

Queenstown Lakes District Council

Summary Annual Report 2008 / 2009

Contents

Section 98(4)(b) of the Local Government Act 2002 requires Council to make publicly available a summary of the information contained in its Annual Report. The specific disclosures included in the summary annual report have been extracted from the full annual report adopted by Council on 27 October 2009. The summary annual report can not be expected to provide as complete an understanding as provided by the full annual report. The full financial report dated 27 October 2009 has received an unqualified audit report. A copy of the full Annual Report can be obtained on the Council website - www.qldc.govt.nz

This summary annual report has been examined by the auditor for consistency with the full annual report. The auditor's report is included with this summary.

The Council's full annual report has complied with NZ GAAP and stated explicitly that they comply with NZ equivalents to IFRS (International Financial Reporting Standards) as applicable for public benefit entities. The summary annual report complies with FRS 43 - summary financial statements.

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Contact Us

Council Offices

Civic Centre
10 Gorge Road
Private Bag 50072
Queenstown

Phone and Fax
Phone: 03 441 0499
Fax: 03 450 2223
Email: services@qldc.govt.nz
Website: www.qldc.govt.nz

Service Centres

Arrowtown Library
58 Buckingham Street
Arrowtown
Phone: 03 442 1607

Wanaka Office
47 Ardmore Street
Wanaka
Phone: 03 443 0024
Fax: 03 443 8826



Introduction

The purpose of this Summary Annual Report is to represent fairly and consistently the major matters dealt with in the Annual Report.

The purpose of the Annual Report is to communicate Council's achievements against objectives included in the 2008/2009 Annual Plan. The 2008/2009 year represents year three of the 2006 10-Year-Plan.

Financial Result 2008/2009

This is the third year that the Council and its subsidiaries have reported under the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Along with the Queenstown Airport Corporation, Lakes Leisure Limited and Lakes Environmental Limited - the QLDC group has recorded a satisfactory financial result for the year ended 30 June, 2009. The combined operating result is a \$4.3m deficit. The main reasons for this are explained below.

Explanation of Major Variances against Budget

Statement of Financial Performance

The Council alone recorded an operating deficit of \$6.1m against a budgeted surplus of \$31.5m. Compared to previous years, this situation is quite unique but not unexpected in the current economic climate. The reported deficit includes \$17.5m of unrealised losses pertaining to the revaluation of investment property and forestry assets. This follows a 2008 value reduction of \$6.8m for investment property. This represents an unrealised loss (not actual) in value of around 23% in the past two years. This is in line with the general market movement of property of this type and follows strong valuation gains in the previous 10-years.

Revenue was below estimate by \$7.0m for the year ended 30 June, 2009. The following major items contributed to this variance:

- Development contribution income was below budget by \$8.1m for the year principally because of a slowdown in consent related activity. To put this in context, development contributions income was \$11.1m below budget in the previous year.
- Vested Assets were \$3.1m above budget for the year including \$3.7m of reserve land. This is because we have recognised the value of reserve land transferred from the Department of Conservation in Wanaka and Queenstown valued at \$2.8m.

Operating expenditure was above estimate by \$8.6m for the year ended 30 June 2009. The following major items contributed to this variance:

- The main component of the variance relates to \$5.2m of project expenditure which was classified as capital expenditure within the budget but which has been charged as an operating expense for the year. This is not an over-spend as there is budget provided to cover it.
- Depreciation expense for the year is \$2.5m higher than budget. This is a non cash item and relates primarily to the timing of project expenditure (Project Pure) and higher than anticipated levels of vested assets over recent years.
- The balance of the variance of \$0.9m relates primarily to increased maintenance costs for water supply, wastewater, roading and public toilets.

The first two items account for \$7.7m or around 90% of the variance. This means that after excluding the effect of these items, operating expenditure was around 1.3% over budget.

Statement of Financial Position

The main variance relates to the difference in expected capital expenditure for the year. Capital expenditure was below estimate by \$7.5m for the year ended 30 June 2009. The following major items contributed to this variance:

- The main component of the variance relates to \$5.2m of project expenditure which was classified as capital expenditure within the budget but which has been charged as an operating expense for the year.
- Vested Assets were \$3.1m above budget for the year including \$3.7m of reserve land.
- Loan Repayments were \$2.8m below budget due to the delay in progress for the Lakeview development.
- The balance of the variance of \$2.6m relates mainly to the timing of land purchases for reserves and various transport related projects.

The revaluation of investment property resulted in a reduction in value of \$17.0m for the year as opposed to a budgeted gain of \$5.6m. This movement coupled with the \$6.8m unrealised loss for last year, has led to the main variation in the balance sheet which shows Non Current Assets \$46m below the forecast position. Borrowings are also \$16.5m ahead of budget; this relates mainly to the decline in revenue from development contributions over the past 2 years and the delay in progress for the Lakeview development.

Statement of Changes in Equity

The decline in asset value and increase in borrowings (described above) has resulted in an equity variance of \$62m below forecast.

Statement of Cash Flows

The budget variations explained above also contribute to budget variations in the Cash Flow Statement, particularly cash flows from operating activities. Borrowings were around \$18m more than expected due to shortfalls in development contribution income and the lack of expected proceeds from the Lakeview development.

Project Delivery

Infrastructure

Council was able to complete around 70% (by value) of the 2008/09 infrastructure capital works programme (including carry forwards), however it failed to meet set targets. This is slightly down from 2007/08 (77%).

Capital Procurement

In June 2006 the Council announced the delivery of a Procurement Strategy and sought a team of preferred consultants and designers. The strategy places surety around the planning and delivery of infrastructure capital projects for both the Council and the community, and allows contractors the confidence to commit resource to enable this to happen. The Council selected preferred contractors in October 2007.

