

What's changed?



Budget changes following the consultation process:

The Council received 504 submissions on its draft Ten Year Plan and 82 people chose to address the Council at hearings held in Wanaka and Queenstown.

Despite being prepared in the wake of a pandemic and its associated affordability challenges, it was reassuring to see a high level of public engagement with the draft plan. Key themes that emerged in the process included increasing climate action, the appetite for more active transport and provision of more community facilities.

The feedback received was largely supportive of the preferred options proposed for the 'Big Issues' and these were adopted by the Council as outlined in the Consultation Document. These big issues and preferred options were:

- > **Water Treatment Programme timing:** Complete the Water Treatment Programme as outlined in the plan (by 2024)
- > **Wakatipu Transport Capital Programme (scope):** Complete the Wakatipu Transport Capital Programme as outlined in the plan
- > **New targeted rate on Queenstown Town Centre properties:** Rates recovery focused on wider CBD ratepayers
- > **Increasing user fees and charges:** Fees and Charges Increased as per Revenue & Financing Policy

The enthusiasm from community and volunteer groups reflects the passion locals have for the environment and a connected community, and this was seen in the submissions and requests for funding. Unfortunately, it's never possible for Council to meet all of these requests especially in the context of the challenging capital programmes in this Ten Year Plan. All submissions were considered, and despite funding constraints, Council did make a number of changes as a direct result.

The overall impact of the changes made has altered the increase in rates as outlined in the Consultation Document. The average annual increase in rates over the ten years is 4.4% (after growth).

Changes approved as a result of external submissions include:

ACTIVE TRANSPORT

1. Investment in active transport networks for Wanaka has been accelerated, with the design and construction of the 'Wanaka Pool to School Active Travel' route now scheduled for Year 2 (\$2M) and Year 3 (\$3M). This will be delivered on a non-subsidised (by Waka Kotahi NZTA) basis.

Note: these changes are within the 'Transport' activity section of the plan.

CLIMATE ACTION

2. Additional resources have been provided to the climate action team, with an additional \$200k added to the operational budget and an additional team member being provided for in Year 1 rather than Year 2.

Note: these changes are within the 'Finance and Support Services' activity section of the plan.

Changes approved as a result of internal submissions include:

COMMUNITY SERVICES AND FACILITIES

3. Provision of a Youth & Community Centre in Wanaka, at the former Mitre 10 site.

This site will provide a home for a number of community groups and a base for a range of QLDC sport and recreation programmes. The proposal is to lease the building for the next 10 years, requiring \$750k from Council capex budgets, plus \$250k in grant funding for the fit out.

Revenue is anticipated to be \$100k for programmes and \$275k in venue hire per annum. The centre will require 4.88 FTE to run all operations with proposed revenue expected to meet the revenue and financing policy. The funding remains subject to the successful negotiation of a lease.

4. Creation of a Community Centre at 516 Ladies Mile, Queenstown.

The existing property at 516 Ladies Mile will be retrofitted and upgraded to be a full use community centre with better access and infrastructure upgrades. At this stage, sports fields are not included. The forecast cost of \$2M includes a

\$0.6M deferral from 2020-2021 and the remaining \$1.4M will be covered by surplus capital expenditure budgets outlined in the March reforecast. Third party funding currently also to be explored.

5. Development of Te Atamira Arts and Culture Hub, Queenstown.

Working with the Three Lakes Cultural Trust, Te Atamira is proposed to be an arts and cultural hub based at Remarkables Park. There is an opportunity to create a home for a number of arts and cultural groups within a facility leased for ten years. Council has included funding for lease costs of \$295k plus \$52k operational expenditure in Year 1, increasing to \$461k and \$100k respectively per annum ongoing. The funding remains subject to the successful negotiation of terms between the Council and the Trust.

6. Additional changes include:

- a. Removal of Lake Hayes Pavillion replacement hall - the budget for this replacement has been moved beyond the timeline of this plan (Year 11/12) and will be reconsidered in the 2024-2034 Ten Year Plan process.
- b. Luggate Memorial Hall replacement – \$3M budget has

been deferred from 2020-2021 to 2021-2022 due to delays in the programme delivery.

