Annual Plan
Mahere ā-tau

1 July 2020 – 30 June 2021

QUEENSTOWN
LAKES DISTRICT
COUNCIL

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Introduction
Te Whakatakika

Tēnā koutou katoa

As a result of the COVID-19 Pandemic, responding to and planning for the subsequent and emergent challenges to our community will be the key focus driving Council's activity and investment for Year 3 of the 2018-28 Ten Year Plan. The Queenstown Lakes District has been hit especially hard by the current crisis. The work that the Council has committed to in the economic recovery space becomes crucial for our community. Council is still committed to continuing investment in its capital programme for the 2020-2021 Annual Plan ($184m). It is a large programme which will provide a vital stimulus to the local economy, and continue to address pre-existing infrastructure deficits, and improving the districts infrastructural resilience.

The coming financial year will see us in the first phase of delivery of our blueprint for strategic growth management (Spatial Plan), beginning with consultation midway through this year (2020). Through the current financial year QLDC has continued to build its partnership with Central Government and Kāi Tahu to deliver a joint plan to co-ordinate both planning and funding. QLDC is delivering the plan together with Iwi and investment partners across multiple sectors (see below) to lead the community conversation on managing growth. It is our goal, as part of the Queenstown Lakes District community, to support positive change that benefits the wellbeing of the whole district both now and in the future. The coming consultation on the Spatial Plan is appropriately based around the phrase 'Grow Well' or 'Whaiora' (which in Te Reo Māori means 'in the pursuit of wellness').

The Spatial Plan will also serve as our Future Development Strategy (FDS), a Resource Management Act requirement under the National Policy Statement on Urban Development Capacity and delivering strategic future planning for the whole district. As one of Central Government's tagged High Growth Councils, QLDC is required to have an FDS in place under the National Policy Statement for Urban Development Capacity. The Spatial Plan will now fill that statutory obligation.

RESPONSE TO COVID-19

The Consultation Document and Draft Annual Plan approved on 12 March, signalled an average rates increase of 6.76%. As a direct result of the COVID-19 Pandemic, the Council urgently set itself the target of a revised budget to significantly reduce the average rates increase closer to the current rate of inflation – 1.8%. The anticipated average rates increase for 2020-2021 in the Ten Year Plan was 3.91% (after allowing for growth of 3.5%).

Limiting the rates increase to this degree has not been an easy task. Officers have, however, managed to revise the original budget to deliver a 'baseline' average rates increase of 0.7%. A 'zero' average rates increase for all ratepayers was not possible without the prospect of significantly reducing levels of service.

The reduction was however, achieved through a comprehensive review of operational costs and capital funding whilst maintaining levels of service for ratepayers. The average rates increase rises to 1.59% (after allowing for growth of 3.5%) and after taking into account the changes made to the budget as a result of the submission process.

A significant contribution to the reduction was decreases in staff costs of $4.7m due to a removal of vacant and proposed 20 FTE and the introduction of a salary freeze for 2020-2021 year. Additionally, a reduction of $1.7m (34.5%) has been made in contractor costs. The revised staffing structure reflects the expected downturn in demand especially within the consenting activities. Council will continue to closely monitor both levels of activity in the market, and contractor costs to ensure that ongoing costs are well managed

Focusing on planning and investment for long-term positive outcomes for the future of our district's communities remains the priority for this Council.

EARLY SPATIAL PLAN ENGAGEMENT

In late 2019, a series of informal workshops was held around the district, supplemented with online feedback, to help inform the early thinking around the draft Spatial Plan and understand how the community felt about a range of growth models – such as development based around main centres through to a more dispersed development model. A well-designed Spatial Plan will ensure that future growth does not compromise the unique landscapes, sites of significance to iwi and environment that are important to our communities and visitors. The Spatial Plan will help us to define what the role of each town or settlement is and what we want it to be in the future.

The draft plan is bigger in scope than anything we have ever had to undertake before. The preparatory work has included a number of organisations including government departments and ministries, Kāi Tahu, the Otago Regional Council, the Southern District Health Board, utility and social infrastructure providers and neighbouring territorial authorities including Central Otago District Council and Otago Regional Council.

In the future, the Spatial Plan will be the document that provides the long-term, overarching view of what we want for the area. Other masterplans, strategies and changes to the district plan will be developed under the umbrella of the Spatial Plan to ensure a consistent and comprehensive approach to development across the district, delivering the best community outcomes.

The draft Spatial Plan will be publicly released for consultation mid-2020. Our current people and future generations will depend on it for their wellbeing and certainty about how things might look over the next 30 years and beyond.

CLIMATE ACTION

In the last 12 months, the Council acknowledged another defining factor for our community and is taking a more proactive role in responding to climate change. The voice from the community was very clear, to see action and to know that Council is taking climate change seriously. In July, we sought public feedback on a draft Climate Action Plan, aligned with Vision beyond 2050 and specifically the principles of 'Zero Carbon Communities' and 'Disaster-Defying Resilience', and emissions reductions goals aligned to those in the Climate Change Response (Zero Carbon) Amendment Bill.

We recognise that adapting to the impacts of climate change has become increasingly urgent for many local authorities, and the draft plan sought to prepare the community for future climatic changes and a zero carbon future. Our communities and this Council need to be resilient to those potential changes, and we need to be planning for zero carbon and greenhouse gas emissions by 2050. How these plans are implemented will form a bigger feature in the 2021-2031 Ten Year Plan once the action plan is finalised and momentum builds apace in addressing these issues and risks.

As this initial draft Action Plan was released for consultation, Council also declared a Climate Emergency in recognition of increasing community concern and global climate change. Council is investing $354k over a two-year period to support the implementation of the Climate Action Plan. There will also be investment proposed in specific projects and activities in response to climate change such as an education programme to businesses and residents about damage to or blockages within the wastewater network, undertaking a wastewater network audit and investing in improvements, investment in improved waste and recycling facilities, and updating the QLDC fleet to electric vehicles.

TEN YEAR PLAN DELIVERY

Across much of the infrastructure, facilities and services that the Council delivers, we have been making a lot of progress in delivering the commitments made in the 2018-2028 Ten Year Plan. You can see below a brief update on some of the key projects such as developments in Wānaka around the CBD and lakefront, the Way to Go programme bringing much needed transport and travel improvements around Wakatipu, Lakeview development, new and upgraded 3 waters infrastructure, and some of our community facilities including the innovative new Passive House designed Luggate Hall. Much of this work has been preparatory and not very visible, such as preparing business cases, developing designs and undertaking important analysis to ensure the finally delivered developments meet the current and future needs of our communities.

Council is encouraged by the progress made and preparing for the projects ahead of us. Our goal continues to be shaping our district into one of the most liveable areas in Aotearoa. Please take the time to tell us what you think.

Jim & Mike

JIM BOULT Mayor,
Queenstown Lakes District Council

MIKE THEELEN Chief Executive,
Queenstown Lakes District Council

2020/21 Financial Highlights
Paeka Ahumoni mō kā tau 2020/21

REVISED BUDGET APPROACH AS A RESULT OF COVID19

Council fully acknowledges that the budgets supporting the draft Annual Plan which was adopted on 12 March 2020, needed to be substantially reviewed in light of the deteriorating economic conditions resulting from the covid19 pandemic.

To this end, Council announced on 8 April that it was intending to proactively review alternative budget scenarios for the 20/21 Annual Plan. In particular, Council stated that it will be looking to limit rates increases to a minimum. The Consultation Document approved on March 12, signalled an average rates increase of 6.76% - Council has set itself the target of a revised budget which reduces the average rates increase down closer to the current rate of inflation – 1.8%.

Limiting the rates increase to this degree has not been an easy task. We have, however, managed to revise the original budget to deliver an average rates increase of 0.7%. This has been achieved through a comprehensive review of operational costs without altering levels of service for ratepayers. This figure rises to 1.59% after taking into account the changes made to the budget as a result of the submission process.

ADJUSTED REVENUE BUDGETS

A major budget issue for QLDC is that it has significant tourism related revenue budgets which are now at risk - QAC dividend, turnover based concessions as well as tourism related rental income from campgrounds and wharves etc. Much of this tourism related revenue directly subsidises and therefore reduces rates.

The revised budget has seen these budgets all reduce significantly, which means we have had to find significant additional savings elsewhere. In revising the budget, we have made the following revenue assumptions:

> Tourism Related revenues down by at least 50% - i.e. Shotover and Skyline concessions, turnover based rents, infringements (down $4.7m)

> Forecast QAC Dividend ($5.8m) will not be paid (used 100% to repay debt)

> Other user fees down by 20% (consenting, parking, Sport and Rec - down $2.9m)

> Development Contribution income down $4.5m (22.6%)

The total revenue adjustment equates to a reduction of $17.9m with 42.5% of this figure directly impacting rates.

ADJUSTED EXPENDITURE BUDGETS

In order to achieve the target of reducing the average rates increase down to below the annual rate of inflation (1.8%), we have had to find significant additional savings in operational costs and funding. The reduction in operational costs of $11.7m (6.8%) has been achieved without impacting on existing levels of service. The revised budget has focused on achieving significant savings in the following areas:

> Staff costs – budget reduced by $4.7m (11%) which includes a reduction of 20 FTEs reflected in the original budget & the introduction of a wages & salaries freeze through 20/21 as well as a reduction of $1.7m (34.5%) in contractor costs. The revised staffing structure reflects the expected downturn in demand especially within the consenting activities, where both

staff and contractor resource are utilised, in line with Councils current employment strategy to accommodate changes in activity levels in the market. Council will monitor activity in this area over the first quarter and will increase or decrease contractor utilisation accordingly.

> Tourism Promotion – budget reduced by $455k (7.5%) lower grants payable to RTO's

> Other maintenance and operational expenditures - budget reduced by $3.23m

> Interest costs - budget reduced by $3.3m – forecast interest rates down to 3.5%

> Debt repayments - most rate funded loan repayments have been suspended to keep the proposed rates increase down to an acceptable level ($2.6m). All loan repayments funded from the QAC dividend are also suspended ($5.8m).

This revised budget represents a one-off temporary position and it should be acknowledged that loan repayments will need to resume to previous levels to maintain financial stability in due course. This will require future rates increases. Council will continue to closely monitor the ongoing impacts of the covid19 pandemic closely and the 2021-31 LTP will be developed with those impacts in mind.

IMPACT ON DEBT RATIOS

The following table shows the impact of the revised Annual Plan 20/21 budget on the Council's debt ratios. The key "net debt to revenue" ratio has deteriorated as a result of the projected revenue loss but still remains manageable. It should also be noted that the LGFA intends to raise this ratio to 300% for "A" (or better) rated councils until 2022 before reducing it back to 280% progressively by 2026. QLDC is included in this category.