What have we delivered?

Here are some of the projects that have been delivered during 2008/09:

- Resurfaced 25.9 km of sealed road.
- Sealed Orchard and Faulks Roads in Wanaka.
- Albert Town seal extensions.
- Crown Range Road reconstruction.
- Centennial Avenue rehabilitation together with walking/cycling track.
- Riverbank Road seal widening.
- Gorge Road stage one including cycle path.
- Purchased additional land at Victoria Flats to protect the integrity of the landfill.
- Upgraded parking signage.
- Completed Camp Street upgrade.
- Renewed the Park Street wastewater rising main.
- Began operating Project Pure.
- Renewed the Bendemeer to Ladies Mile wastewater rising main.
- Renewed various water and wastewater pipelines.
- Completed draft Stormwater Catchment Management plans for most of the urban areas across the district.
- Obtained the resource consent for Project Shotover (subsequently appealed to the Environment Court).
- Wanaka western intake pump upgrade.
- Public Health Risk Management plan for Queenstown.
- Water demand management strategy for each system.

Community

The delivery of community capital works projects has been sustained at a high level with 48 of the 58 projects (83%) having been completed (2008 80%). The remaining projects to will be completed in spring when planting conditions permit.

What have we delivered?

Here are some of the projects that have been delivered during 2008/09:

- New barbeque and shelter at the Frankton Domain.
- New toilet at Scurr Heights reserve.
- Completion of a walkway / cycleway through Millbrook to Speargrass Flat Road.
- Extension of the Queenstown Cemetery and improvements to the Wanaka Cemetery.
- Construction of new maintenance depot and public car park improvements.
- Major upgrade of the Queenstown Gardens main path.
- Upgrade of the Roy's Bay Boat ramps.
- New playgrounds in Luggate and Glenorchy.
- Construction of a walkway/cycleway from Lake Hawea to Albert Town and Damper Bay to Glendhu Bay.

Other Project Highlights

10-Year-Plan

The Council spent almost the entire 2008/09 year preparing for the 10-Year-Plan process, the 2009 plan being adopted on 30 June 2009. The resultant work meant the Council was able to identify that years one (2009) to four (2012) are affordable (financially prudent) and necessary for the wellbeing of the district but in the later years of the 10-Year-Plan the programme becomes unaffordable. Some of the key reasons why this had happened since the last 10-Year-Plan in 2006 are:

- a) Better knowledge: Over the past three years the Council has invested in a thorough understanding of our infrastructure networks. It is now clear that there is more work to do on our current assets to ensure they do not fail in the near future than was previously forecast.
- b) Goal Post Shift: In several cases new standards have been applied to Council activities by Central Government and other agencies. Water standards, and quality standards for sewerage discharge, are two examples that have resulted in substantial increases in the size of the capital programme compared to past forecasts.
- c) Growth: The single biggest impact is still due to economic growth. Council's projections, which have been developed and proved accurate, over the past five years highlight that our current district average day population has risen from an estimated 35,777 people in 2006 to 68,305 in 2029. However the Council has to provide infrastructure for the peak day (including visitors). By 2029 the peak day population is estimated to be 137,404.
- d) New Facilities: The Council and the community have made decisions in recent years to invest in new facilities (Alpine Aqualand, Recycling Centre, Project Pure etc) which have been partly paid for out of debt. The draft plan, consulted during April/May 2009 forecast that by the year 2019 debt levels would reach \$413 million. The work carried out identified that as community we have a small rate base that cannot sustain that kind of debt level. The Council chose to reject a simplistic approach to this problem by slashing capital expenditure for the sake of obtaining a perfect scorecard (audit report) and also rejected the option of applying dramatically increased rates, user charges or property sales. Instead the Council chose to maintain rates at an affordable level, disclose the problem, have the conversation with the community and then get on with a solution before the next 10-Year-Plan is adopted. A review was commenced upon adoption (June 2009) and is ongoing.

Wanaka Sports Facilities/Aquatic Centre

In February 2009 a number of key reports into the proposed establishment of Wanaka Sports Facilities and an Aquatic Centre were released for consideration by the community. This 'pre consultation' was critical to the 10-Year-Plan process and allowed the elected members to make an informed decision on the basis of community feedback. The Council then consulted on both projects during April/May in the draft 10-Year-Plan.

The final decision adopted on 30 June 2009 involved:

- an assessment of greenfield sites;
- the inclusion of a provisional capital sum in the plan for the purchase of a site, if selected;
- deferral of the aquatic centre but investigate investing in the existing pool;
- confirmation that the sports field facility was a priority and commit to commence development of a stadium and hard court area in 2011.

Project Pure

On November 3, 2008 the first raw wastewater travelled through the pipes of Project Pure from the Wanaka oxidation ponds, marking a milestone for the project. This significant undertaking has ended the practise of disposal of treated waste water into the Clutha River. Wanaka's waste water is now disposed into trenches adjacent to the Wanaka Airport. The project has been a major investment in the environment of the Queenstown Lakes district. The plant has been functioning well and all discharges are within the permit conditions. This sort of initiative also continues to establish this district as a world class destination.

Shotover Delta

In August 2008 the Council, in conjunction with the Otago Regional Council announced a combination of planned works for the Shotover Delta has led the Councils to enter into a partnership approach designed to reap benefits for the community.

A Shotover Delta Steering Group with membership from both Councils worked on a holistic approach to issues relating to the Queenstown Airport Runway End Safety Area (RESA), Shotover River Management, Project Shotover, (the proposed disposal of wastewater to land scheme for the Wakatipu) and future state highway route.