- c. Mount Iron – \$20k capital expenditure is required for signage and \$516k to establish new tracks and trails, operational expenditure of \$61k per annum is required to control pests and maintain tracks, and \$54k in year one only for noxious weed removal.
- d. Sport and Recreation revenue – this has been increased for Year 1 and 2, as the impact of COVID-19 has not been as pronounced as expected (Post Covid budgets were reduced by 20%).
- e. Sport and Recreation retail costs – adjusted to reflect increased retail revenue in Years 1 and 2 (which had been adjusted down based on an assumed impact from COVID-19/lack of tourists).

TRANSPORT

7. Removal of Boundary St carparking facility (Queenstown)

– Lower cost, lower impact solution identified, creating temporary parking at various development sites throughout the CBD. This will enable the release of capital (reduced from \$30M to \$5M) for other initiatives and

interventions in the plan, whilst providing the opportunity for the development of a longer-term, holistic transport solution. Income removed from lease income and added to parking fees and permits (Pay&Display parking). Correction to Wilson Parking Commission from Year 2.

8. Additional changes include:

- a. Queenstown Street Upgrades (Crown Infrastructure Partners -CIP) - \$6.9M deferral from 2020-2021 to 2021-2022 from the March re-forecast included in submissions. Additional \$2.8M budget requested through internal submissions for 3 Waters services renewals.
- b. Arterial - Stage One CIP - \$4.9M deferral from 2020-2021 to 2021-2022 from the March re-forecast included in submissions.
- c. Depreciation Expense correction to Vested Assets capital value for Year 1. The impact will be a \$594k reduction across Years 2-10.

WATER SUPPLY

- 9. Beacon Point New Reservoir** - Design and construction of a second water supply storage reservoir. Includes land purchase adjacent to existing reservoir site.

\$2.3M has been added to Year 1 as costs have increased due to revised scope, updated QS estimates and land acquisition.

- 10. Ladies Mile New Scheme (Housing Infrastructure Fund - HIF)** – Water supply infrastructure to align with and service the new housing development, as per the Ladies Mile HIF business case. Expenditure from Years 4 – 6 will be transferred to Years 7– 9 to offset debt levels. Deferral inflationary impact will be \$672k.

- 11. Depreciation expense correction** to Vested Assets capital value for Year 1. There will be a \$395k reduced cost across years 2 - 10.

WASTEWATER

- 1. Biosolids Disposal** - Investigation of alternative methods to treat/dispose of sludge from the wastewater treatment process, followed by solution implementation. Sludge digestion can significantly reduce the volume of waste to landfill, and can also be processed for beneficial reuse (e.g. agricultural fertilisers). \$300k added to Year 1 to begin investigations.
- 2. Recreation Ground new wastewater pump station** - Construction of a new wastewater pump station at the Queenstown

Recreation Ground. Variation to Contract for the addition of SP3, SP4 and SP5 due to the abandonment of horizontal drilling. \$181k has been brought forward from 2021-2022 to 2020-2021 to proceed with preliminary design.

- 3. Queenstown CBD to Frankton Conveyance** - The CBD to Frankton gravity main is QLDC's highest risk wastewater asset. Capacity will be exhausted by 2024-2025 in storm events. A new pressure main is planned to run adjacent to the existing gravity main which is to be completed by Year 4 at a cost of \$26.1M.
- 4. Southern Conveyance Network** - New developments planned along the southern corridor, including Coneburn industrial, Coneburn Special Housing Area and Homestead Bay. New wastewater conveyance route from Southern Corridor to wastewater treatment plant (Coneburn Valley wastewater network). \$200k brought forward from Year 10 to Year 1 for the Single Stage Business Case (SSBC) to supplement 2020-2021 funding.
- 5. Project Shotover Plant Upgrade** - Insufficient capacity at Shotover wastewater treatment plant to meet projected demand.

Works include duplicate MLE reactor and clarifier, and decommissioning of the legacy oxidation ponds. Design horizon to 2048. \$8.5M removed from Year 10 as entered in error.

- 6. Ladies Mile New Scheme HIF** - Wastewater infrastructure to align with and service the new housing development, as per the Ladies Mile HIF business case. Expenditure from Years 4 – 6 will be transferred to Years 7– 9 to offset debt levels. This results in an increase of \$236k due to inflation.