Debt Ratios	Draft AP	Revised AP	Limit
Net Debt	251.0	275.78	
Total Revenue	183.1	163.70	
(excludes vested & DCs)	137.1%	168.5%	250%
Net Interest	9.66	7.18	
Total Revenue	183.09	163.70	
(excludes vested & DCs)	5.3%	4.4%	20%
Net Interest	9.66	7.18	
Annual Rates Income	93.21	88.70	
	10.36%	8.1%	30%

CAPITAL EXPENDITURE BUDGETS

Council is still intending to continue to invest in its significant capital programme for Annual Plan 20/21 ($184m). It is a large programme which will provide a vital stimulus to the local economy, and continue to address pre-existing infrastructure deficits. It is likely that the deliverability of the capex programme will come into question if the Council is successful with its project bids to central government for funding assistance with "shovel ready projects". We understand that a decision on these bids is due by mid-June 2020. If successful, it is probable that it will be necessary to re-prioritise the programme. The following table highlights those projects that have been identified as potential capex deferrals. Council will make a decision on these through the 2020/21 year through its normal capital re-forecast process.

Annual Plan 2020/21 CAPEX Budgets signalled as potential deferrals should programme need to be revised if "shovel ready" bids are approved by central government

Programme	Project Name	Budget 2020/21 ($)	Potential Deferral ($)
Parks & Reserves	Coronet Forest Revegetation	674,716	(674,716)
	Wanaka Lakefront Development Plan	992,640	(992,640)
	Shotover Country sports field upgrades	413,600	(353,600)
Parks & Reserves Total		**2,080,956**	**(2,020,956)**
Venues & Facilities	Extension of Alpine Health and Fitness	1,375,220	(1,375,220)
Venues & Facilities Total		**1,375,220**	**(1,375,220)**
Property	Luggate Hall Replacement	3,261,770	(1,953,422)
	Lakeview Development - Other Infrastructure Upgrades	1,400,623	(600,000)
Property Total		**4,662,393**	**(2,553,422)**
Solid Waste	New CBD Waste Collection Stations	83,360	(83,360)
Solid Waste Total		**83,360**	**(83,360)**
Stormwater	Recreation Ground SW new box culverts	2,022,909	(1,922,909)
	Mt Aspiring College SW drainage upgrade	2,183,912	(2,183,912)
Stormwater Total		**4,206,821**	**(4,106,821)**
Wastewater	Kingston HIF Wastewater new scheme	9,074,795	(6,382,026)
	Ladies Mile HIF Wastewater new Scheme	56,478	(56,478)
	North Wanaka new WW conveyance scheme	7,767,457	(5,767,457)
	Hawea WW Cxn to Project Pure WWTP	6,258,249	(6,031,974)
	Luggate Reticulation - extension	1,095,146	(1,095,146)
Wastewater Total		**24,252,125**	**(19,333,801)**
Transport	Lakeview Development - Transportation	4,391,539	(1,500,000)
	Lakeview Development - Market Square	600,000	(300,000)
Transport Total		**4,991,539**	**(1,800,000)**
Water Supply	Upper Commonage & Larchwood Reticulation	267,884	(267,884)
	Frankton flats supply Main Section 2	468,900	(143,900)
	HIF Ladies Mile Water Supply New Scheme	93,446	(93,446)
	Arrowtown new Reservoir	6,860,751	(6,707,315)
	Kingston HIF Water Supply new scheme	3,300,557	(1,789,637)
	Beacon Point new Water Treatment Plant	1,802,746	(302,746)
	Luggate New WTP,PS & pipeline to airport	3,875,907	(3,175,985)
Water Supply Total		**16,670,191**	**(12,480,913)**
	Total	**58,322,605**	**(43,753,773)**
	QLDC Total Capital Budget per Draft Annual Plan 20/21	**171,902,932**	**(43,753,773)**
			-25.5%

BUDGET COMPARISON

The tables below highlight the main changes between the final revised Annual Plan budget for 2020/21 to (A) the Annual Plan for 19/20 and to (B) the draft budget for 2020/21 adopted in March 2020.

Budget Comparison (A)

	AP 19/20	Final AP 20/21	Change
	$M	$M	$M
Capital Works	163.43	184.20	20.77
Operating Cost	153.83	158.89	5.06
Total Revenue	206.77	190.09	-16.68
Debt Repayment	15.73	6.32	-9.41
New Loans	107.30	132.82	25.51
Rates Increase	9.85%	1.59%	-8.30%

Budget Comparison (B)

	Draft AP 20/21	Final AP 20/21	Change
	$M	$M	$M
Capital Works	171.90	184.20	12.30
Operating Cost	170.75	158.89	-11.66
Total Revenue	214.17	190.09	-23.88
Debt Repayment	15.95	6.32	-9.63
New Loans	117.41	132.82	15.40
Rates Increase	6.76%	1.59%	-5.17%

The proposed average rates increase for 2020/21 is 1.55% (after allowing for growth of 3.5% in the rates database). This is below the 3.91% signalled in the 10-Year Plan for 2020/21 and significantly less than the 9.85% for last year and the 6.76% signalled in draft Annual Plan for 2020/21. Please refer to the next section for a discussion on the proposed rates increase.

The capital budget has increased by $20.77m to last year as explained above, and by $12.30m to the draft Annual Plan as a result of the submission process.

Operating costs are up by $5.06m compared to the last year's Annual Plan which is largely driven by the following factors:

> Increased Depreciation expense of $8.66m due to the significant uplift in infrastructure values in 2019. The increase in funded depreciation is $0.75m.

> Increased landfill costs of $1.3m due to increased volumes of waste; the cost of carbon credits and the recovery of the gas capture facility (largely covered by additional revenue).

> Decreased Interest Costs $2.46m – this decrease reflects lower interest rates and capex deferrals.

The budget for total revenue has decreased by $16.7m overall compared to last year. This is largely the result of the adjustments made as a result of covid19 as follows:

> Decreased user charges ($6.6m) due to the timing of expected forestry receipts ($3.6m) which is partly offset by increased waste management disposal income ($0.4m); decreased consent revenue ($2. 6m) and parking revenue ($0.56m).

> Decreased QAC dividend of $5.4m, rentals down by $2m & infringements by $1.5m. These are offset by an increase of $4.1m for land sales (Lakeview).

> Decreased Development Contributions of $4.1m as a result of reduced development activity

> Decreased NZTA subsidy of $5.8m as a result of Transport capex deferrals.

Operating costs are down by $11.7m compared to the draft Annual Plan which is largely driven by the following factors:

> Decreases in staff costs of $4.7m due to a removal of 20 FTE and introduction of salary freeze for 20/21 year.

> Decreased landfill costs of $0.8m due to reduced volumes of waste;

> Decreased tourism promotion costs of $0.45m due to revised RTO budgets;

> Decreased Interest Costs $3.27m – this decrease reflects lower interest rates and capex deferrals.

The budget for total revenue has decreased by $23.9m to the draft Annual Plan. This is largely the result of the adjustments made as a result of covid19 as follows:

> Decreased user charges ($5.9m) due to a 16.9% decrease in non-tourism user fees

> Decreased QAC dividend of $5.8m, rentals down by $2.5m & infringements by $1.8m.

> Decreased Development Contributions of $4.5m as a result of reduced development activity

DEPRECIATION

The large (33%) increase in Depreciation Expense is due predominantly to the significant lift in 3 Waters and Roading asset values as a result of revaluations in 2019. Although the gross expense has increased by $8.66m; the rates impact is limited to the amount of depreciation actually funded. This amount has increased by $0.75m for 2021 which is broadly in line with Year 3 of the LTP and will allow the current renewals programmes to proceed as planned.

Further analysis is required in this area to inform the next LTP. There is a requirement for Councils to balance the budget by ensuring operational costs are met from operational revenues. This requires some funding of depreciation through rates. QLDC has historically funded around 50% of depreciation expense in order to provide adequate budgets for renewal of assets. We will determine the appropriate % of depreciation to fund for the next LTP once we understand the funding requirements of the various renewal programmes required over the next 10 years.

Rates Impact Kawekawe Rēti

RATES 2020/21

The Consultation Document approved on March 12, signalled an average rates increase of 6.76% - Council has set itself the target of a revised budget which reduces the average rates increase down closer to the current rate of inflation – 1.8%. The anticipated average rates increase for 20/21 in the 10 Year Plan was 3.91% (after allowing for growth of 3.5%).

Limiting the rates increase to this degree has not been an easy task. We have, however, managed to revise the original budget to deliver an average rates increase of 0.7%. This has been achieved through a comprehensive review of operational costs and capital funding whilst not altering levels of service for ratepayers. The average rates increase rises to 1.59% (after allowing for growth of 3.5%) after taking into account the changes made to the budget as a result of the submission process.

The increase is not evenly spread however as the following examples show.

Residential rates are set to increase by between $34 to $125 per annum for next year. Whilst most components of residential rates are reduced, some elements increase due to the impact of COVID-19 on council income for recreational services (libraries, recreation centres and aquatic centres). Most business rates show a decrease to last year or a small increase.

Penalties for Late Payments

For the 2020/21 year Council has reduced the penalty for late payment of an instalment from 10% to 5%.

