renew and expand infrastructure across the district. Projects have been prioritised so borrowing remains affordable and sustainable while supporting growth, service levels and regulatory requirements.

Forecast debt to capital expenditure 2024-2034

Placeholder for chart

Debt Management

Council actively manages debt to maintain financial resilience, comply with approved borrowing limits, and preserve flexibility for future investment needs. Debt levels, interest costs and borrowing headroom are monitored throughout the life of the plan.

Security for Borrowing

External borrowing is secured through a charge over rates and rates revenue under Council's debenture trust arrangements. Council does not provide specific physical assets as security, helping retain ownership and control of strategic community assets.

Limits on Debt

Council has set debt limits to keep borrowing prudent, affordable and sustainable. These limits provide confidence that planned investment can be delivered while maintaining long-term financial resilience.

The primary measure of debt affordability is net debt as a percentage of total operating revenue, supported by benchmarks for interest costs. Council forecasts compliance with all debt affordability measures across the Long Term Plan period.

What this means for the community: Borrowing helps Council build long-lasting infrastructure sooner, but limits are used to make sure debt stays affordable and does not create too much pressure for future ratepayers.

Although debt is forecast to increase as the capital programme progresses, sufficient borrowing capacity will be maintained to support future priorities and respond to unforeseen events.

Placeholder for chart

LGFA Borrowing Limits (%)	Actual 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2036/37
Interest Expense/Rates < 30%	XX%	XX%	XX%	XX%	XX%
Interest Expense/Total Revenue < 20%	XX%	XX%	XX%	XX%	XX%
Net Debt/Total Revenue < 280%	XX%	XX%	XX%	XX%	XX%

Borrowing Flexibility

Maintaining borrowing flexibility is important to Council's financial strategy. Adequate headroom allows Council to respond to changing growth patterns, unexpected infrastructure needs, funding opportunities and emergency events.

By preserving capacity and actively managing debt, Council remains better positioned to meet the district's changing needs over the long term.

Council primarily accesses external borrowing through the Local Government Funding Agency (LGFA), which provides local authorities with access to cost-effective debt funding. Council also maintains a cash advance facility through the LGFA, providing short-term liquidity and flexibility to manage timing differences between capital expenditure, revenue and longer-term borrowing requirements.

Rates

Rates remain Council's primary and most reliable funding source. However, Council recognises the pressure that rates increases place on households and businesses, so the 2027-2037 Long Term Plan focuses on a lower, smoother rates pathway while continuing to fund essential services and investment.

Council is targeting annual rates increases generally within a 2% to 4% range. Achieving this requires disciplined operating expenditure, use of non-rates revenue, continued dividend income from Queenstown Airport Corporation, and careful staging of the capital programme to manage the impact on ratepayers.

Limits on Rates

The self-imposed rates limits provide transparency and discipline over expenditure decisions, helping ensure new spending is tested against need, timing, deliverability and affordability.

Maintaining the lower rates pathway places greater reliance on expenditure control, non-rates revenue, careful investment phasing and ensuring growth contributes appropriately to infrastructure costs.

What this means for the community: Rates will continue to fund many day-to-day services, but Council is aiming to keep increases more predictable by controlling costs and using other income where it can.

Impact on Planned Service Levels

Council is confident in its ability to provide and maintain the levels of service outlined in the Long Term Plan. Investment has been prioritised to ensure essential services and infrastructure continue to meet community needs while remaining financially sustainable.

Balanced Budget and Operating Surplus

Council is committed to maintaining a balanced budget over the life of the Long Term Plan. This means ensuring operating revenue is sufficient to meet operating expenses, while also providing for the maintenance and renewal of infrastructure assets.

Council's approach includes progressively increasing funding for depreciation and renewals so infrastructure remains fit for purpose and the costs of today's services are not deferred to future generations. Renewal investment is informed by the Infrastructure Strategy and Asset Management Plans, which provide the long-term view of asset condition, lifecycle needs, risk and renewal priorities.

Investment Strategy

Investment Objectives

Council holds investments to support long-term financial sustainability, resilience and community outcomes. The focus is on protecting strategic interests, maximising long-term value, and using investment returns to support Council's overall financial position and reduce pressure on rates where appropriate.

Council's investment portfolio includes Alpine Waters, a CCO responsible for water supply, wastewater and stormwater services, with Council retaining shareholder oversight to support community outcomes, growth, compliance and long-term financial sustainability.

Council also holds a significant strategic investment through its majority ownership of Queenstown Airport Corporation, which supports regional connectivity, economic activity and dividend income that contributes to Council's financial sustainability.

Alpine Waters (Water CCO)

Alpine Waters is wholly owned by Council and responsible for drinking water, wastewater and stormwater services. It operates under specialist governance, with Council retaining shareholder oversight and setting expectations through its accountability documents.

The CCO provides clearer separation of water-related revenues, costs, assets, debt and investment requirements, improving transparency and supporting sustainable investment in growth, renewals, resilience and regulatory compliance.