7. Additional changes include:

- a. Millbrook 3 Waters Infrastructure - Arbitration and Agreement for Water and Wastewater Supply at \$200k.
- b. New FTE for a Senior Consents and Compliance Advisor within the operations and maintenance team.
- c. Depreciation Expense correction to Vested Assets capital value for Year 1

STORMWATER

- 8. Ladies Mile New Scheme HIF -** Stormwater infrastructure to align with/service the new housing development - as per the Ladies Mile HIF business case. Includes land acquisition. Expenditure from Years 4 – 6 will be transferred to Years 7-9 to offset debt levels. Due to deferral, there will be a \$92k cost increase.
- 9. Depreciation Expense correction** to Vested Assets capital value for Year 1 and a reduced cost of \$388k across Years 2 - 10.

WASTE MANAGEMENT

- 10. Organic Waste Management -** Provide organic waste solution(s) for the beneficial reuse of organic materials including trials, drop off facilities, kerbside services, education, community initiatives, and processing facilities. Organic waste to landfill is a significant contributor to green house gas emissions. It is expected that Ministry of Environment (MfE) will introduce organic waste diversion targets as early as 2022. Year 1 - 3 budget \$519k to develop business case and funding applications.

11. New Wakatipu Waste Facilities

- New Materials Recovery Facility and Transfer Station completion date brought forward from Year 8 to Year 6, enabling the decommissioning of the existing facilities located in Frankton Flats. Facilities will form the basis of a community Eco Park. Cost decrease by \$4.0M from \$38.7M to \$34.7M. The total cost is \$34.7M, a reduction of \$4.0M from the draft plan.

12. Additional changes include:

- Existing Wakatipu Waste Facilities - Essential investment in existing facilities at Frankton Flats to support mixed recycling service in district. Adjusted to reflect proposed eco park timing and this results in a total increase of 27k across Years 1 - 6.
- Wanaka Waste Facilities - Existing site rearrangement and upgrade of transfer station. Reduction of \$816k.
- Refuse Wakatipu and Wanaka - Transfer station recovery - On 2 March 2021 the Government confirmed decisions regarding the waste levy increase and expansion. Income increase per revised transfer station recovery charges. Offset with

item below. The waste levy will increase from \$10 per tonne to \$20 per tonne for municipal (Class 1) landfills for Year 1. This rate will continue to progressively increase annually to \$30 from 1 July 2022, \$50 from 1 July 2023, reaching \$60 per tonne on 1 July 2024.

- Refuse Wanaka - Landfill Costs - Transfer Station recoveries will offset roughly 67% of costs with the balance to be funded from rates for the QLDC kerbside collections. Offset with item above. The net cost over the ten years is \$5.7M (uninflated figures).

ENVIRONMENTAL MANAGEMENT

13. Development Contributions

Policy - new section 1.4.2 to cover the changes made. There is little financial impact to the expected development contribution revenues from the change. These changes are:

- Change to the definition of mixed use accommodation; and
- Change to local/community park contribution values for the Wanaka area as a result of Hawea now being grouped with Makaroa, Cardrona and Luggate.

- As a result of changes to the capital programme, some contribution amounts have changed. These changes are minor in terms of impact.

FINANCE AND SUPPORT SERVICES

- 14. Afterhours Customer Service Contract-** new preferred supplier cost increase.

The following changes have been made due to the provision of updated information:

- QAC dividend** - Update to the QAC dividend forecast has resulted in an increase of \$21.4M over the ten years (\$45.1M to \$66.4M).
- Wānaka Airport and QAC lease** - As of 21 April 2021, the QAC no longer holds the lease for Wānaka Airport. Instead QAC holds an interim Management Service Agreement to provide for scheduled domestic air services, and both commercial and private general aviation operations. As a result of the Judicial Review decision, QLDC has revised its budgets in relation to Wanaka Airport. All direct revenue and expenses related to Wanaka Airport are now included in the QLDC TYP as opposed to within the QAC budgets. Provision has also been made to repay QAC for

\$3.2M of fixed assets and \$10.9M of pre-paid lease in the 2021/22 year.

3. Project Connect deferral - As a result of internal changes and deliberations, a change in timing is required for Project Connect. The revised capex programme has caused the debt/revenue ratio to rise unacceptably in Year 5. Project Connect will now be deferred by one year with commencement in Year 4 and completion by Year 7 (rather than commencing Year 3 and completion by Year 6).