Each of the other three key projects would involve varying degrees of earthworks and development on the Delta, raising a unique opportunity to implement one overarching amenity plan. The result will be a vastly improved public area with walking and cycling trails, picnic areas, improved fishing access and revegetation. Each of the projects is at varying stages in the approval, consent and funding process with Project Shotover notified in August 2009 and the RESA now approved (90 m extension to meet safety requirements for international flights).

Restructure Engineering Services

In January 2009, the Council announced it would produce a formal proposal to bring Council employees and the staff of Lakes Engineering together into one new entity, with all staff directly employed by the Council. Since the establishment of the wholly owned Council Controlled Organisation, Lakes Engineering Limited in 2007 there have been frustrations about achieving the necessary clarity of roles between the two organisations i.e Lakes Engineering and Council. It was decided that the group of people needed to be one team working together for our communities.

Shortening the lines of communication will improve the timeliness of work, reduce the cost of engineering services, and improve the experience of people who need Council input to their projects. The Council estimates a 26% (\$3.3 million) reduction in the cost of engineering management and a 4.5% reduction in the cost of the capital programme.

The new combined structure carries 24.5 full time equivalents, with recruitment commenced in June 2009.

Service Delivery Change

1 July 2008 marked day one of a new Council family with four new contracts and a new 'in house' team working for the community. The new 'in house' horticultural team, including gardeners and town custodians for Wanaka, Queenstown and Arrowtown reported for the first day of work and it was also the first day of new contracts with the Council for

Lakes Environmental (Council controlled organisation delivering planning and regulatory), Dunstan Sprayers (plant and animal pest control), United Water (water services operation and maintenance) and Asplundh (parks and reserve maintenance and tree services). A fifth contract for cleaning public toilets was re-tendered and awarded to WanaClean in 2009.

The date of 1 July 2008 was hugely significant to the Council which spent four years conducting a service delivery review to reach the 2008 milestone. Much of the year was also devoted to completing the introduction of a new contract for roading maintenance. This contract was operative in September 2009.

Our other achievements for the 2008/2009 year fall under the heading of the most relevant community outcome to which it relates.

Sustainable growth management.

Advocacy

Council has responded to a number of plans and strategies being progressed by external agencies.

In October 2008 a submission was made to the Ministry of Education on the proposed Wakatipu Schools Strategy. Submissions were also made to Otago Regional Council on proposed Regional Water Plan Change 1C.

Monitoring

Council undertook a significant monitoring project in publishing a review of the effectiveness and efficiency of the Rural General Zone. This involved extensive analysis of data on resource consents issued in the zones and correspondence with many resource management practitioners. Work has been undertaken to produce a similar report in the other Rural Zones with the results expected to be reported in the 2009-2010 financial year.

Council reported as it has done at least annually on the Dwelling Capacity Model. This model monitors the capacity for residential development in the district.

Queenstown Town Centre Strategy

During the year a working party of Councillors and local representatives developed a draft Queenstown Town Centre Strategy which was released for public comment in June 2009. In light of some of the issues identified from community feedback on the draft strategy the working party are undertaking some additional research on these matters and have indicated that additional targeted consultation may assist in finalising the strategy for adoption.

Wanaka Town Centre Strategy

In May 2008 the Council established the Wanaka Town Centre Working Party which consists of community representatives and Council staff. The role of the working party is to create a Wanaka Town Centre Strategy which provides direction for the future enhancement of the traditional Wanaka Town Centre.

The Working Party formulated a draft Wanaka Town Centre Strategy and consulted with the community in March 2009. The draft strategy identifies an overall concept plan and vision for the town centre and also includes a range of issues and options, including a preferred option to address each issue. The Working Party is considering all these submissions and anticipates revising and finalising the strategy by October 2009.

Cardrona Structure Plan

Following requests from the community to look more comprehensively at the interrelationship between activities in the Cardrona Valley a structure plan was developed for this area using the Cardrona 2020 Community Plan and subsequent Cardrona Urban Design review for guidance. Consultation on a draft structure plan was completed this financial year and the final structure plan was adopted by Council in September, 2009. The structure plan outlines a number of other projects that will be undertaken in the Cardrona area, including the development of design guidelines for the Cardrona Village.

Urban Growth Boundaries

Two Plan Changes have been progressed in respect of Urban Boundaries. These look to provide a statutory basis for concepts identified in the Growth Management Strategy and Community Plans. A Discussion Document on Urban Growth Boundaries was consulted on in the spring. This looked at establishing a strategic approach to managing urban growth throughout the district. Further consultation was undertaken on developing a boundary for Arrowtown during the summer.

Quality landscapes, natural environment and enhanced public access.

District Plan

The only outstanding matter in the District Plan (not yet operative) relates to financial contributions.

A number of Plan Changes have been notified in the 2008/2009 year including:

Plan Change 5B – Bible Face – Glenorchy
Plan Change 11B – Definition of Ground Level
Plan Change 25 - Kingston Village Special Zone
Plan Change 16 – 3 Parks Special Zone

Plan Changes under appeal include:

Plan Change 10 – Amenity in High Density Residential Zones
Plan Change 18 – Mount Cardrona Special Zone
Plan Change 24 – Community Housing
Plan Change 28 – Trails

Completed Plan Changes made operative

Plan Change 13 – Kirimoko Block – Wanaka
Plan Change 14 – Makarora Rural Lifestyle Zone
Plan Change 22 – Definition of Visitor Accommodation
Plan Change 32 – Ballantyne Mixed Use Zone
Plan Change 33 – Non Residential Activities within Residential, Rural Living and Township Zones

A Council decision on the following will be issued in October 2009:

Plan Change 19 – Frankton Flats (B)

Considerable effort was also spent in this period on preparing a number of further Plan Changes which were notified in August 2009

Plan Change 27A – Updating Noise Measurement and Assessment Standards
Plan Change 29 – Arrowtown Urban Growth Boundary
Plan Change 30 – Urban Boundaries Framework

Considerable effort was also spent in this period on preparing a number of further Plan Changes (which are not yet notified) including:

Plan Change 26 – Wanaka Airport

Wilding Tree Strategy

In November 2008 the Council called for comment on the updated strategy for wilding tree control in the Wakatipu.