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 20/21						
Median Values						
Property Type	CV	Location	Revised Rates %	Revised Rates $	Draft Rates %	Draft Rates $
Residential	$1,090,000	Queenstown	2.86%	$93	8.03%	$260
Commercial	$1,890,000	Queenstown	-3.61%	-$242	3.65%	$245
Accommodation	$2,081,000	Queenstown	-1.78%	-$189	4.90%	$522
M/U Accommodation	$1,260,000	Queenstown	1.65%	$70	7.01%	$297
Vacant	$700,000	Queenstown	5.13%	$114	9.16%	$204
M/U Commercial	$1,250,000	Queenstown	1.15%	$46	6.76%	$269
Residential	$845,000	Wānaka	3.80%	$116	8.76%	$267
Commercial	$1,045,000	Wānaka	-2.11%	-$107	5.53%	$281
Accommodation	$1,100,000	Wānaka	0.34%	$25	7.06%	$528
M/U Accommodation	$900,000	Wānaka	2.44%	$94	7.72%	$299
Primary Industry	$5,050,000	Wānaka	-1.25%	-$55	5.36%	$237
Country Dwelling	$1,560,000	Wānaka	2.01%	$50	7.01%	$175
Vacant	$550,000	Wānaka	4.66%	$102	9.92%	$217
M/U Commercial	$880,000	Wānaka	2.06%	$75	7.56%	$275
Residential	$890,000	Arrowtown	1.99%	$61	7.29%	$224
Commercial	$1,650,000	Arrowtown	-4.41%	-$271	3.03%	$187
Accommodation	$1,700,000	Arrowtown	-2.43%	-$192	4.22%	$333
M/U Accommodation	$900,000	Arrowtown	1.24%	$46	6.61%	$245
Vacant	$720,000	Arrowtown	4.57%	$102	8.64%	$193
M/U Commercial	$900,000	Arrowtown	0.72%	$25	6.33%	$223
Primary Industry	$4,100,000	Wakatipu	1.04%	$34	5.47%	$178
Country Dwelling	$2,050,000	Wakatipu	3.30%	$83	6.99%	$177
Residential	$700,000	Glenorchy	4.19%	$103	9.74%	$239
Residential	$820,000	Lake Hayes	4.39%	$123	6.58%	$184
Residential	$570,000	Hāwea	3.14%	$83	8.43%	$223
Residential	$520,000	Luggate	1.69%	$36	4.87%	$104
Residential	$650,000	Kingston	7.18%	$120	9.49%	$159
Residential	$860,000	Arthurs Point	2.35%	$72	5.13%	$157

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 20/21						
Higher Values						
Property Type	CV	Location	Revised Rates %	Revised Rates $	Draft Rates %	Draft Rates $
Residential	$3,650,000	Queenstown	1.17%	$70	6.88%	$414
Commercial	$22,700,000	Queenstown	-3.02%	-$2,570	4.17%	$3,544
Accommodation	$57,000,000	Queenstown	-3.26%	-$9,325	3.82%	$10,940
M/U Accommodation	$4,250,000	Queenstown	-0.51%	-$46	5.51%	$498
Vacant	$1,010,000	Queenstown	4.35%	$110	8.31%	$211
M/U Commercial	$1,655,000	Queenstown	0.56%	$26	6.35%	$291
Residential	$1,820,000	Wānaka	2.62%	$111	7.86%	$335
Commercial	$10,700,000	Wānaka	-2.12%	-$1,089	5.52%	$2,831
Accommodation	$16,900,000	Wānaka	-2.24%	-$1,942	4.93%	$4,264
M/U Accommodation	$3,550,000	Wānaka	0.13%	$13	6.26%	$619
Primary Industry	$21,750,000	Wānaka	-3.75%	-$561	4.08%	$610
Country Dwelling	$3,710,000	Wānaka	-0.16%	-$7	5.89%	$255
Vacant	$1,430,000	Wānaka	2.20%	$72	8.09%	$266
M/U Commercial	$1,150,000	Wānaka	1.45%	$60	7.12%	$294
Residential	$2,230,000	Arrowtown	0.77%	$35	6.59%	$304
Commercial	$4,400,000	Arrowtown	-5.85%	-$885	1.76%	$266
Accommodation	$3,000,000	Arrowtown	-3.71%	-$568	3.21%	$490
M/U Accommodation	$2,200,000	Arrowtown	-0.41%	-$24	5.55%	$326
Vacant	$980,000	Arrowtown	3.96%	$99	7.98%	$199
M/U Commercial	$1,070,000	Arrowtown	0.38%	$14	6.12%	$231
Primary Industry	$18,300,000	Wakatipu	-1.14%	-$131	3.95%	$454
Country Dwelling	$6,080,000	Wakatipu	0.42%	$23	4.80%	$258
Residential	$920,000	Glenorchy	3.60%	$98	9.90%	$270
Residential	$1,150,000	Lake Hayes	4.04%	$125	6.31%	$195
Residential	$870,000	Hāwea	2.54%	$78	7.89%	$241
Residential	$700,000	Luggate	1.48%	$34	4.92%	$115
Residential	$900,000	Kingston	6.42%	$122	8.82%	$167
Residential	$1,275,000	Arthurs Point	1.42%	$51	4.67%	$167

SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 20/21						
Lower Values						
Property Type	CV	Location	Revised Rates %	Revised Rates $	Draft Rates %	Draft Rates $
Residential	$750,000	Queenstown	3.34%	$96	8.35%	$240
Commercial	$430,000	Queenstown	0.10%	$3	6.96%	$194
Accommodation	$685,000	Queenstown	0.75%	$32	6.83%	$287
M/U Accommodation	$830,000	Queenstown	2.44%	$86	7.56%	$268
Vacant	$345,000	Queenstown	6.33%	$119	10.46%	$197
M/U Commercial	$800,000	Queenstown	2.05%	$68	7.38%	$244
Residential	$730,000	Wānaka	4.00%	$116	8.92%	$259
Commercial	$520,000	Wānaka	0.13%	$4	7.51%	$246
Accommodation	$570,000	Wānaka	1.53%	$63	7.90%	$326
M/U Accommodation	$690,000	Wānaka	2.99%	$104	8.12%	$282
Primary Industry	$1,330,000	Wānaka	2.74%	$57	7.41%	$154
Country Dwelling	$1,100,000	Wānaka	2.96%	$62	7.50%	$157
Vacant	$440,000	Wānaka	5.15%	$106	10.29%	$211
M/U Commercial	$600,000	Wānaka	2.89%	$91	8.16%	$256
Residential	$925,000	Arrowtown	1.95%	$61	7.26%	$226
Commercial	$550,000	Arrowtown	-1.80%	-$56	5.29%	$166
Accommodation	$520,000	Arrowtown	0.36%	$13	6.48%	$241
M/U Accommodation	$760,000	Arrowtown	1.54%	$53	6.80%	$236
Vacant	$390,000	Arrowtown	5.57%	$106	9.74%	$186
M/U Commercial	$775,000	Arrowtown	1.00%	$33	6.52%	$216
Primary Industry	$1,410,000	Wakatipu	4.81%	$91	8.24%	$156
Country Dwelling	$1,015,000	Wakatipu	5.51%	$99	8.68%	$156
Residential	$480,000	Glenorchy	4.94%	$107	9.55%	$207
Residential	$730,000	Lake Hayes	4.50%	$123	6.66%	$181
Residential	$480,000	Hāwea	3.36%	$85	8.62%	$217
Residential	$430,000	Luggate	1.81%	$37	4.84%	$99
Residential	$460,000	Kingston	7.91%	$119	10.14%	$153
Residential	$690,000	Arthurs Point	2.83%	$81	5.36%	$154

What's Changed?
Kā Panonitaka

CAPITAL EXPENDITURE

QUEENSTOWN TOWN CENTRE CAPITAL PROGRAMMES
$76.6M expenditure decrease

In the 2018-2028 Ten Year Plan we outlined the capital expenditure programme to improve traffic flows, parking and streetscapes within and around the Queenstown Town Centre. Delivering this vision is a massive undertaking and one that involves many moving parts and partners. Within the 2020-2021 Annual Plan the capital expenditure amounts to $35.1M, which is approximately $76.6M less than the programme originally outlined. This is due primarily to deferrals of funding as we work with NZTA on pre-implementation and detailed design for the proposed arterial road, Queenstown parking improvements, and public transport.

INVESTING IN 3 WATERS
$37.6M expenditure increase

In the 2018-2028 Ten Year Plan, the Council committed to a significant investment programme across the district's water supply, stormwater and wastewater systems. Projects were bundled into packages of work to encourage interest from the market and this approach has been widely supported by the industry. This work also aligns with the *Three Waters Review* being led by Te Tari Taiwhenua Department of Internal Affairs to improve the regulation and supply arrangements of drinking water, wastewater and stormwater, which ran in parallel to the latter stages of the Government inquiry into the Havelock North drinking water campylobacter outbreak in 2016. Our goals for 3 waters, and the goals of the review, are to provide 3 water infrastructure that supports the community's prosperity, health, safety and environment.

Initial cost estimates in the 2018-2028 Ten Year Plan were based on high-level designs only. More recent 'costs to complete' estimates are based on more developed designs with a greater degree of accuracy. An increased budget of $92.9M for Year 3 of the 2018-2028 Ten Year Plan includes a new Cardrona wastewater scheme (additional $10.0M), Cardona water supply scheme ($0.9M brought forward from 2024-2026), Project Pure wastewater upgrade (additional $6.0M), Wānaka water trunk main stage 2 (additional $12M) and a total 3 water programme contingency of $18.0M. Additional variations to the programme include changes to the timeline for the Shotover water treatment upgrade, Frankton Flats stormwater, Lakeview infrastructure, and the Takerehaka Kingston Housing Infrastructure Funding investment, and postponed investment in 3 waters infrastructure associated with Te Pūtahi Ladies Mile and Kelvin Heights.

COUNCIL AND COMMUNITY BUILDINGS

$22.6M expenditure decrease

We announced in 2019 that the new permanent replacement community hall for Luggate will be built to Passive House standards as a first for a community building in Aotearoa New Zealand. Completing this project will cost a total of $4.2M which includes a $1.5M deferral from the 2019-2020 Annual Plan and an additional $1.8M in the 2020-2021 Annual Plan.

In our updates section we outlined the progress of the Project Manawa project, and what that means for the Council office (Project Connect). The broadened scope beyond just the Council office has delayed this specific aspect and therefore $19.6M for Project Connect and $3.1M for Project Manawa has been deferred as master-planning is progressed with Ngāi Tahu Property. This and the effect of the Luggate Hall replacement reduce spend on buildings to $8.8M ($19.3M less than the budgeted $28.2M).

Aligned with this the libraries budget has been reduced by $3.3M to $0.9M in the 2020-2021 Annual Plan, instead deferring this investment in a library facility for Project Manawa and the Library Strategy until 2021-2022.

NEW SPORTS COURTS

$5.5M expenditure decrease

Memberships numbers continue to increase across all of the district's sports facilities, which requires continued investment to meet the needs of our growing population. In the 2018-2028 Ten Year Plan we signalled the intention to expand capacity and build two new sports courts at the Queenstown Event Centre in Year 3 at a total cost of $12M. The investment for the 2020-2021 Annual Plan has been reduced to $6.5M from $12M, with the balance deferred. The remaining costs in Year 3 are to advance the feasibility study and design work.

LAKEVIEW DEVELOPMENT

$7.8M expenditure increase

In July 2016, the Lakeview land in central Tāhuna Queenstown was rezoned from High Density Residential to Queenstown Town Centre (under Plan Change 50). This was based on an identified need for the expansion of the town centre, in order to provide for and facilitate economic growth. Located on the edge the CBD, the Lakeview development will become an exciting and vibrant mixed-use precinct providing residential buildings, hotels, co-working and co-living spaces, hospitality and retail, and a hot pools attraction. Construction will be phased over seven stages and is estimated to take more than ten years to complete.