Queenstown Airport Corporation (Council Controlled Trading Organisation – CCTO)

Council's majority shareholding in Queenstown Airport Corporation is a significant strategic investment. The airport is critical infrastructure for the district, supporting connectivity, tourism, economic activity and community outcomes.

Dividend income from Queenstown Airport Corporation is expected to continue supporting Council's financial strategy by reducing pressure on rates and debt, while providing flexibility to help fund the capital programme.

What this means for the community: Council's investments, including Alpine Waters and Queenstown Airport Corporation, can help support services and reduce some pressure on rates when they provide income or clearer financial management.

Infrastructure Capital Expenditure

The Long Term Plan includes a ten-year capital programme of approximately \$x.xx billion to support growth, renew existing assets, maintain levels of service and meet regulatory requirements. The capital programme is informed by Council's Infrastructure Strategy, which sets out the significant infrastructure issues facing the district over a 30-year horizon, the principal options for managing those issues, and the investment priorities needed to support growth, renewals, resilience and service delivery over time. While this Financial Strategy focuses on the ten-year financial impacts of the Long Term Plan, the Infrastructure Strategy provides the longer-term infrastructure context that informs those investment choices.

The programme is focused on three key investment areas: growth-related investment (\$xxx million), asset renewals (\$xxx million), and levels of service improvements (\$xxx million). Major investment is planned across transport, community facilities, waste minimisation and management, water-related infrastructure and other growth-related infrastructure, with detailed activity-level direction provided through the Infrastructure Strategy, Asset Management Plans and the Water Services Strategy.

Careful staging and active management will be needed to balance delivery capacity, affordability and funding availability. The lower rates pathway places greater emphasis on delivering the right projects at the right time, securing external and growth-related funding where possible, and maintaining focus on investment that protects services, supports growth, improves resilience, manages climate-related risk, supports environmental outcomes and meets statutory obligations.

This approach balances affordability, deliverability and long-term community outcomes, while ensuring infrastructure investment remains aligned with the Infrastructure Strategy's direction for growth, asset stewardship, service levels, resilience and environmental performance.

What this means for the community: The district will still need major investment in roads, water, community facilities and other infrastructure. Council will need to prioritise projects so the most important work is delivered at the right time and remains affordable.

The graph below shows growth-related capital expenditure and forecasted development contribution income.

Placeholder for the graph

The graph below shows capital expenditure required to maintain existing levels of service.

Placeholder for the graph

Placeholder for a list of projects, high level

Looking Ahead

The next decade will require significant investment, sound financial management and disciplined decision-making. Council's challenge is to deliver a large and necessary capital programme while maintaining a lower, more affordable rates pathway for the community.

Through prudent borrowing, continued airport dividend income, Alpine Waters, strategic investment and transparent financial management, Council can continue delivering infrastructure and services for current and future generations while maintaining long-term resilience, affordability and sustainability.

Attachment C: Draft Significance and Engagement Policy – Assessing Significance

The type and nature of the decision, including its significance (assessed in accordance with this policy), guides how the Council will go about communicating and engaging with our communities. Council must consider a broad range of factors when making its assessment ensuring all aspects are taken into account and the right balance found. Officers will use these criteria to make a recommendation to the elected Council, and ultimately it is the Councillors collectively that will determine the level of significance.

The list below provides an indication of the matters the Council may consider when assessing significance. Ultimately, however, significance will be assessed on a case-by-case basis, taking into account these factors and the overall circumstances of the matter.

Factors to be considered:

- > Importance to Queenstown Lakes District
- > Community Interest
- > Consistency with existing policy and strategy
- > Impact on Council's capacity and capability
- > Climate change
- > Mana whenua

Assessing significance

Significance rating	Key factors to be considered	Examples
High	> Any decision that would significantly alter the level of service provided by the Council or a significant activity	> Decision to transfer strategic assets to or from Council. > Adopting or amending the Long-Term Plan

	(including a decision to commence or cease such an activity or group of activities) > Extent of new costs, new opportunity costs, and new potential subsidies or alternative forms of funding. > Uncertainty, irreversibility, and the impact of the decision in terms of the community's sustainability and resilience. > High levels of prior public interest or the potential to generate interest but in the event public safety is a factor (express risk) the matter can be acted upon under CE Delegations (Council must be informed, informally if necessary and inclusive of any legal advice). > Large divisions in community views on the decision > Decisions that are substantially inconsistent with current policies or strategies > Unbudgeted high capital or operational expenditure - o Unbudgeted operating cost(s) greater than 10% of total expenses in the financial year of the proposal / decision - o Unbudgeted capital cost(s) greater than 1% of total assets in the financial year of the proposal / decision. > A financial transaction with a value greater than 10% of rates revenue in the year of the decision	> Decisions that will affect the level of rates paid by the community (or parts of the community) > Decisions that will affect user fees and charges that are inconsistent with adopted policy > Decision to construct a new but unbudgeted community facility. > Adoption of a reserve management plan for a significant or high-profile site >
Medium	> Relationship to factors under high and low significance criteria > Unbudgeted moderate capital or operational expenditure.	> Adoption of a community funding policy, e.g. events funding policy