A Wakatipu Wilding Conifer strategy was first adopted in 2004, at which time the Council had made a promise to the community that the strategy would be reviewed every four years. In particular, the strategy proposed an increase in annual funding to \$500,000 for the four-year period (previously 100,000 per annum) and that an independent group be set up to actively drive the implementation of the strategy. Comments closed in December 2008 and the strategy was adopted in March 2009.

A safe and healthy community that is strong, diverse and inclusive for people of all age groups and incomes.

Affordable Housing

The year ending June 2009 saw the Council continue to implement the 32-action HOPE Strategy (adopted June 2005) having completed 16 actions, and removing one. The year has seen the Council continue with another 15 actions.

The Queenstown Lakes Community Housing Trust has delivered 31 homes through the Shared Ownership Programme, with support from private sector developers, the Council and Central Government, successfully completing the initial two-year trial of this innovative programme. Renewal of the programme for a further two years is underway. The Trust has commenced development at Nerin Square, Lake Hayes Estate with Stage 1 of 5 townhouses due for completion by December 2009, and further design of Stage 2.

Contributions of land for affordable housing through negotiated stakeholder deeds has continued, raising the total number of sections committed from 73 to 107, to result in 248 residential units from 7 developments. The Housing Trust continues its work with these developments on the most effective means for housing delivery as the developments progress to the market. Plan Change 24: Affordable and Community Housing was adopted by the Council in December 2008, and is under appeal.

Building Contract Awarded

In May 2008 the Council approved entering into a contract for building services with Asplundh, known as contract 806. The contract, which includes services such as playground safety inspections, building repairs and street furniture installation, had been carried out as a negotiated interim agreement for the last year, with the same company. In total five tenders were received and evaluated by a panel with non price attributes contributing 65% of the evaluation and price 35%. The contract is for a four-year minimum period and a maximum of nine-years, subject to performance. As of July 2008, Asplundh was awarded the contracts for parks and reserve maintenance and tree services (see Service Delivery Change).

Lakes Leisure

The 2008/09 period has seen the first full year of operation for Lakes Leisure Limited, which commenced in February 2008. The not for profit Council Controlled Organisation reported a positive variance against operating budgets of \$19,129. Management worked hard throughout the year to ensure that operations were within the original operating budget set down at the commencement of the company.

A particular highlight for the year was the transferral of the management of the Wanaka Pool to Lakes Leisure, marking a new era for the pool. The main reason for the changeover was that it was no longer viable for the volunteer committee to run the pool for practical and economic reasons. The pool had reached the point where it required professional management.

Lakes Leisure also operates Alpine Aqualand and the Arrowtown Memorial Pool.

Effective and efficient infrastructure that meets the needs of growth.

Transport and Carparking Strategy

Following the adoption of the Wanaka Transportation and Parking Strategy (March 2008) and the Wakatipu Transportation Strategy, work has shifted to strategy implementation. Key implementation activities over the 2008/09 were carried out in the areas of parking, passenger transport, travel behaviour change and road planning and management.

Parking initiatives included reviews of on-street and public off-street parking controls in Arrowtown, Queenstown and Wanaka Town Centres. Within Queenstown in particular the outcomes were linked to the improvement of bus services with a proposed shift in weight towards the provision of visitor parking ahead of unrestricted parking.

In preparation for the introduction of improved bus services by the ORC work was undertaken on the specification and tendering of bus shelters and the legalisation of bus stops. Preparation for the future expansion of services into new areas was undertaken with the identification of stops for Kelvin Heights, Quail Rise, and Lake Hayes Estate.

The Council's travel behaviour programmes commenced the development of school travel plans and associated transport system improvements for Wanaka Schools (Hawea Flat and Wanaka Primary) and the new Remarkables Primary School.

The Council continued to work with the New Zealand Transport Agency and other key stakeholders on the development of the district's road network. This included input to the development of NZTA bus priority and pedestrian access planning for Frankton Road and planning of the arterial network for Frankton Flats.

Water Demand Management

The Council consulted on ways to restrict excessive use of water during the 10-Year-Plan process, having adopted a new Water Supply Bylaw, which commenced on 20 December 2008. This allows the Council to control activities which are an abuse of the purpose for which potable water is provided. As a result of the consultation the Council now has or is preparing Demand Management Plans for communities district-wide and significant work involving leak detection has been undertaken.

Waste Management

In 2008 the community asked the Council to provide better options around waste management collection (recycling and refuse). The key message from the community was to provide incentives for those that minimise waste and recycle to a high degree. These options were consulted in April/May 2009 as part of the 10-Year-Plan consultation.

The adopted plan (30 June 2009) has allowed for the implementation of five new refuse options ranging from create no rubbish to the introduction of the 'half bag' (30 litre) and the 120 litre wheelie bin (Council-owned) service. In terms of organic material the Council worked on providing subsidised incentives, including worm farms and composting solutions.

High quality urban environments respectful of the character of individual communities.