The original Year 3 budget of $4.4M is proposed to increase to $9.5M. This includes $2.9M of adjustments for the timing of construction and transport programmes and $2.3M for upgrades to Thompson Street and meeting the potential scope of the proposed arterial route. As part of the programme for Lakeview, a number of cabins were removed in late 2019 which had been used for medium-to-long term accommodation. The removal of these cabins also reduces forecast income for Lakeview in Year 3 by $255k.

OPERATIONAL EXPENDITURE

DEFERRED HARVESTING

$3.6M expenditure decrease

We have long signalled the harvesting of Coronet Forest with a long-term vision of replanting the area with predominantly natives, creating a more natural environment and greatly reducing the pest of wilding pines. The contract for harvesting Coronet Forest was issued in December 2019 and the early stages of this programme are underway. The costs have been deferred in line with the revised programme of harvesting. Accordingly the corresponding income, also $3.6M, will also be deferred until the plan is finalised. It should be noted that the rate of the harvest may change, dependent on ensuring a minimum purchase price for logs can be achieved. Should the price fall below this acceptable minimum the harvest programme will slow to ensure it can maintain the desired profitable return.

RIGHT-SIZING STAFF NUMBERS

$0.55M expenditure decrease

Ensuring Council has the right capacity and capability within the staff is essential to delivering the ambitious capital investment programme and maintaining levels of service. As a result of the Covid-19 pandemic, Council has reduced the original staff budget by $4.7m (11%). This has been achieved by removing 20 FTE's, introducing a salary and wages freeze for 2020/21 as well as a reduction of $1.7m in contractor costs (34.5%).

CONSULTATION ON ELDERLY HOUSING

Wānaka Elderly Housing – Mcdougall Street

Council will undertake separate consultation proposing transferring control of Council-owned Elderly Housing on McDougall Street to the Queenstown Lakes Community Housing Trust on the condition the stock remains an elderly housing resource. The Council will retain ownership of the land and buildings, and current tenancies (five housing units) will remain secure.

Arrowtown Elderly Housing – Caernarvon Street

The Council will be undertaking a separate consultation on a proposal to transfer control of Council-owned Elderly Housing on Caernarvon Street to the Queenstown Lakes Community Housing Trust on the condition the stock remains an elderly housing resource. Ownership of the land and buildings will be retained by the Council and the current tenancies (four housing units) will remain secure.

These proposals were originally signalled in the 2018-2028 Ten Year Plan, and a statement of Proposal for both of these will be released in the coming year, and will be available on QLDC's website. The submission closing date along with any required hearing will be notified and heard by the Council before it makes any decision on this matter.

Our Consultation Process
Hātepe Matapaki

Below are the key dates of the consultation process.

12 MARCH 2020
Draft Annual Plan adopted

16 MARCH 2020
Submissions open

17 APRIL 2020
Submissions close

28 MAY 2020
Wānaka hearing of submissions

29 MAY 2020
Queenstown hearing of submissions

25 JUNE 2020
Council adopts Annual Plan

Summary of Changes
Whakarāpopototaka o kā panoni

The following is a summary of the changes to the 2020/21 Annual Plan that have been approved as a result of the submission process (211 submissions received in total):

NEW UNBUDGETED REQUESTS FOR GRANT FUNDING APPROVED FOR 20/21

1. Aspiring Gym Sports - $15k grant
2. Bike Wanaka - $10k grant
3. Three Lakes Cultural Trust - $40k grant
4. LINK Upper Clutha (part of the Alpine Community Development Trust) - $47.5k grant
5. Te Ao Marama - $30k grant
6. Wai Wanaka - $50k grant
7. Wakatipu Community Hub - $15k grant
8. Wanaka Alcohol Group - $7.5k grant
9. Whakatipu Wildlife Trust - $20k grant

Additionally, Council agreed to support the Lakes District Museum earthquake strengthening project. The amount of $1.04M will be loan funded.

INTERNAL (QLDC) UNBUDGETED REQUESTS FOR FUNDING

Operational Expenditure:

Operational expenditure increase $1,296,137 ($586,137 rate funded)

1. Subsidy Lake Wakatipu Public Ferry Service $100k increase
2. Worldwide Publications porta cabins lease $106k increase
3. Canon photocopying contract reduction $28k decrease
4. Website support costs $11k increase
5. Ladies mile masterplan $700k increase offset by $500k District Plan loan funding
6. Recovery Team Resourcing $407k increase offset by $210k MBIE grant funding

Capital Expenditure:

Capital expenditure increase $12,294,718

Project Name	Budget Increase
Glenorchy Reservoir Upgrade	1,265,191
Recreation Ground new WW Pump Station	6,540,000
Wastewater Network Audit	140,000
Lakeview Transportation	2,647,489
Lakeview WW Thompson St Sewer & Pressure	352,038
Coneburn Valley WW Network	900,000
Trade Waste Water Metering	450,000
	12,294,718

Section 2: General Information
Wāhaka 2: Pāroko Whānui

Growth Projections

GROWTH AND POPULATION ASSUMPTIONS

Growth is the key challenge we are facing as a district. To assist with future planning, the Council has spent considerable time and effort developing comprehensive growth projections. These have been estimated using the best information available.

Projections have been developed for:

- The resident population;
- The number of visitors (day visitors, visitors in private residences and those in commercial accommodation);
- The number of occupied and unoccupied dwellings that will be required in the future; and
- The number of visitor units that will be required in the future.

This information is analysed to compare numbers on an average day and on a peak day.

Because growth is a district-wide challenge our projections include all of our communities, urban, rural, large and small. The projections are based on a 'business as usual' model and do not assume any constraints or intervention in the market.

AVERAGE DAY POPULATION GROWTH

SOURCE: QLDC Growth Projections to 2058, December 2018

It is noted that these growth projections will be updated in April 2020 to inform the Infrastructure Strategy and Ten Year Plan.

AVERAGE DAY POPULATION	2019	2028	2048
Wānaka Ward	21,245	28,429	36,109
Wakatipu Ward	45,884	59,460	77,329
Whole District	67,129	87,888	113,437

The **average day population** for the district is expected to increase from an estimated 67,129 people in 2019 to an estimated 87,888 in 2028. This is a growth rate of 3.2% per annum. This consists of residents and visitors of all types.

Of the **average day population**, around 61% is the usually resident population. Approximately 69% of these residents will live in the Wakatipu Ward and the remainder in the Wānaka Ward.

PEAK DAY POPULATION GROWTH

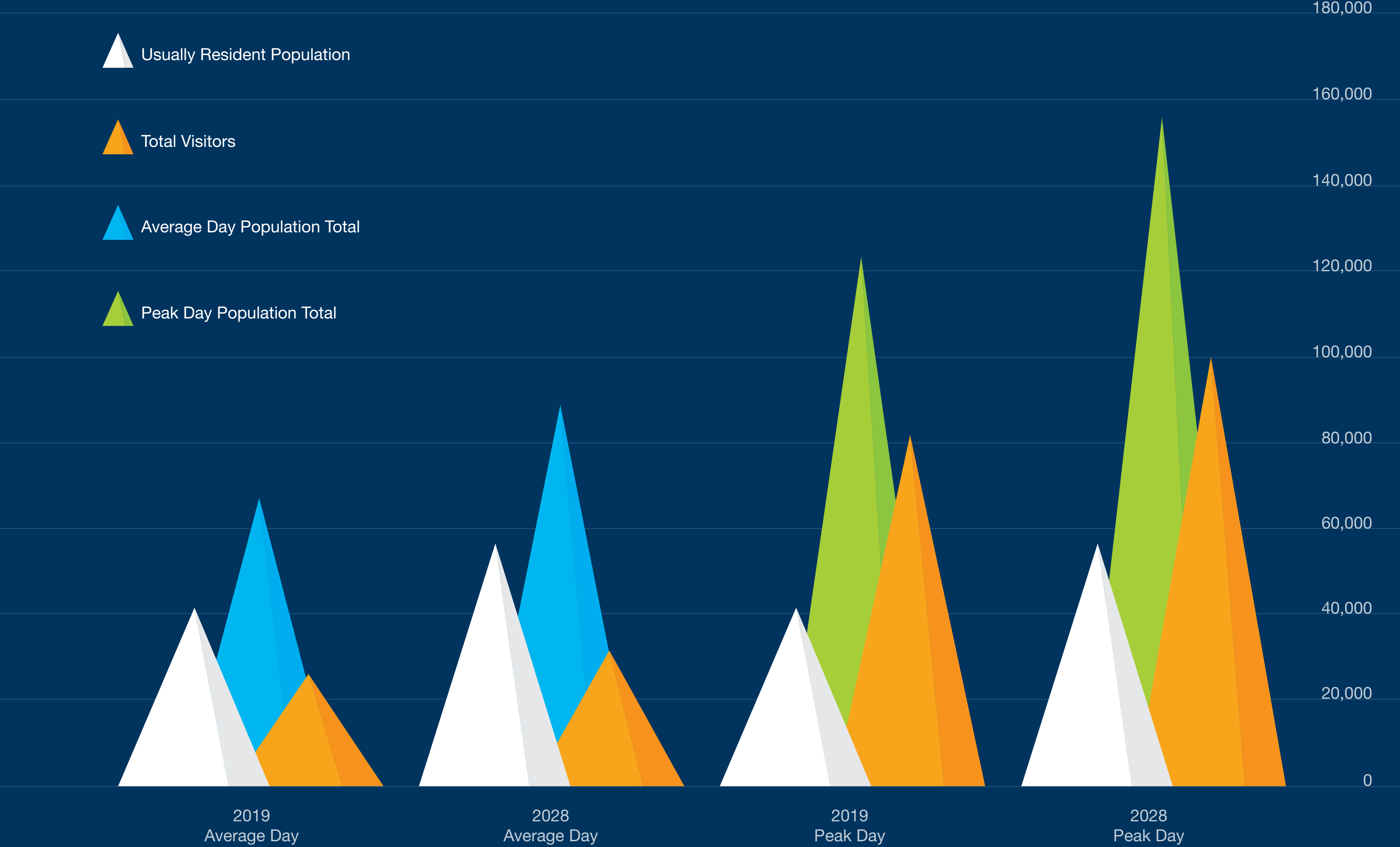
SOURCE: QLDC Growth Projections to 2058, December 2018

It is noted that these growth projections will be updated in April 2020 to inform the Infrastructure Strategy and Ten Year Plan.