4. Update to 2020 Loss Provision - As at 31 May 2021, Council is actively defending five weather-tightness claims. The 2020 loss provision has been increased based on the analysis of the latest claims information. Whilst the provision for loss has been increased, the forecast financial statements do not include an estimate of settlement for any claim. Any claims received subsequent to 30 June 2009 are not covered by insurance. Other claims covered by insurance are subject to a cap as to the level of cover provided.

5. Transport Subsidy Shortfall - On 31 May 2021, Waka Kotahi informed all local authorities of their indicative funding allocations for the next three years for road maintenance activities (including renewals). As with many local authorities, there is now a difference between the amount of subsidy assumed in the TYP compared to the indicative allocation for this period.

For QLDC, the assumed programme included in the TYP for 2021 to 2024 amounts to \$59.9M with \$30.5M of subsidy (net cost of \$29.3M). The indicative allocation provides for \$45.4M with \$23.2M of subsidy (net cost of \$22.2M). The resulting funding shortfall affects a mixture of operational and capital expenditure with a net impact that capital renewal funding is overstated by \$4M cumulatively over the first three years of the TYP.

Whilst the loss of funding is disappointing, QLDC does have options to manage the situation. It is our intention to re-prioritise road maintenance activities to stay within our current “local share” budgets over the next three years. This may include spreading some renewal works over a longer period and undertaking some works without subsidy. We may

do this up to a value of \$7.1M without impacting rates. Council will therefore adjust TYP budgets accordingly in August 2021 once the final funding decision is made by Waka Kotahi for all roading programmes.



Community Grants

Community grants are now separated into two funds – three year grants and one-off, one year grants. Recognised Community Associations are also each entitled to a \$5k grant to support community projects, in addition to the grants shown below.

THREE YEAR GRANTS

The following groups have been awarded funding for three years, to be reconsidered in the next Ten Year Plan process:

- > Alpine Community Development Trust – support for rental costs at \$33.5k in year one, followed by \$58.5k in both years two and three. Support for community development initiatives at \$60k in years two and three only.
- > Bike Wanaka – 20k per annum to help maintain trails and promote biking.
- > Happiness House - \$20k per annum to support rental costs.
- > Kahu Youth Trust - \$20k per annum to support rental costs.
- > Lakes District Art and Cultural Trust - \$50k per annum for public art.
- > Lakes District Air Rescue Trust - \$50k per annum administration support.
- > Lakes District Museum - \$100k per annum support.
- > Queenstown Lakes District Community Housing Trust - \$50k per annum administration support.
- > Queenstown Mountain Biking Club - \$30k per annum administration support.
- > Queenstown Book Club - \$5k per annum administration support.
- > Queenstown Trails Trust - \$75k per annum administration support.
- > Ruby Island - \$17,416 in year one for operations and a new BBQ, \$3,530k in years two and three.
- > Sport Otago - \$35k per annum administration support.
- > Startup Queenstown Lakes - \$70k per annum administration support.

- > Te Kakano - \$15k per annum operational support.
- > Upper Clutha Tracks Trust - \$50k per annum administration support.
- > Wai Wanaka - \$50k per annum administration support.
- > Wakatipu Heritage Trust - \$5k per annum support.
- > Wakatipu Islands Reforestation Trust - \$2k per annum operational support.
- > Wakatipu Reforestation Trust - \$20k per annum operational support.
- > Wakatipu Youth Trust - \$53,302 per annum to support rental costs.
- > Whakatipu Wildlife Trust - \$30k per annum administration support.

ONE YEAR GRANTS

The following groups have been awarded funding for 2021/22. These are typically for one-off projects and will need to return to the 2021/22 Annual Plan funding round if further funding is sought:

- > Aspiring Gym Sports - \$30k to support rental costs.
- > Glenorchy Community Association - \$15.35k to develop a native nursery and the bible terrace planting project.
- > Glenorchy Trails Trust - \$12.5k operational support.
- > Hidden Hills - \$4.25k to support beautification of Mt Iron Track entranceway.
- > Jacks Point Resident Association - \$4.5k to support CDEM and planting projects.
- > Shaping our Future - \$50k operational support.
- > Trails Trusts' Consortium - \$25k to develop strategic vision for the sector.
- > Wanaka Alcohol Group - \$15k to deliver community action plan.