Urban Design and Urban Design Strategy

The Queenstown and Wanaka Urban Design Panels continue to be operational. In the 2008/09 year in Queenstown 23 projects were reviewed compared with 13 in the previous twelve months, whereas in Wanaka 5 projects were reviewed compared to 9 in the previous twelve months.

A draft urban design strategy was approved by Council's Strategy Committee to go out for public consultation in May 2009. It is anticipated that the strategy will be finalised and published later in the year.

Lakeview Project

Council has put the Lakeview Project on hold due to the economic climate. Unfortunately economic events overtook the process and the development company selected as the 'preferred participant' was not able to provide the financial covenants required by Council. The company accepted that the Council was free to terminate the 'preferred participant' status and this has been done.

A strong and diverse economy.

Rugby Announcement

In March 2009 it was announced that the southern region's 2011 Rugby World Cup bid scored five out of six games for the region with Dunedin hosting three games and Invercargill two. Mayor Clive Geddes, confirmed that the Queenstown Lakes district was set to benefit from this announcement with a tourism flow on effect and at least one top team likely to be hosted in the district. We await this announcement with confidence.

Facilitation

Economic development is an area where the Council takes more of a facilitation role, particularly in the area of employment. Some of the Council's roles in the 2008/2009 year have included the Mayor's Taskforce on Jobs, Seasonal Solutions, membership of Otago Forward, facilitation of the Otago Fashion Incubator programme and support and facilitation in terms of a number of events throughout the district, including, Summerdaze, Wanaka's Festival of Colour and Queenstown's ASB Jazzfest.

Funding

The Council continued to commit to its ongoing funding of its promotional bodies, the film office and community grants (including the heritage grants).

Preservation and celebration of the district's local cultural heritage.

Heritage Strategy

The purpose of the Heritage Strategy project is to provide a framework to guide the Council and stakeholders future work programmes and initiatives for heritage across the whole of the district. The Heritage Strategy working party was formed in May 2008 and has formulated a draft heritage strategy. Consultation and discussions with stakeholders for the Heritage Strategy took place during the 2008/09 year and the draft strategy is due to be notified for public comment in September 2009.

Events Strategy

In November 2008 the Council called for comment on the draft Events Strategy. The Council considered it was needed to make sure it hit the right balance between ensuring giving the right level of encouragement to events - which in turn pay dividends in terms of economic and entertainment benefit - and the ratepayer, who is impacted by any funding commitment. In June 2009 the community services committee adopted the Events Strategy and the budget of \$50,000 was approved through the 10-Year-plan process.

Remarkables Centre (Pokapu Kawarau)

In October 2005 the Council decided to move forward with a master plan and concept designs for the proposed Stanley Street community and arts centre including a carpark, auditorium, playhouse, rehearsal space, gallery, community workrooms, and meeting rooms and a conference centre. Towards the end of 2007 the Council acknowledged community concern regarding the affordability of the project and further workshops were proposed. The Council has now held the first of these workshops in 2008. Further workshops are planned however no financial provision has been made for this project.

Arrowtown Cottages

This can now be reported as a real success story. In February 2007 the Council purchased a 2000 square metre site in Arrowtown containing three historic Arrowtown miners cottages and a fourth property. Concern over the future of the three buildings led to the Council taking the decision that the preservation of the cottages was a priority. The Council purchased the cottages for \$1.9m and has since established the Buckingham Street Cottages Trust to work towards the restoration, preservation and utilisation of the cottages into the future. This work was largely completed in the 2008/09 financial year and the trust is now seeking consent to allow the cottages to be used for small business opportunities.

Overall Perception of Performance

Customer satisfaction

Our 2008/2009 Residents' Satisfaction and Opinion Survey has utilised a new methodology which effectively introduced the opportunity for those participating to choose a neutral position (this is known as a 5-point system). Previously participants have been asked to mark either satisfied or dissatisfied. The move to the 5-point system is considered to be 'best practice' methodology because it shows the true level of satisfaction and dissatisfaction.

In order to give some kind of context to the targets set in the 10-Year-Plan, the 5-point results have been calculated on a 4-point scale - that is by removing the neutral component. This is not truly comparable with previous years, it helps to give context as already explained. In previous years only the 'percent satisfied' has been reported on but this was likely to have included an unknown number of people neither satisfied nor dissatisfied. As anticipated the new method has registered a drop, if held up against last years set targets. On that basis it is then pleasing to note that in general the Council has seen an improvement in satisfaction in areas like street cleaning, footpaths, parks reserves and gardens maintenance, libraries and Council's customer services. As outlined it has seen a decrease in satisfaction in some aspects of roading, parking, regulatory and resource services, planning and growth and the overall satisfaction with Council controlled organisations, namely Lakes Environmental and Lakes Leisure.

On a positive note it is rewarding to see that the 'sense of pride' felt in our communities has taken a huge leap from last year's figure of 56.5% to 75.2%.

Overall Performance QLDC

Overall on the basis of the 4-point scale 72.2 % of residents were satisfied with the Council. Under the 5-point scale this equates to 52.2% satisfied, 28.5% neutral and only 19.3% dissatisfied. The value of this information will grow in the following year, which will give a true comparison.

Conclusion

The 2008/09 period has allowed the Council to bring to fruition initiatives to increase levels of services, consolidate services and address costs all in an uncertain climate of global economic decline. The work began five years ago in terms of the service delivery review began to pay dividends at the right time. It has not been without considerable effort on the part of the Council that it can here report a satisfactory financial result for the 2008/09 year.

The year saw a new era of contracts, the bringing back 'in house' of services such as the horticultural team and engineering services, the first full financial year of not for profit Council controlled organisation, Lakes Leisure and the operation of Project Pure, the single biggest infrastructural investment in the district.