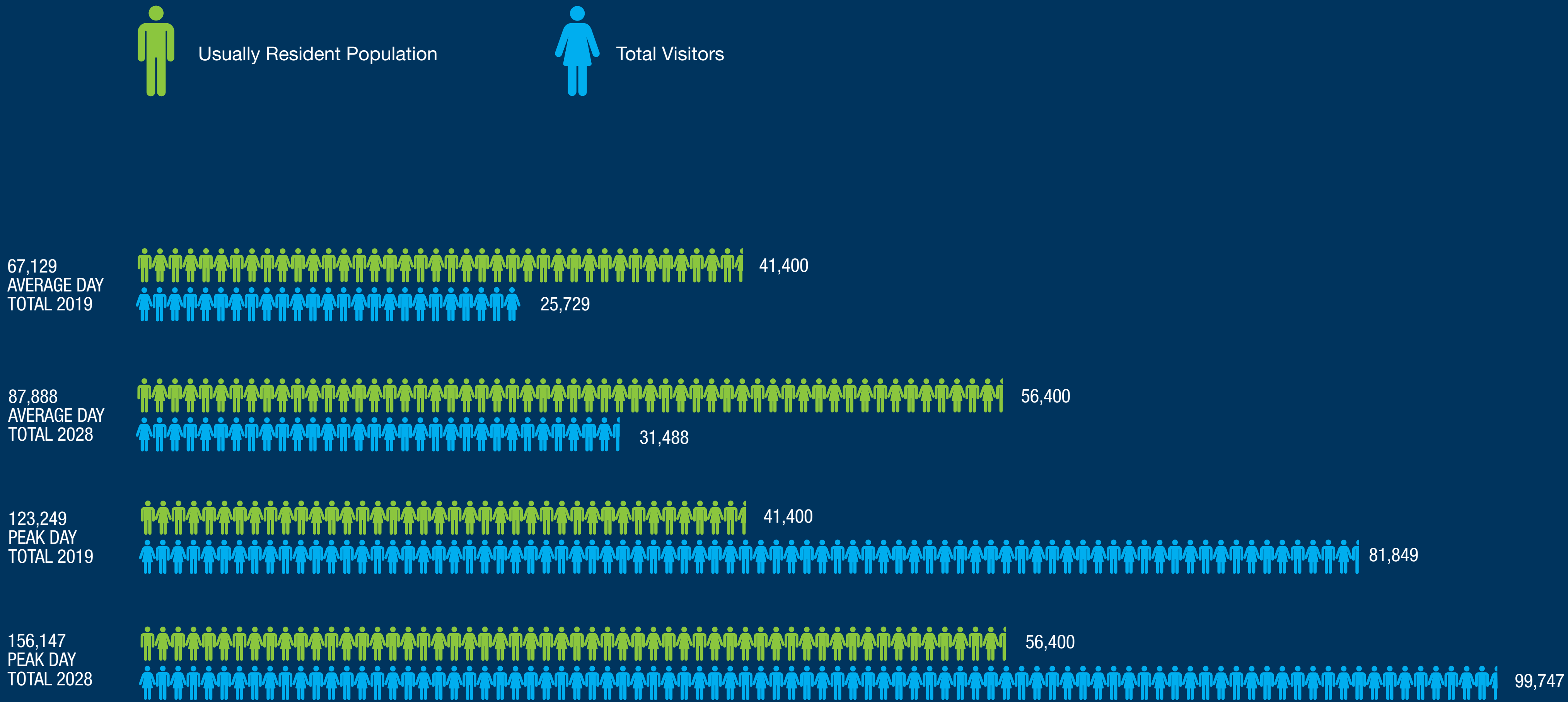
PEAK DAY POPULATION	2019	2028	2048
Wānaka Ward	48,560	61,288	76,728
Wakatipu Ward	74,689	94,859	124,046
Whole District	123,249	156,147	200,774

The **peak day population** for the district is expected to increase from an estimated 123,249 in 2019 to an estimated 156,147 in 2028. This is a growth rate of 2.8% per annum. This consists of residents and visitors of all types.

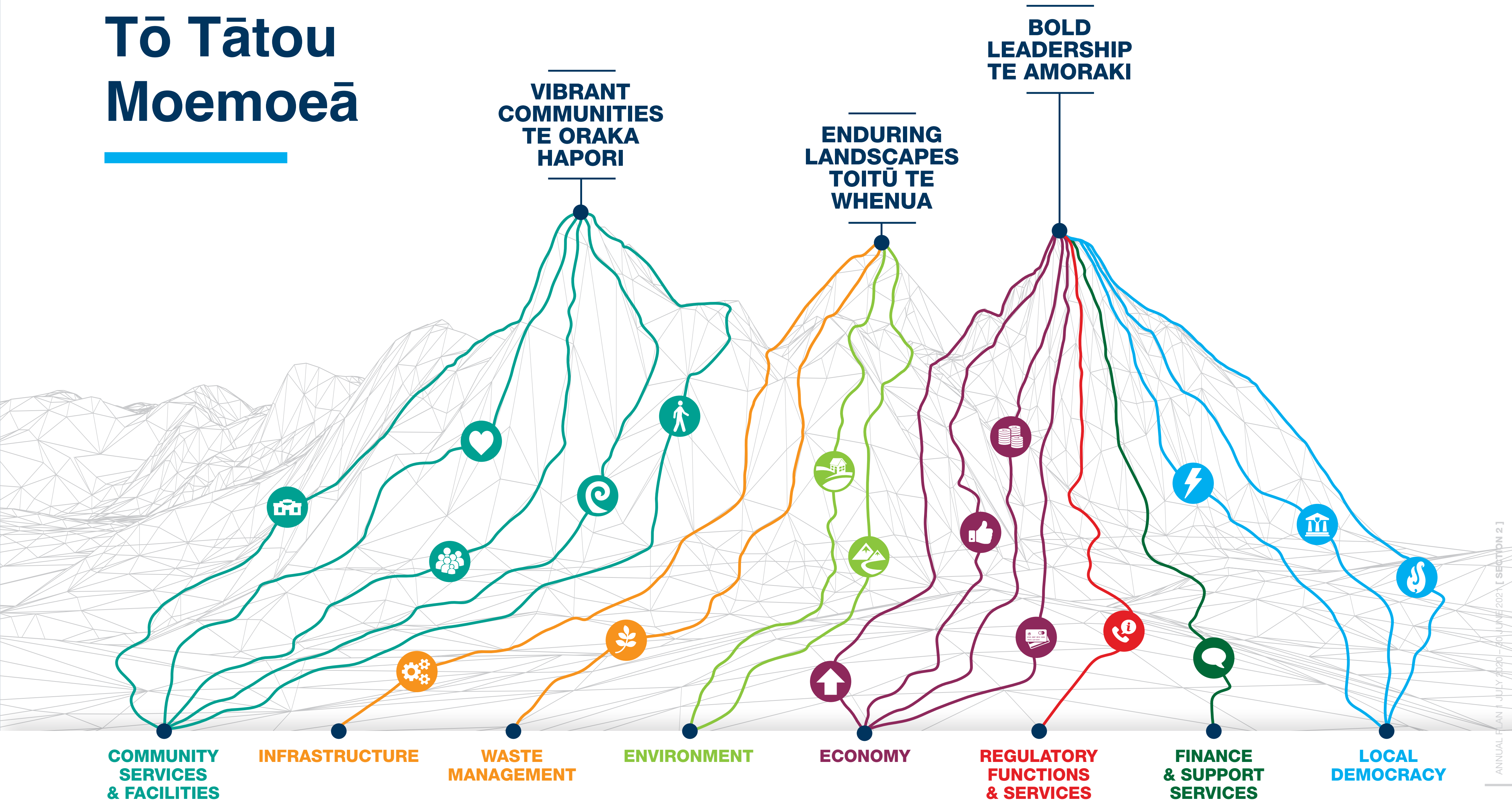
The peak period typically falls over the New Year period (late December / early January) and is relatively short. The projection is particularly important for infrastructure planning, ensuring that roads, waste and 3 waters are able to cope with peak activity.



Usually Resident Population
Total Visitors
Average Day Population Total
Peak Day Population Total
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
2019
Average Day
2028
Average Day
2019
Peak Day
2028
Peak Day


Usually Resident Population
Total Visitors
67,129
AVERAGE DAY
TOTAL 2019
41,400
25,729
87,888
AVERAGE DAY
TOTAL 2028
56,400
31,488
123,249
PEAK DAY
TOTAL 2019
41,400
81,849
156,147
PEAK DAY
TOTAL 2028
56,400
99,747

Our Vision
Tō Tātou Moemoeā



OUR COMMUNITY OUTCOMES

COMMUNITY SERVICES & FACILITIES

- Efficient and effective community facilities
- Communities have a good standard of living and wellbeing
- Communities are inclusive for all
- Strong cultural landscape that inspires, preserves and celebrates our heritage, arts and culture
- Appropriate public access

INFRASTRUCTURE AND WASTE MANAGEMENT

- Efficient and effective infrastructure
- Environmental sustainability and low impact living is highly valued

ENVIRONMENT

- Quality built environments that meet local needs and respect the local character
- World class landscapes are protected

ECONOMY

- Sustainable growth management
- Partnering for success
- Investing strategically
- Enabling diversification

REGULATORY FUNCTIONS & SERVICES

- A responsive organisation

FINANCE & SUPPORT SERVICES

- An organisation that consults effectively and makes sound decisions

LOCAL DEMOCRACY

- Communities are resilient and prepared for civil defence emergency events
- An organisation that demonstrates leadership
- An organisation that considers the district's partnership with Mana Whenua

Our Process
Tō Tātou Huanui

OUR PLANNING PROCESS

There is a robust planning process required by the Local Government Act 2002 (part 6). This model outlines the four parts of this process.

REVIEWED EVERY THREE YEARS

The Ten Year Plan sets the direction of the Council, providing a long term focus on our community outcomes, and explaining the purpose, direction and cost of each of our activities.

