

# OUR YEAR OF CHANGE

Queenstown Primary School Kapa Haka



## DRAFT ANNUAL PLAN 2013-2014 SUMMARY

# MESSAGE FROM THE MAYOR



Good things take time. That saying makes me impatient. But I am happy to say the draft Annual Plan for 2013/14 is a good thing. My fellow Councillors and I set some very clear objectives for this Council, beginning and ending with change.

What you see in this document is some serious momentum towards our vision of a Council that delivers better service for less cost and what better way to demonstrate that commitment than a zero rates increase.

Great for the pocket but let me be clear, it has not come at a cost to progress and a vision to make this the best Council in New Zealand serving a community in the greatest place to live. What you won't find here is any plan to ease off the accelerator any time soon.

Over the next year you will see a commitment to our local economy, as we work towards the potential development of a world class convention centre and an injection of support for events in our district. Over the next year we will see a streamlined, integrated Council emerge from a review process that will deliver efficiencies and you will see a Council that continues to be financially affordable across every activity. I encourage you to take a look at the other key issues in this draft plan and make a submission online [www.qldc.govt.nz](http://www.qldc.govt.nz).

I look forward to hearing your views.

Vanessa van Uden  
Mayor

## ANNUAL PLAN 2013-2014 TIMELINE

Timeline 2013	
COUNCIL ADOPTS DRAFT PLAN	12 APRIL
SUBMISSIONS OPEN	13 APRIL
SUBMISSIONS CLOSE	13 MAY
SUBMISSIONS HEARD	29 & 30 MAY
PLAN ADOPTED	25 JUNE

# OUR YEAR OF CHANGE



Central Government signalled the need for change in local government with the Local Government Act reforms last year. It is an expectation which has been reinforced by the elected representatives of QLDC, and this Annual Plan outlines the ways in which we can adapt to the changing environment. Council operations need to be more streamlined and the first step in this direction is to bring three separate organisations (QLDC, Lakes Environment and Lakes Leisure) into one united Council. As a single entity we need to deliver better, more affordable and more accessible services. We must take a hard look at what, why and when we do things. We need to reduce rates and reduce debt. Cost efficiency will inspire greater innovation in our services rather than compromise them. This plan outlines some of the ways in which we will be doing things differently, as well as delivering new services and projects for the benefit of the District. Please read this summary and go online to tell us what you think.

Adam Feeley  
Chief Executive

# ZERO RATES INCREASE

The elected members set an expectation on Council to make savings across our operations, without compromising services. The draft Annual Plan delivers an average rates increase of 0% (after allowing for growth). The figure is an average. That means some ratepayers will get a zero rate increase, some slightly less and some slightly more. The range is -1.31% to +1.75%, depending on the value, location and services of your property.

# BIG ISSUES FOR 2013-2014

## Organisational Review

We announced a comprehensive organisational review in December 2012 involving QLDC, Lakes Environmental and Lakes Leisure Limited staff. The review is focusing on delivering Council services that are better, faster and more affordable. The outcome of the review will not be known in time to reflect the implications in the draft Annual Plan. However, we intend to deliver an organisational structure that will better integrate the delivery of Council services, removing unnecessary costs and improving the quality of services.

Any budget changes accruing from the review process will need to be separately identified and incorporated at a later date. Implementation is scheduled to occur by June 2013. The cost of the review, up until implementation of any changes, is \$280k. This will be met in the current financial year through efficiencies and deferrals. The cost of implementing changes will be met from savings delivered in 2013/14.

# BIG ISSUES FOR 2013-2014

## **Convention Centre**

We have selected a consortium led by investors Ngai Tahu Property Limited and Morrison & Co to build and operate an international quality convention centre in Queenstown. The proposal follows a public request for proposal process, driven by community feedback that a centre would drive major benefit for the local economy. The consortium team includes convention centre architects, Populous; project management firm, RCP; Queenstown-based construction company Naylor Love, and award winning New Zealand architects Fearon Hay, along with SKYCITY Entertainment Group as its preferred operator. The preferred site at this stage is the Council-owned Lakeview site. Any contribution from Council will be capped and fully disclosed with no surprises for ratepayers. It is not the intention that Council will be involved in either the ownership or operation of a Convention Centre.

As at draft Annual Plan time, we are continuing to negotiate the potential funding arrangements. On this basis we will undertake a separate consultation process (this year) once the draft terms have been established.

Through this draft Annual Plan process Council wants to hear your views on the potential to facilitate development of a convention centre. Please have a say.

## **Campgrounds**

The nature and scale of our role in the future operation of camp grounds is under review. A report into campgrounds found that financial performance was mixed. Overall the holiday parks and campgrounds lose money and visitor accommodation is effectively being subsidised by ratepayers.

In March, the Council reaffirmed the value of traditional Kiwi camping facilities to the District in terms of providing affordable visitor accommodation. However it also amended its Campground Strategy by emphasising that Council will not operate camping facilities which: (i) compete with equivalent or greater facilities being operated by the private sector; and (ii) require ratepayers to materially subsidise visitor accommodation in the District.