Low	> Affects a limited number of individuals, to a low degree. > Has very little public interest. > Low consequences for Queenstown Lakes District. > A decision that will have low or minimal impact on the community (to be based on the resolutions or the decision being sought). > Low impact on the Council being able to perform its role. > Able to be reversed. > Is a strong logical step from a prior decision and/or aligns with adopted policies or strategies. > Unbudgeted minor capital or operational expenditure. >	> Decision to begin statutory consultation, e.g adoption of a consultation document. > Decision to increase a level of service at little or no increased cost to the community or is grant funded. > Approving plans for a new or renewed playground in an established community where funding is in line with the Long Term Plan > Technical amendments to a bylaw > Upgrade to a reserve area that has no impact on ancestral land. > Minor amendment to an existing policy.
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Attachment D: Draft proposed Significance and Engagement Policy – Engagement Framework

	Inform	Consult	Involve	Collaborate	Empower
Goal	Keep people informed by providing balanced, timely and accessible information.	Seek feedback on a proposal, issue or set of options.	Work with the community to understand needs, concerns and aspirations and help shape options.	Partner with the community and stakeholders to develop solutions and recommendations together.	Place decision-making authority with the community and implement the outcome within agreed parameters.
Public influence	Very low	Low–moderate	Moderate	High	Very high
When to use	Low impact / low change	Limited options exist, legislative consultation requirements apply, or Council is seeking feedback on a developed proposal before making a decision.	When community insights, lived experience or local knowledge are needed to help shape options before a preferred solution is identified. Often followed by ‘consult’ once a proposal has been developed.	When complex issues require shared problem-solving, competing interests need to be balanced, or solutions will be stronger if developed jointly with stakeholders and communities.	When Council is willing and able to delegate significant influence or decision-making authority to a representative community group. This shouldn’t be used when: • Council must approve a matter under legislation • Council holds financial or legal accountability • Statutory responsibilities sit with Council
Examples	Service updates, emergency works, process changes	Bylaws, Annual Plan / Long Term Plan, District Plan, some Council policies	Early engagement on bylaws/policies/services or facilities. Development of business cases / Masterplanning / Reserve Management Plans.	Spatial plans, transport planning, climate action planning, Housing Action Plans, long term community visioning.	Participatory budgeting, Community grant funding allocation, Community-led placemaking projects, Naming decisions, Community-led priority setting within agreed parameters.

Risks	Community may feel excluded from decisions. Can be perceived as one-way communication. Risk of misinformation if information is not timely or clear.	Self-selecting participants may not represent the wider community. Can be perceived as a tick-box exercise. Limited influence may create frustration. Consultation fatigue.	More resource and time intensive. Participants may expect greater influence over final decisions than intended. Can be difficult to achieve representative participation. Conflicting views may be difficult to reconcile.	Significant staff, stakeholder and budget commitment required. Decision-making processes can become slower and more complex. Potential tension between stakeholder interests and wider community outcomes. Unclear roles can create confusion about accountability and decision authority.	Community expectations may exceed legislative, financial or operational constraints. Decisions may not reflect wider community views if participation is limited. Council remains accountable for implementation - potential reputational risk if Council cannot implement the chosen outcome.
Opportunities	Build awareness and understanding. Create transparency about Council decisions and activities. Reduce misinformation and speculation. Prepare the community for change.	Obtain feedback efficiently from a broad audience. Test proposals and identify issues. Demonstrate accountability and transparency. Meet legislative requirements.	Build stronger community understanding and trust. Develop better-informed options through local insight and lived experience. Identify issues and opportunities earlier. Create greater ownership of change.	Achieve widely supported solutions. Build stronger relationships and trust between Council and stakeholders. Draw on diverse expertise and perspectives.	Increase community ownership of outcomes. Build community leadership and capability. Support innovation and locally driven solutions.
Tools	- Media engagement - Website content	Let's Talk content	- Let's Talk content - Submission forms - Online discussion forums	- Let's Talk content - Submission forms - Online discussion forums	- Let's Talk content - Citizens assemblies - Polls/voting

	• social media • print advertising • posters / displays • letterbox drops or flyers • onsite signage • radio	• submission forms (digital / paper-based) • Interactive maps • Online Q&A • Drop in / pop up sessions • Engagement stations in public locations • Public hearings	• Interactive mapping • Online ideas board / community brainstorming • Public or stakeholder workshops • Citizens panels • Working party • Community or stakeholder reference / advisory group • Deliberative polls • Focus groups • Community conversations • Design workshops • Stakeholder interviews • Hui / targeted community meetings • Youth panels	• Interactive mapping • Online community brainstorming • Co-design workshops • Joint working groups • Advisory groups • Interactive planning tools or workshops • Scenario planning workshops • Partnership forums • Community governance groups	• Participatory decision-making platforms • Delegated community boards or panels
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