REVIEWED EVERY THREE YEARS

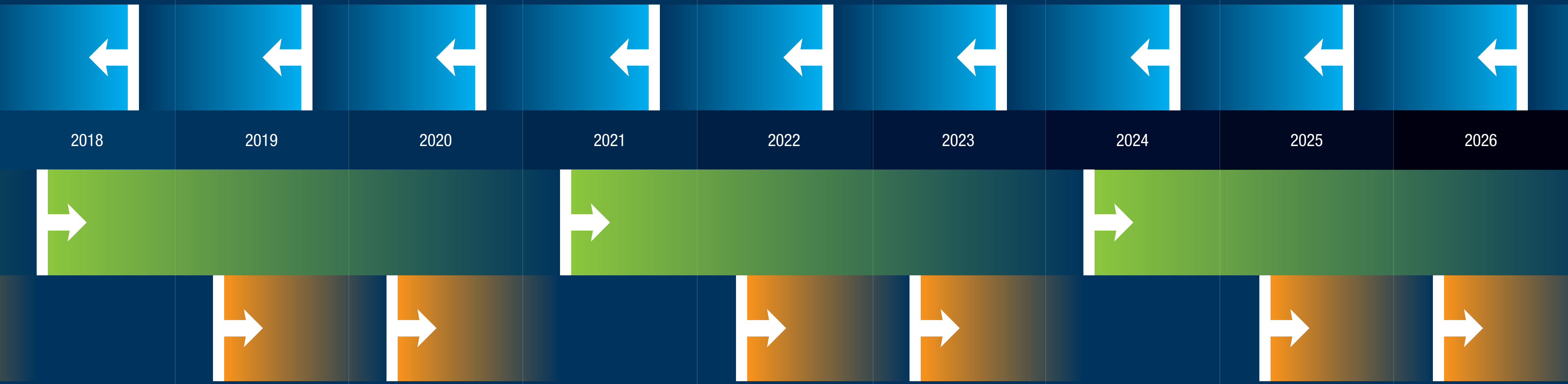
Outcomes that the Council aims to achieve in meeting the current and future needs of the community for quality infrastructure, public services and the performance of regulatory functions.

COMPLETED IN EACH OF THE TWO YEARS BETWEEN THE TEN YEAR PLAN

What the Council plans to do in the next 12 months to achieve the direction set in the Ten Year Plan.

PRODUCED EVERY YEAR

Reports back to the community on whether the Council has done what it planned to do.



ANNUAL PLAN
Looks forward and plans what Council needs to do in the next 12 months to achieve the direction set in the Ten Year Plan. Completed in each of the two years between the Ten Year Plan.

TEN YEAR PLAN
Looks forward and sets the direction of the Council, providing a long term focus on our community outcomes, and explaining the purpose, direction and cost of each of our activities. Reviewed every three years.

ANNUAL REPORT
Reports back to the community on whether the Council has done what it planned to do. Produced every year.

Contact us

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INSTAGRAM

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** A Council-controlled trading organisation*

AUDITORS

Deloitte Limited on behalf of the office of the Auditor General

Auckland

SISTER CITIES

Aspen, Colorado, USA (Queenstown)

Hangzhou, China

Section 3: Financial Information

Wāhaka 3: Pāroko Ahumoni

Financial Statements Kā tauākī ahumoni

PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE ($'000)

ANNUAL PLAN 2019/20		ANNUAL PLAN 2020/21	TEN YEAR PLAN 2020/21	Variance	Explanation
	Operating revenue				
	Revenue from non-exchange transactions				
81,919	Targeted rates	86,275	84,496	1,779	Increase in waste management rates due to new contract and increased costs; increased rates for recreational facilities to reflect lower user fee income
2,438	General rates	2,424	3,007	(583)	
6,831	User charges - subsidised	5,794	7,890	(2,096)	Reduced income as a result of Covid-19
33,986	Grants and subsidies	29,141	52,340	(23,199)	Mainly due to deferral of transport capex
10,917	Vested assets	11,095	11,095	-	
19,422	Development contributions	15,297	19,787	(4,490)	Reduced income as a result of Covid-19
6,410	Other income	4,370	5,434	(1,064)	
262	Revaluation of investment property	375	1,312	(937)	Reclassification of campgrounds to PPE
	Revenue from exchange transactions				
32,929	User charges - full cost recovery	26,166	33,819	(7,653)	Reduced income as a result of Covid-19
5,404	Dividend income	-	6,101	(6,101)	No dividend expected due to Covid-19
3,517	Other income - full cost recovery	2,451	3,260	(809)	
-	Other gains/(losses) - full cost recovery	7,080	-	7,080	Change in timing of property sales
204,035	**Total revenue**	**190,468**	**228,541**	**(38,073)**	
	Operating expenditure				
5,859	Local democracy	5,131	5,941	(810)	
37,352	Community services & facilities	36,092	35,390	702	
10,213	Economy	9,988	9,587	401	
16,289	Environmental management	14,994	15,334	(340)	
15,327	Regulatory functions & services	14,886	14,898	(12)	
22,485	Transport	24,991	25,798	(807)	
17,181	Wastewater	19,190	18,235	955	
11,535	Water supply	13,318	13,236	82	
4,812	Stormwater	6,112	4,473	1,639	Refer to operating expenditure by activity below
13,056	Waste management	14,287	13,001	1,286	
(280)	Finance & support services	(100)	(178)	78	
153,829	**Total operating expenditure ***	**158,889**	**155,715**	**3,174**	
50,206	**Operating surplus**	**31,579**	**72,826**	**(41,247)**	
	*** Operating expenditure includes:**				
26,519	Depreciation	35,180	28,509	6,671	Infrastructure valuation movement in 2019
8,747	Interest	7,178	14,820	(7,642)	Lower than expected interest rates and reduced borrowing

PROSPECTIVE STATEMENT OF OTHER COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDING 30 JUNE ($'000)

ANNUAL PLAN 2019/20		ANNUAL PLAN 2020/21	TEN YEAR PLAN 2020/21	Variance	Explanation
50,206	Operating surplus	31,579	72,826	(41,247)	Refer above comments
	Other comprehensive revenue and expense				
-	Gain/(loss) on revaluation	-	-	-	
-	Transfer from reserves	-	-	-	
50,206	**Total comprehensive income**	**31,579**	**72,826**	**(41,247)**	

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE ($'000)

ANNUAL PLAN 2019/20		ANNUAL PLAN 2020/21	TEN YEAR PLAN 2020/21	Variance	Explanation
1,267,009	Forecast opening equity	1,642,092	1,331,277	310,815	Change in timing of infrastructure valuation
50,206	Total comprehensive revenue and expense	31,579	72,826	(41,247)	Refer above comments
1,317,215	**Forecast closing equity**	**1,673,671**	**1,404,103**	**269,568**	

PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE ($'000)

ANNUAL PLAN 2019/20		ANNUAL PLAN 2020/21	TEN YEAR PLAN 2020/21	Variance	Explanation
	Current assets				
599	Cash and cash equivalents	3,511	336	3,175	
15	Other financial assets	15	15	-	
9,435	Receivables from non-exchange transactions	10,042	9,435	606	
3,865	Receivables from exchange transactions	9,256	3,865	5,391	
797	Other current assets	912	797	115	
17,127	Development property	28,393	11,127	17,266	Change in timing of property sales
46	Inventories	1,290	46	1,244	
31,884	**Total current assets**	**53,419**	**25,621**	**27,797**	
	Non-current assets				
8,385	Investments	12,133	8,385	3,748	
12,152	Investment property	17,428	60,941	(43,513)	Reclassification of campgrounds to PPE
1,542,645	Property, plant and equipment	1,923,369	1,696,268	227,101	Infrastructure valuation movement in 2019 slightly offset by net deferral of capital expenditure
1,563,182	**Total non-current assets**	**1,952,930**	**1,765,594**	**187,336**	
1,595,066	**Total assets**	**2,006,349**	**1,791,215**	**215,133**	
	Current liabilities				
23,924	Payables from exchange transactions	29,480	23,924	5,556	
21,994	Other current liabilities	25,746	8,548	17,198	Mainly income in advance for Wānaka airport lease
63,000	Borrowings	69,000	89,000	(20,000)	
108,918	**Total current liabilities**	**124,226**	**121,472**	**2,754**	
168,933	**Non-current liabilities**	**208,452**	**265,640**	**(57,188)**	Net deferral of capital expenditure
277,851	**Total liabilities**	**332,678**	**387,112**	**(54,434)**	
1,317,215	**Net assets**	**1,673,671**	**1,404,103**	**269,567**	
	Equity				
565,614	Revaluation reserve	917,723	561,947	355,776	Infrastructure valuation movement in 2019
11,579	Operating reserves	18,427	10,407	8,020	
50,091	Capital reserve	26,298	48,091	(21,793)	
689,931	Accumulated funds	711,223	783,658	(72,435)	Refer above comments
1,317,215	**Total equity**	**1,673,671**	**1,404,103**	**269,567**	

PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE ($'000)

ANNUAL PLAN 2019/20		ANNUAL PLAN 2020/21	TEN YEAR PLAN 2020/21	Variance	Explanation
	Cash flows from operating activities				
187,714	Receipts from customers	172,092	210,033	(37,941)	Reduced income as a result of Covid-19
5,404	Dividends received	-	6,101	(6,101)	No dividend expected due to Covid-19
	Cash was applied to:				
(118,564)	Payments to suppliers and employees	(116,531)	(112,385)	(4,146)	
(8,747)	Finance costs paid	(7,178)	(14,820)	7,642	Lower than expected interest rates and reduced borrowing
65,807	**Net cash inflow from operating activities**	**48,383**	**88,929**	**(40,546)**	
	Cash flows from investing activities				
3,000	Sale of development property	10,080	-	10,080	Change in timing of property sales
-	Proceeds from asset sales	-	-	-	
	Cash was applied to:				
(163,431)	Purchase of property, plant and equipment	(184,199)	(194,773)	10,574	Net deferral of capital expenditure
-	Purchase of intangible assets	-	-	-	
(160,431)	**Net cash outflow from investing activities**	**(174,119)**	**(194,773)**	**20,654**	
	Cash flows from financing activities				
141,886	Proceeds from borrowings	175,910	167,844	8,066	Includes refinancing of debt offset by deferral of capital expenditure
	Cash was applied to:				
(47,000)	Repayment of borrowings	(47,000)	(62,000)	15,000	
94,886	**Net cash inflow/(outflow) from financing activities**	**128,910**	**105,844**	**23,066**	
262	Net increase/(decrease) in cash and cash equivalents	3,174	-	3,174	
337	Forecast cash and cash equivalents at 1 July	337	336	1	
599	**Forecast cash and cash equivalents at 30 June**	**3,511**	**336**	**3,175**	
	Represented by:				
599	Cash and cash equivalents	3,511	336	3,175	
-	Bank overdraft	-	-	-	
599	**Total cash and cash equivalents**	**3,511**	**336**	**3,175**	

PROSPECTIVE OPERATING EXPENDITURE BY ACTIVITY ($'000)