The goal is to reduce operational costs at the four main holiday parks (Queenstown, Wanaka, Arrowtown, and Glendhu Bay), and, if viable, recommend a commercial arrangement for private provision of camping facilities at these sites.

A detailed report on a preferred option for the future and scale of Council's involvement in campground management in the District will be completed before 30 June 2013. Please have a say on the extent, if any, to which we should remain in campground operations.

4

## *Keeping kiwi campgrounds*

Glendhu Bay



## BIG ISSUES FROM THE 10 YEAR PLAN UPDATE

### ***Water Demand Management***

The message for ratepayers is a simple one – the more that peak water demand can be reduced the longer the time will be before Council has to make significant capital investment in major water-pipe upgrades. A dedicated campaign designed to reduce water use in the Queenstown Lakes District got underway in December. Awareness has grown around the way we use water and in general water use reduced during the summer period, although peak use and leakage continue to be a challenge.

### ***Wanaka Sports Facility***

Council has now designated the site and in 2013/14 will see a project manager and design team selected in preparation for construction in 2014/15.

### ***Project Shotover***

Project Shotover is the upgrade to the Wakatipu wastewater treatment facility on the Shotover Delta. Funding of \$35.9 million has been included in the 10-Year Plan, based on a full upgrade. To find the best solution for the environment and the most cost effective way to deliver this project, the Council tested the market for good ideas.

The goal was to find options to do a staged upgrade that would meet the future wastewater requirements of the District and improve the quality of discharge over time. It has a completion date of 2025 which spreads the cost over a longer period and allows growth to fund the project as it happens. The next stage of this process is to advertise for someone to deliver a staged upgrade.

We have consulted on options to deliver the project over stages which will better spread, and ultimately minimise, costs. An application for the initial consents is underway and due to be lodged by May 2013.

In the meantime the ponds have been de-sludged improving the discharge quality as a result. A \$2.6 million contract has been awarded for the construction of the Inlet Works which will improve the initial screening process at the treatment facility. It is due to be completed by August 2013.

### ***Events Strategy***

Major sporting and cultural events are an important part of any community, particularly a tourism driven economy like Queenstown Lakes. The revised Draft QLDC Events Strategy (subject to adoption 12 April 2013) proposes to establish an Events Fund for commercial events from 2013/14 in recognition of the economic benefit of events in the District. It is proposed that this fund be provided at \$300k for 2013/14 and will increase to \$500k from 2014/15. For 2013/14 this represents an increase over current funding of \$225k.

The strategy includes the establishment of an Events Office to help facilitate events through regulatory processes; assist with the public interface; and ensure cornerstone events continue to be attracted to the District, including financial support for key events.

The strategy was initiated by the Shaping Our Future forums. The detail regarding implementation

of the strategy, funding and allocation guidelines will be captured in a report to Council in June 2013.

Do you support the Council playing a greater role in providing both financial and administrative assistance to sporting and cultural events in the District?

***Do you support the strategy?***

### ***Economic Future Agency?***

The Shaping Our Future Economic Future Forum has identified a vision to ensure a complementary, diversified, high value, knowledge based, sustainable economy. The forum will submit to this draft Annual Plan process for Council to fund a study which considers the merits of an Economic Development Agency and different models for it. Do you support the vision and the proposal to fund a study? Should Council have a role in such an agency if it were to be established?

### ***Repaying debt***

The 10-Year Plan (last year) indicated that 50% of the Queenstown Airport Corporation dividend may be earmarked for local community projects. The other 50% went to repaying debt.

We tested this recently and decided against a fund. Projects should either be part of the Annual Plan process or eligible for community trust funding.

## ***Reduce our debt - \$22 million over eight years***

Our preferred option is that 100% of the QAC dividend (\$2.86 million 2013/14) will be used to repay debt. The intention is to payoff \$22 million in loans in eight years instead of 15 with a saving of \$5.5 million in interest costs. This debt is funded through the general rate so the saving has a direct impact on reducing rates. Should we use this money to reduce debt?



***Celebrating the past and planning future events***

## OTHER ISSUES 2013-2014

### ***Roading***

Roading is our single biggest cost. This fact combined with a cut in the level of subsidy available from the New Zealand Transport Agency and the level of debt (\$30m) attributable to the Council's transport activity, means we need to make a change.

We are considering cost efficiencies, how good the roads are and which roads can go without work being done this year. We are also thinking about the way the work is undertaken and funded. This could result in some changes to the standard of roads in the coming years. This year we are building a model to help prioritise what needs to be done, and when.

We have also taken the new position of not providing in advance for emergency work. We will seek to fund such work through underspends in other budgets rather than rate in advance.

Do you support this change?

### ***Organic Waste***

We will seek proposals from the private sector to provide a user pays organic waste (food and green waste) collection service in the District and to build a composting facility on Council land next to Victoria Flats Landfill.