The Council continues to have a strong policy framework behind it and the work delivered in 2008/09 has been significant. The 2009 10-Year-Plan was a major focus of the year and an important opportunity for the Council to take stock of its financial position and forecast debt levels, give full disclosure of this to its communities and scrutinise and prioritise the work programme. An example of this was the Council's decision 30 June 2009, not to proceed with the proposed new Council office building, one of 12 significant projects that were deferred through the 10-Year-Plan process.

As in the previous financial year particularly rewarding is the ongoing improvement in the delivery of capital projects, however as outlined the drive to deliver is now accompanied by a more immediate need to scrutinise and prioritise projects and explore all options in terms of cost effectiveness.

It's evident that the pace and challenges of growth continue but so too is the emerging era commenced in 2008/09 of caution and frugality - more 'bang for your buck'. This gives rise to challenges ahead such as public transport, Project Shotover (Wakatipu wastewater disposal to land), the development of Wanaka Sports facilities and the ongoing debate around the provision of arts/community centres. That is in addition to an investment programme in infrastructure which, although under scrutiny, cannot be undermined to the extent that it encumbers communities of the future.

Thanks

The continuing progress of our communities as always depends on the efforts of many people. My thanks go to:

The staff (whether they work for Council or contractors) who work hard to serve the community, often in challenging conditions and environments.

Our elected members, who carry a workload that is many times greater than any other equally sized local authority. Debate and challenge are key to an effective democracy and on this front the Council is in good shape.

The many individuals who - donate their time to addressing local issues, big and small and in particular those that have participated in working parties in partnership with the Council to – make decisions better.

The groups, residents and non resident owners, who - on various issues are willing to give up their time in consultation, submissions and meetings to - make decisions better.

The media, which assists the Council by informing the debate and highlighting key issues to our communities.

Duncan Field
Chief Executive
27 October 2009

Subsequent Events

NZ Transport Agency (NZTA) Funding

Council is required to submit subsidised roading budgets to NZTA for approval. These cover 3 years but the NZTA approval timeframe does not allow for the inclusion of approved programmes in the LTCCP. In September 2009, Council has been advised that \$7.7m of the subsidised roading programme for the next 3 years has not been approved. The impact in terms of subsidy is around \$4.3m and Council will be reviewing its programme in order to stay within budget. This will mean that certain maintenance activities will need to be reduced and that some projects will be deferred or cancelled. Council will continue to engage with NZTA over the issue of future funding.

Summary Statement of Financial Performance

For the Financial Year Ended 30 June 2009	Council			Group	
	2009 \$'000	Budget \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total Income	67,836	96,910	93,717	86,245	110,723
Expenditure					
Employee benefits expense	6,463	5,943	5,376	15,276	12,441
Depreciation and amortisation expense	14,534	12,050	11,818	17,240	14,931
Finance costs	5,598	5,056	3,091	8,174	6,051
Other expenses	47,365	42,301	49,868	49,140	51,182
Total operating expenditure	73,960	65,350	70,153	89,830	84,605
Surplus/(Deficit) before income tax	(6,124)	31,560	23,564	(3,585)	26,118
Income tax expense	-	-	-	732	744
Surplus/(Deficit) for the period	(6,124)	31,560	23,564	(4,317)	25,374
Surplus/(Deficit) attributable to:					
- Council	(6,124)	31,533	23,564	(4,148)	25,390
- Minority interest	-	27	-	(169)	(16)
	(6,124)	31,560	23,564	(4,317)	25,374

Summary Statement of Changes in Equity

For the Financial Year Ended 30 June 2009	Council			Group	
	2009 \$'000	Budget \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Equity at beginning of year	721,560	746,094	661,204	733,483	671,317
Net Income recognised directly in equity	-	27	36,792	-	36,792
Surplus / (deficit) for the period attributable to:					
- Council	(6,124)	31,533	23,564	(4,148)	25,390
- Minority interest	-	27	-	(169)	(16)
Total recognised income and expenses	(6,124)	31,587	60,356	(4,317)	62,166
Equity at end of year	715,436	777,681	721,560	729,166	733,483

Summary Statement of Financial Position

As at 30 June 2009	Council			Group	
	2009 \$'000	Budget \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total current assets	14,339	12,005	14,675	18,036	18,911
Total non-current assets	805,510	851,453	782,627	853,720	829,242
Total assets	819,849	863,458	797,302	871,756	848,153
Total current liabilities	66,358	12,252	43,638	71,306	51,466
Total non-current liabilities	38,055	73,525	32,104	71,284	63,204
Total liabilities	104,413	85,777	75,742	142,590	114,670
Net assets	715,436	777,681	721,560	729,166	733,483
Equity attributable to:					
Council	715,436	777,105	721,560	728,861	733,009
Minority interest	-	576	-	305	474
Total Equity	715,436	777,681	721,560	729,166	733,483

Summary Statement of Cashflows

For the Financial Year Ended 30 June 2009	Council			Group	
	2009 \$'000	Budget \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Net cash inflow/(outflow) from operating activities	14,105	30,653	15,535	19,736	20,941
Net cash inflow/(outflow) from investing activities	(45,662)	(44,663)	(59,701)	(50,500)	(64,479)
Net cash inflow/(outflow) from financing activities	31,926	13,920	43,960	31,197	43,585
Net increase/(decrease) in Cash and cash equivalents	369	(90)	(206)	433	47
Cash and cash equivalents at the beginning of the financial year	780	273	986	2,759	2,712
Cash and cash equivalents at the end of the financial year	1,149	183	780	3,192	2,759