ANNUAL PLAN 2019/20		ANNUAL PLAN 2020/21	TEN YEAR PLAN 2020/21	Variance	Explanation
	Local Democracy				
2,829	Governance	2,377	2,794	(417)	
2,129	Community Engagement	1,832	2,095	(263)	
423	Community Leadership	561	574	(13)	
478	Emergency Management	361	478	(117)	
5,859		**5,131**	**5,941**	**(810)**	
	Community Services & Facilities				
12,846	Community Facilities	14,294	13,411	883	Reflects increased operating costs - especially Aquatics
13,478	Active & Passive Recreation	13,449	13,620	(171)	
287	Community Property	328	252	76	
1,437	Community Grants	1,655	1,479	176	
2,451	Libraries	2,810	3,133	(323)	
287	Waterways Facilities	368	291	77	
213	Cemeteries	227	220	7	
1,798	Public Toilets	2,043	1,864	179	
4,396	Forestry	731	829	(98)	
159	Wānaka Airport	187	291	(104)	
37,352		**36,092**	**35,390**	**702**	
	Economy				
1,638	Property	1,624	1,407	217	
2,779	Economic Development	2,740	2,811	(71)	
5,796	Tourism Marketing	5,624	5,369	255	
10,213		**9,988**	**9,587**	**401**	
	Environmental Management				
5,731	District Plan	5,596	5,366	230	
10,558	Resource Consents	9,398	9,968	(570)	
16,289		**14,994**	**15,334**	**(340)**	
	Regulatory Functions & Services				
9,273	Building Consents	8,418	8,729	(311)	
6,054	Enforcement	6,468	6,169	299	
15,327		**14,886**	**14,898**	**(12)**	
	Transport				
21,142	Roading and Footpaths	23,551	22,502	1,049	
1,343	Parking Facilities	1,440	3,296	(1,856)	Reduction in interest cost due to capex deferral
22,485		**24,991**	**25,798**	**(807)**	
17,181	**Wastewater**	19,190	18,235	955	
11,535	**Water Supply**	13,318	13,236	82	
4,812	**Stormwater**	6,112	4,473	1,639	Increased depreciation charge due to revaluation
13,056	**Waste Management**	14,287	13,001	1,286	Increase in disposal costs due to cost of carbon credits and recovery of gas capture facility
(280)	**Finance & Support Services**	(100)	(178)	78	
153,829	**Total operating expenditure**	**158,889**	**155,715**	**3,174**	
26,519	Depreciation (included in above)	35,180	28,509	6,671	Infrastructure valuation movement in 2019
8,747	Interest (included in above)	7,178	14,820	(7,642)	Reduction in interest cost due to capex deferral

PROSPECTIVE CAPITAL ASSET EXPENDITURE (INCLUDING VESTED ASSETS) BY ACTIVITY ($'000)

ANNUAL PLAN 2019/20		ANNUAL PLAN 2020/21	TEN YEAR PLAN 2020/21	Variance	Explanation
	Local Democracy				
-	Emergency Management	-	-	-	
-		**-**	**-**	**-**	
	Community Services & Facilities				
6,851	Community Facilities	9,757	9,643	114	
11,695	Active & Passive Recreation	8,244	6,757	1,487	
156	Community Property	262	83	179	
1,625	Libraries	896	4,386	(3,490)	Deferral of Library capex from 20/21 to 21/22 pending Project Manawa outcome
20	Waterways Facilities	83	83	-	
-	Cemeteries	-	-	-	
356	Public Toilets	953	414	539	
-	Wānaka Airport	-	-	-	
20,703		**20,195**	**21,366**	**(1,171)**	
	Economy				
4,420	Property	2,508	63	2,445	Timing of Lakeview development and provision for capital grants
-	Tourism Marketing	-	-	-	
4,420		**2,508**	**63**	**2,445**	
	Regulatory Functions & Services				
19	Enforcement	43	43	-	
19		**43**	**43**	**-**	
	Transport				
57,768	Roading and Footpaths	45,709	86,988	(41,279)	Deferral of QTTCMP capex
1,602	Parking Facilities	2,986	24,395	(21,409)	Deferral of capex for Queenstown parking
59,370		**48,695**	**111,383**	**(62,688)**	
16,691	**Wastewater**	58,814	19,627	39,187	Increase due to 3 waters capex re-programming ; increase for new Cardrona wastewater scheme
36,224	**Water Supply**	42,055	27,686	14,369	Increase due to 3 waters capex re-programming
8,278	**Stormwater**	12,942	5,572	7,370	Increase due to 3 waters capex re-programming
5,710	**Waste Management**	3,665	3,894	(229)	
22,932	**Finance & Support Services**	6,376	16,236	(9,860)	Deferral of new office capex from 20/21 to 21/22 pending Project Manawa outcome
174,347	**Total capital asset expenditure**	**195,293**	**205,870**	**(10,577)**	

PROSPECTIVE CAPITAL DEBT REPAYMENT EXPENDITURE BY ACTIVITY ($'000)

ANNUAL PLAN 2019/20		ANNUAL PLAN 2020/21	TEN YEAR PLAN 2020/21	Variance	Explanation
	Local Democracy				
-	Emergency Management	-	-	-	
-		**-**	**-**	**-**	
	Community Services & Facilities				
1,376	Community Facilities	239	1,645	(1,406)	Temporary suspension of rate funded debt repayments
67	Active & Passive Recreation	-	1,265	(1,265)	Temporary suspension of rate funded debt repayments
-	Community Property	-	-	-	
-	Libraries	-	-	-	
100	Waterways Facilities	-	100	(100)	
-	Cemeteries	-	-	-	
194	Public Toilets	134	417	(283)	
50	Wānaka Airport	-	200	(200)	
1,787		**373**	**3,627**	**(3,254)**	
	Economy				
4,000	Property	-	3,000	(3,000)	Temporary suspension of dividend funded debt repayments
-	Tourism Marketing	-	-	-	
4,000		**-**	**3,000**	**(3,000)**	
-	**Environmental Management**				
1,551	District Plan	-	1,551	(1,551)	Temporary suspension of dividend funded debt repayments
1,551		**-**	**1,551**	**(1,551)**	
-	**Regulatory Functions & Services**				
23	Enforcement	21	4	17	
23		**21**	**4**	**17**	
-	**Transport**				
1,479	Roading and Footpaths	497	3,216	(2,719)	Temporary suspension of rate funded debt repayments
650	Parking Facilities	2,100	2,100	-	
2,129		**2,597**	**5,316**	**(2,719)**	
-					
1,180	**Wastewater**	1,036	3,318	(2,282)	Temporary suspension of rate funded debt repayments
-					
605	**Water Supply**	375	1,301	(926)	Temporary suspension of rate funded debt repayments
-					
1,607	**Stormwater**	1,919	2,267	(348)	Temporary suspension of rate funded debt repayments
-					
1,063	**Waste Management**	-	1,063	(1,063)	Temporary suspension of dividend funded debt repayments
-					
1,790	**Finance & Support Services**	-	2,487	(2,487)	Temporary suspension of rate funded debt repayments
-					
15,735	**Total capital debt repayment expenditure**	**6,321**	**23,934**	**(17,613)**	

PROSPECTIVE TOTAL CAPITAL EXPENDITURE (INCLUDING VESTED ASSETS AND DEBT REPAYMENT) BY ACTIVITY ($'000)

ANNUAL PLAN 2019/20		ANNUAL PLAN 2020/21	TEN YEAR PLAN 2020/21	Variance	Explanation
	Local Democracy				
-	Emergency Management	-	-	-	
-		**-**	**-**	**-**	
	Community Services & Facilities				
8,227	Community Facilities	9,996	11,288	(1,292)	Refer above comments
11,762	Active & Passive Recreation	8,244	8,022	222	
156	Community Property	262	83	179	
1,625	Libraries	896	4,386	(3,490)	Refer above comments
120	Waterways Facilities	83	183	(100)	
-	Cemeteries	-	-	-	
550	Public Toilets	1,087	831	256	
50	Wānaka Airport	-	200	(200)	
22,490		**20,568**	**24,993**	**(4,425)**	
	Economy				
8,420	Property	2,508	3,063	(555)	Refer above comments
-	Tourism Marketing	-	-	-	
8,420		**2,508**	**3,063**	**(555)**	
	Environmental Management				
1,551	District Plan	-	1,551	(1,551)	Refer above comments
1,551		**-**	**1,551**	**(1,551)**	
	Regulatory Functions & Services				
42	Enforcement	64	47	17	
42		**64**	**47**	**17**	
	Transport				
59,247	Roading and Footpaths	46,206	90,204	(43,998)	Refer above comments
2,252	Parking Facilities	5,086	26,495	(21,409)	Refer above comments
61,499		**51,292**	**116,699**	**(65,407)**	
17,871	**Wastewater**	59,850	22,945	36,905	Refer above comments
36,829	**Water Supply**	42,430	28,987	13,443	Refer above comments
9,885	**Stormwater**	14,861	7,839	7,022	Refer above comments
6,773	**Waste Management**	3,665	4,957	(1,292)	Refer above comments
24,722	**Finance & Support Services**	6,376	18,723	(12,347)	Refer above comments
190,082	**Total capital expenditure**	**201,614**	**229,804**	**(28,190)**	

CAPITAL ASSET EXPENDITURE (GROWTH) BY ACTIVITY GROUP ($'000)

ANNUAL PLAN 2019/20		ANNUAL PLAN 2020/21	TEN YEAR PLAN 2020/21	Variance
-	Local Democracy	-	-	-
5,840	Community Services & Facilities	5,788	7,372	(1,584)
903	Economy	385	-	385
-	Environmental Management	-	-	-
-	Regulatory Functions & Services	-	-	-
18,890	Transport	15,132	41,251	(26,119)
7,566	Wastewater	27,630	10,063	17,567
19,799	Water Supply	23,093	13,065	10,028
5,081	Stormwater	6,807	3,304	3,503
1,801	Waste Management	1,187	1,261	(74)
84	Finance & Support Services	675	-	675
59,964	**Total capital asset expenditure (Growth)**	**80,697**	**76,316**	**4,381**

CAPITAL ASSET EXPENDITURE (RENEWAL) BY ACTIVITY GROUP ($'000)

ANNUAL PLAN 2019/20		ANNUAL PLAN 2020/21	TEN YEAR PLAN 2020/21	Variance
-	Local Democracy	-	-	-
7,894	Community Services & Facilities	6,909	2,976	3,933
50	Economy	572	50	522
-	Environmental Management	-	-	-
15	Regulatory Functions & Services	-	-	-
19,916	Transport	18,968	19,237	(269)
2,420	Wastewater	4,235	902	3,333
4,973	Water Supply	5,302	6,835	(1,533)
548	Stormwater	726	617	109
1,355	Waste Management	1,085	1,085	-
742	Finance & Support Services	3,095	615	2,480
37,913	**Total capital asset expenditure (Renewal)**	**40,892**	**32,317**	**8,575**

CAPITAL ASSET EXPENDITURE (OTHER) BY ACTIVITY GROUP ($'000)