No capital budget has been provided for this project. However, the Council will make available the land and will facilitate the process. It is estimated that a composting facility to process up to 5,400 tonnes of organic waste could be built for between \$1.49M and \$3.9M. The user pays collection service would need to be more cost effective than landfill disposal in order to provide an incentive for the community to use the service.

### ***Sorting Glass***

We are considering introducing the separation of glass recycling in the Wakatipu, which was successfully introduced in Wanaka last year. The separation allows the collector to recycle glass for re-use. The proposal would see an additional crate provided for each household to put glass into, which would be collected fortnightly.

This is a change to what we do now, but would result in a better environmental option for recycled glass and is estimated to reduce the annual cost by \$35,000.

What do you think?

**choice**

***Have your say***

***Annual Plan submissions online  
www.qldc.govt.nz***



*Supporting our economic  
future through diversity*

8

# MONEY MATTERS

*The main features of the proposed Annual Plan budget for 2013/14 are:*

**A decrease in operating costs of \$4.15 million**

- including a drop in maintenance costs for roading, 3 waters and reserves.

**A decrease in operating revenue of \$7.4 million**

- including a drop in development contributions and vested assets.

**A decrease in capital expenditure of \$8.6 million**

- including project deferral.

**An increase in debt repayment of 2.4 million**

- from \$9.4 million to \$11.8 million (see financial affordability).

*A more efficient,  
more effective Council*



## RATES 2013/2014 IN MORE DETAIL

The rating effect of the proposed Annual Plan budget for 2013/14 is an average overall rates increase of 0% (after allowing for growth at 1.5%). This does not mean that every property in the District will see a zero increase for 2013/14.

**Depending on valuation, location and the nature of services received, the likely range of movements is:**

- Lower Values: -1.31% to +1.75%
- Median Values: -1.22% to +1.63%
- Higher Values: -0.91% to +1.33%

### THE MAIN FEATURES OF THE RATES

1. Uniform Annual General Charge UAGC (covers things like cemeteries, community development and enforcement) stays the same at \$56.00 per property.
2. Waste Management Charge has decreased by \$15.00 for residential property to \$125.00.
3. Waste Management Charge has decreased by \$11.00 per non-residential property to \$89.00.
4. Aquatic Centre Charge (Wakatipu only) has increased by \$1.00 per property to \$96.00 per annum.
5. Sports, Halls & Libraries Charge (Residential types only) has increased by \$16.00 per property to \$309.00 per annum.
6. Recreation & Events Charge (differentially set) has increased by around 7.4% (up \$7.00 per property for Residential).
7. Governance & Regulatory Charge (differentially set) has decreased by around 2.3% (down \$2.00 per property for Residential).
8. There are both increases and decreases for targeted rates for Water Supply & Wastewater mainly as a result of movements in depreciation and interest. Changes are shown, all other stay the same:

#### **Changes in Water Supply**

Queenstown	up \$6
Glenorchy	up \$10
Hawea	up \$20
Arthurs Point	down \$20
Lake Hayes	up \$4
Luggate	up \$20

#### **Changes in Sewerage**

Queenstown	down \$10
Wanaka	down \$4
Arrowtown	down \$10
Hawea	up \$10
Arthurs Point	down \$20
Lake Hayes	down \$14
Luggate	up \$20

# DEVELOPMENT CONTRIBUTIONS

In the 2013 version of the Policy, Council proposes to introduce a new 'Industrial' differential category. The new category recognises that the demand on transportation for industrial uses is significantly different from other commercial activities. Previously, industrial developments were assessed within the commercial differential category. The change is to more fairly assess industrial developments by separating them from other commercial activities. The Council also proposes updating the calculations of the contributions payable on an annual basis. Please read the proposed policy and tell us what you think.

For more detail on the Policy on Development Contributions see the draft Annual Plan online [www.qldc.govt.nz](http://www.qldc.govt.nz)

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*Have your say*

*Annual Plan submissions online [www.qldc.govt.nz](http://www.qldc.govt.nz)*

Arrowtown Volunteer Fire Brigade – Murray Forward



*We have a great community spirit*

choice

Name: \_\_\_\_\_  
Email: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

submission  
FORM

# Have your say on the big issues

Your feedback will become a submission to the Annual Plan.  
*All submissions will be considered by all elected members. All submissions will be made publicly available.*

**Stop!** Please think about making your submission online.  
Annual Plan submissions online [www.qldc.govt.nz](http://www.qldc.govt.nz)

**The Issues** Please let us know your views on any aspect of the draft Annual Plan.  
To help us please indicate the subject by ticking the right box.

Campgrounds       Economic Future Agency       Sorting Glass   
Convention Centre       Repaying debt       Development Contribution   
Project Shotover       Roding       Zero Rates   
Events Strategy       Organic Waste       Other   
I would like to speak at the hearing: Yes  No

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QUEENSTOWN  
LAKES DISTRICT  
COUNCIL

*Free*



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Private Bag 50072  
Queenstown 9348

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*Growing our sense of pride*



Fill in feedback form, fold along dotted lines and tape here.