Monitoring of Community Outcomes

As an introductory comment, a comparison of how the District was performing in 2006 compared to how it is performing in 2009 provides the following figures (ratings are out of 5):

Community Outcome	2006 Rating	2009 Rating
Sustainable Growth Management	2.9	3.2
Quality landscapes and natural environment and enhanced public access	3.1	3.1
A safe and healthy community that is strong, diverse and inclusive for people of all age groups and incomes	2.4	2.6
Effective and efficient infrastructure that meets the needs of growth	2.6	3.1
High quality urban environments respectful of the character of individual communities	2.9	3.4
A strong and diverse economy	3.4	3.8
Preservation and celebration of the district's local cultural heritage.	2.8	3.0

The overall measure of performance, namely "Sustainable Growth Management" shows an improvement from a 2.9 to 3.2 rating. In all community outcomes except "Quality landscapes and natural environment and enhanced public access", improved performance is indicated. The lowest performing community outcome remains, "a safe and healthy community that is strong, diverse and inclusive for people of all age groups and incomes". Much of this rating is driven by population figures, such as age structure, that are not performance based, but much of it is also derived from housing affordability issues.

Overall Perception of Performance

Customer satisfaction

Our 2008/2009 Residents' Satisfaction and Opinion Survey has utilised a new methodology which effectively introduced the opportunity for those participating to choose a neutral position (this is known as a 5-point system). Previously participants have been asked to mark either satisfied or dissatisfied. The move to the 5-point system is considered to be 'best practice' methodology because it shows the true level of satisfaction and dissatisfaction.

In order to give some kind of context to the targets set in the 10-Year-Plan, the 5-point results have been calculated on a 4-point scale - that is by removing the neutral component. This is not truly comparable with previous years, it helps to give context as already explained. In previous years only the 'percent satisfied' has been reported on but this was likely to have included an unknown number of people neither satisfied nor dissatisfied. As anticipated the new method has registered a drop, if held up against last years set targets. On that basis it is then pleasing to note that in general the Council has seen an improvement in satisfaction in areas like street cleaning, footpaths, parks reserves and gardens maintenance, libraries and Council's customer services. As outlined it has seen a decrease in satisfaction in some aspects of roading, parking, regulatory and resource services, planning and growth and the overall satisfaction with Council controlled organisations, namely Lakes Environmental and Lakes Leisure.

On a positive note it is rewarding to see that the 'sense of pride' felt in our communities has taken a huge leap from last year's figure of 56.5% to 75.2%.

Overall Performance QLDC

Overall on the basis of the 4-point scale 72.2 % of residents were satisfied with the Council. Under the 5-point scale this equates to 52.2% satisfied, 28.5% neutral and only 19.3% dissatisfied. The value of this information will grow in the following year, which will give a true comparison.

The following is a selection of our key targets by activity. Details of all targets are available in the full annual report.

Governance and District Promotion - Key Targets

Overall activity performance: 75% of targets achieved.

Community Leadership

Target	Achievement
80% overall satisfaction with Council's consultation with the community as determined by the annual residents satisfaction survey.	59.6% satisfaction achieved. (72.2% 2008).

Tourism Marketing

Target	Achievement
85% satisfaction, as determined by the annual residents satisfaction survey, with Tourism Promotion.	85.6% achieved (88.9% 2008).

Property - Key Targets

Overall activity performance: 50% of targets achieved.

Camping Grounds

Target	Achievement
80% Visitor satisfaction for all camping grounds with facilities, staff and value for money.	68.1% (78.1% 2008).

Community - Key Targets

Overall activity performance: 63% of targets achieved.

Library Services

Target	Achievement
95% satisfaction with the range of resources available as determined by the annual residents satisfaction survey.	93.8% satisfaction achieved. (92.9% 2008).

Community Development

Target	Achievement
85% satisfaction with community grants as determined by the annual residents satisfaction survey.	87.7% satisfaction achieved. (87.7% 2008)

Community Information

Target	Achievement
85% satisfaction with how well residents are kept informed, as determined by the annual residents satisfaction survey.	77% satisfaction achieved. (77% 2008).

Public Toilets

Target	Achievement
Satisfaction as determined by annual residents satisfaction survey:	
75% provision of public toilets	83.3% satisfaction achieved. (85.9% 2008)
75% cleanliness	80.5% satisfaction achieved. (82.3% 2008)

Community Facilities

Target	Achievement
70% satisfaction with swimming pools, as determined by the annual residents satisfaction survey.	71.6% satisfaction achieved. (77.6% 2008)
90% satisfaction with community halls, as determined by the annual residents satisfaction survey.	77.2% satisfaction achieved. (82.2% 2008)

Waterways Facilities

Target	Achievement
80% satisfaction with waterways facilities as determined by annual residents satisfaction survey.	87.1% achieved (90.1% 2008).

Parks and Recreation Facilities

Target	Achievement
90% satisfaction with parks, reserves and gardens maintenance as determined by the annual residents satisfaction survey.	93.3% satisfaction achieved. (92.4% 2008).
90% satisfaction with walkways maintenance, as determined by the annual residents satisfaction survey.	89.2% satisfaction achieved. (91.3% 2008).

Emergency Services

Target	Achievement
95% satisfaction with rural fire suppression, as determined by the annual residents satisfaction survey.	89.7% satisfaction achieved. (87.3% 2008)
90% satisfaction with Civil Defence activities as determined by the annual residents satisfaction survey.	92% satisfaction achieved. (90.9% 2008)

Resource Management and Regulation - Key Targets

Overall activity performance: 59% of targets achieved.

The District Plan

Target	Achievement
70% Satisfaction with District Plan planning policy as determined by the annual residents satisfaction survey.	42.9% satisfaction achieved. (69.1% 2008)
District Plan to be fully operative by July 2007.	Operative except for one issue before the Court.

Resource Consents

Target	Achievement
50% satisfaction with resource consent planning as determined by the annual residents satisfaction survey.	29.2% satisfaction achieved. (45.2% 2008)
70% of resource consent applications and related functions are processed within statutory timeframes.	100% achieved.

General Environmental Health

Target	Achievement
80% Satisfaction with noise control as determined by annual residents satisfaction survey.	65.2% satisfaction achieved. (76.3% 2008)

Inspection and Licensing

Target	Achievement
Satisfaction as determined by annual residents satisfaction survey: Liquor Licensing - 85% Dangerous Goods - 95%	42.9% satisfaction achieved. (58.8% 2008). 84.4% satisfaction achieved. (90.5% 2008).

Dog and Animal Control

Target	Achievement
Satisfaction as determined by annual residents satisfaction survey: 85% Registration and Licensing. 80% Dog Enforcement Services.	75.6% satisfaction achieved. (84.5% 2008) 56.7% satisfaction achieved. (64.1% 2008)

Carparking Enforcement

Target	Achievement
60% satisfaction with parking enforcement services as determined by the annual residents satisfaction survey.	57.4 satisfaction achieved. (64% 2008).

Building Control

Target	Achievement
Satisfaction with Resource Consent Management as determined by annual residents satisfaction survey: Building Control Services - 50% LIM Services - 80%	29.8% satisfaction achieved. (47.1% 2008). 67.4% satisfaction achieved. (82.7% 2008).

Waterways Control

Target	Achievement
90% satisfaction with Harbourmaster Services as determined by the annual residents satisfaction survey.	86.4% satisfaction achieved. (90.8% 2008).

Utilities - Key Targets

Overall activity performance: 63% of targets achieved.

Water Supplies

Target	Achievement
Satisfaction: 80% water quality 100% reliability as determined by the annual residents satisfaction survey.	78.6% satisfaction achieved. (82.9% 2008) 86.9% satisfaction achieved. (92.5% 2008)

Stormwater

Target	Achievement
70% Satisfaction with storm water facilities as determined by the annual residents satisfaction survey.	63.4% satisfaction achieved. (73.2% 2008)

Wastewater

Target	Achievement
90% Satisfaction with wastewater as determined by annual residents satisfaction survey.	84.8% satisfaction achieved. (89.7% 2008)

Waste Management

Target	Achievement
Satisfaction with:	
Recycling Collection Service - 75%	88.6% satisfaction achieved. (90.8% 2008)
Refuse Collection Service - 75%	84.5% satisfaction achieved. (87.3% 2008)
Resource Recovery Parks - 75%	87.7% satisfaction achieved. (89.4% 2008)
Landfill site management - 75%	77.2% satisfaction achieved. (84.3% 2008)
Transfer station - 75%	81.8% satisfaction achieved. (88.6% 2008)
Based on the annual residents satisfaction survey.	

In accordance with the Waste Management Strategy to reduce the net volume of waste to landfill by 25%. **Achieved.**

Roading and Parking - Key Targets

Overall activity performance: 50% of targets achieved.

Roading

Target	Achievement
Satisfaction with:	
70% Sealed roads	61.1% satisfaction achieved. (73.5% 2008)
70% Unsealed roads	61.6% satisfaction achieved. (69.5% 2008)
60% Footpaths	59.5% satisfaction achieved. (58.8% 2008)
based on the annual residents satisfaction survey.	
100% Streets cleaned to an acceptable level to the community as determined by the annual residents satisfaction survey.	74.1% satisfaction achieved. (73.7% 2008)

Parking Facilities

Target	Achievement
50% Overall Satisfaction with parking facilities based on the annual residents satisfaction survey.	40.3% satisfaction achieved. (51% 2008).



**AUDIT REPORT
TO THE READERS OF QUEENSTOWN LAKES DISTRICT COUNCIL AND
GROUP'S SUMMARY ANNUAL FINANCIAL STATEMENTS, PERFORMANCE
INFORMATION AND THE OTHER REQUIREMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

We have audited the summary financial statements, performance information and the other requirements as set out in pages 10 to 15.

Unqualified Opinion

In our opinion:

- the summary financial statements, performance information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, performance information and the other requirements complies with FRS-43: *Summary Financial Statements* and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 27 October 2009, on:

- the full financial statements;
- the performance information; and
- the Council and group's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than the audit and in conducting the audit of the Long Term Council Community Plan and providing taxation compliance services, we have no relationship with or interests in Queenstown Lakes District Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on those summary financial statements, performance information and the other requirements. These responsibilities arise from the Local Government Act 2002.

P F Heslin
Partner, Deloitte
On behalf of the Auditor-General
Dunedin, New Zealand
27 October 2009

Matters Relating to the Electronic Presentation of the Summary Audited Financial Statements, Performance Information and the Other Requirements

This audit report relates to the summary financial statements, performance information and the other requirements of Queenstown Lakes District Council and group for the year ended 30 June 2009 included on the Queenstown Lakes District Council website. The Queenstown Lakes District Council is responsible for the maintenance and integrity of the Queenstown Lakes District Council website.



We have not been engaged to report on the integrity of the Queenstown Lakes District Council website. We accept no responsibility for any changes that may have occurred to the summary financial statements, performance information and the other requirements since they were initially presented on the website. The audit report refers only to the summary financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the summary financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary financial statements, performance information and the other requirements as well as the related audit report dated 27 October 2009 to confirm the information included in the audited summary financial statements, performance information and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.