ANNUAL PLAN 2019/20		ANNUAL PLAN 2020/21	TEN YEAR PLAN 2020/21	Variance
-	Local Democracy	-	-	-
6,969	Community Services & Facilities	7,498	11,018	(3,520)
3,467	Economy	1,549	13	1,536
-	Environmental Management	-	-	-
4	Regulatory Functions & Services	43	43	-
20,564	Transport	14,597	50,895	(36,298)
6,705	Wastewater	26,949	8,662	18,287
11,452	Water Supply	13,660	7,786	5,874
2,649	Stormwater	5,410	1,651	3,759
2,554	Waste Management	1,393	1,548	(155)
22,106	Finance & Support Services	2,605	15,621	(13,016)
76,470	**Total capital asset expenditure (Other)**	**73,704**	**97,237**	**(23,533)**
174,347	**Total capital asset expenditure**	**195,293**	**205,870**	**(10,577)**

CAPITAL DEBT REPAYMENT EXPENDITURE BY ACTIVITY GROUP ($'000)

ANNUAL PLAN 2019/20		ANNUAL PLAN 2020/21	TEN YEAR PLAN 2020/21	Variance
-	Local Democracy	-	-	-
1,787	Community Services & Facilities	373	3,627	(3,254)
4,000	Economy	-	3,000	(3,000)
1,551	Environmental Management	-	1,551	(1,551)
23	Regulatory Functions & Services	21	4	17
2,129	Transport	2,597	5,316	(2,719)
1,180	Wastewater	1,036	3,318	(2,282)
605	Water Supply	375	1,301	(926)
1,607	Stormwater	1,919	2,267	(348)
1,063	Waste Management	-	1,063	(1,063)
1,790	Finance & Support Services	-	2,487	(2,487)
15,735	**Total capital debt repayment expenditure**	**6,321**	**23,934**	**(17,613)**

STATEMENT OF RESERVE FUNDS ($'000)

Reserve fund - Purpose of the fund	Opening Balance 2020/21	Deposits	Withdrawals	Closing Balance 2020/21
Development funds These arise from Development and Financial Contributions levied by the Council for capital works and are intended to contribute to the growth related capital expenditure of Roading, Water Supply, Sewerage, Stormwater, Reserve Land and Improvements and Community Facilities.	22,719	15,297	(19,588)	18,428
Asset renewal funds The Council sets aside funding to meet the renewal of its infrastructural and operating assets to ensure the continued ability to provide services.	3,845	14,483	(16,726)	1,602
Asset sale reserves Proceeds from asset sales which are used to fund the portion of capital expenditure attributable to increased level of service for Roading, Water Supply, Sewerage, Stormwater, Reserve Land and Improvements and Community Facilities.	10,355	7,080	-	17,435
Arrowtown endowment land reserve Proceeds from asset sales from Arrowtown endowment land.	-	-	-	-
Trust funds Funds held on behalf of various community organisations.	17	-	-	17
Queenstown Airport dividend reserve Unallocated portion of dividends received from QAC.	2,200	-	-	2,200
Transport improvement fund Funds set aside to subsidise public transport and the development of public transport infrastructure.	1,630	-	-	1,630
Lakes Leisure reserve Funds transferred from Lakes Leisure at dis-establishment that are to be used to fund charitable purposes in line with the company's constitution.	3,196	-	-	3,196
Total Reserve Funds	**43,962**	**36,860**	**(36,314)**	**44,508**

Statement of Accounting Policies
Te Tauākī o te Mahi Kaute

Reporting Entity

The Queenstown Lakes District Council ("the Council" or "QLDC") is a territorial local authority governed by the Local Government Act 2002.

The Council has controlling interests in Queenstown Events Centre Trust (100% - dormant) and Queenstown Airport Corporation Limited (75.01%). Pursuant to the Local Government Act 2002, these controlled entities are council controlled organisations ("CCOs"). The Council has elected not to consolidate the CCOs for the purposes of the prospective financial information contained in this Annual Plan in accordance with the Local Government Act 2002.

The prospective financial statements have been prepared in accordance with Section 111 of the Local Government Act 2002, the Financial Reporting Act 1993 and generally accepted accounting practice. The prospective financial statements comply with Public Benefit Entity (PBE) Standards for Tier 1 entities. The Council has complied with PBE FRS42 in the preparation of these prospective financial statements.

The prospective financial information contained in this Annual Plan relates to the Queenstown Lakes District Council only as the controlling entity of the economic entity. The Council has not presented prospective financial statements for the economic entity because the Council believes that the controlling entity prospective financial statements are more relevant to users. The main purpose of prospective financial statements in the Annual Plan is to provide users with information about the core services that the Council intends to provide ratepayers, the expected cost of those services and as a consequence how much the Council requires by way of rates to fund the intended levels of service.

The level of rate funding required is not affected by controlled entities except to the extent that the Council obtains distributions from those controlled entities. Distributions from the Council's controlled entity, Queenstown Airport Corporation Ltd, are included in the prospective financial statements of the Council.

The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself as a public benefit entity ("PBE") for the purposes of complying with generally accepted accounting practice.

Basis of Preparation

The prospective financial statements have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the year. The prospective financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

STATEMENT OF COMPLIANCE

The prospective financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The prospective financial statements of the Council comply with Public Benefit Entity (PBE) Standards.

The prospective financial statements have been prepared in accordance with Tier 1 PBE Standards.

PRESENTATION CURRENCY AND ROUNDING

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

Summary of Significant Accounting Policies

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Council and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, taking into account contractually defined terms of payment, net of discounts and GST.

The specific recognition criteria described below must also be met before revenue is recognised.

(I) REVENUE FROM NON-EXCHANGE TRANSACTIONS

General and Targeted Rates

General and targeted rates are set annually and invoiced within the year. The Council recognises revenue from rates when the Council has set the rate and provided the rates assessment. Rates revenue is measured at the amount assessed, which is the fair value of the cash received or receivable.

User Charges and Other Income – Subsidised

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as community activities, liquor licencing, water connections, dog licensing, etc.), and where a shortfall is subsidised by income from other activities, such as rates. Generally, there are no conditions attached to such revenue.

Revenue from subsidised services is recognised when the Council issues the invoice for the service. Revenue is recognised at the amount of the invoice, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that the Council has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from the Council) if the service is not completed.

Grants and Subsidies

Government grants are received from NZTA which subsidises part of the Council's costs in maintaining the local roading infrastructure. The subsidies represent revenue from non-exchange transactions and are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Other grants and subsidies are recognised upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

A deferred revenue liability is recognised instead of revenue to the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset.

Vested Assets

Certain infrastructural assets have been vested to the Council as part of the subdivision covenant process. Vested assets are recognised at fair value at the date of recognition with an equal amount recognised as revenue unless there are conditions attached to the asset in which case revenue is deferred as a liability until the conditions are met.

Development Contributions

The revenue recognition point for development and financial contributions is at the later of the point when the Council is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation.

(II) REVENUE FROM EXCHANGE TRANSACTIONS

User Charges and Other Income – Full Cost Recovery

Revenue from the rendering of services (for example, resource consents, building consents, waste management and car parking) is recognised by reference to the stage of completion of the service. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Interest Revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest revenue is included in other revenue.

Dividend Revenue

Dividends are recognised when the entitlement to the dividends is established.

Property Sales

Net gains or losses on the sale of investment property, property, plant and equipment, property intended for sale and financial assets are recognised when an unconditional contract is in place and it is probable that the Council will receive the consideration due.

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

Borrowing Costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Council has chosen not to capitalise borrowing costs directly attributable to the acquisition, construction or production of assets.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the Statement of Financial Performance on a basis representative of the pattern of benefits to be derived from the leased asset.

(a) Council as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

(b) Council as Lessee

Assets held under finance leases are recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

(c) Lease Incentives

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Tax currently payable is based on taxable profit for the period. Taxable profit differs from net surplus as reported in the Statement of Financial Performance because it excludes items of income or expense that are taxable in other years and it further excludes items that are never taxable or deductible. The Council's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements, and the corresponding tax bases used in the computation of taxable profit and is accounted for using the comprehensive balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting surplus. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Council is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Council expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised as an expense or income in the Statement of Financial Performance, except when it relates to items credited or debited to other comprehensive income, in which case the deferred tax is recognised directly in other comprehensive income.

Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and other short-term highly liquid deposits that are readily convertible to a known amount of cash.

Financial Instruments

Financial assets and financial liabilities are recognised on the Council's Statement of Financial Position when the Council becomes a party to contractual provisions of the instrument. Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through surplus or deficit which are initially valued at fair value.

(I) FINANCIAL ASSETS

Financial assets are classified into the following specified categories: financial assets 'at fair value through surplus or deficit', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method, referred to below, is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial Assets at Fair Value Through Surplus or Deficit

Financial assets are classified as financial assets at fair value through surplus or deficit where the financial asset:

> has been acquired principally for the purpose of selling in the near future;

> is a part of an identified portfolio of financial instruments that the Council manages together and has a recent actual pattern of short-term profit-taking; or

> is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the Statement of Financial Performance. The net gain or loss is recognised in the Statement of Financial Performance and incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described later in this note.

Held-to-Maturity Investments

Investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The Council does not hold any financial assets in this category.

Available-for-Sale Financial Assets

Equity investments held by the Council classified as being available-for-sale are stated at fair value. Fair value is determined in the manner described later in this note. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, with the exception of impairment losses which are recognised directly in the Statement of Financial Performance. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is included in the Statement of Financial Performance for the period.

Dividends on available-for-sale equity instruments are recognised in the Statement of Financial Performance when the Council's right to receive payments is established.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is expensed in the Statement of Financial Performance.

Loans, including loans to community organisations made by the Council at nil, or below-market interest rates, are initially recognised at the present value of their expected future cash flows and discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the Statement of Financial Performance as a grant.

Impairment of Financial Assets

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(II) FINANCIAL LIABILITIES

Trade and Other Payables

Trade payables and other accounts payable are recognised when the Council becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest method.

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Statement of Financial Performance over the period of the borrowing using the effective interest method.

(III) DERIVATIVE FINANCIAL INSTRUMENTS

The Council enters into certain derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. The resulting gain or loss is recognised in the Statement of Financial Performance.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Fair Value Estimation

The fair value of financial instruments traded in active markets (such as listed equities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Council is the current bid price; the appropriate quoted market price for financial liabilities is the current offer price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing as at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term investment and debt instruments held.

Embedded Derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in the Statement of Financial Performance.

Development Properties

Development properties are stated at the lower of cost or net realisable value. Cost includes planning expenditure and any other expenditure to bring the development property to its present condition.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis with an appropriate allowance for obsolescence and deterioration.

Properties Intended for Sale

Properties intended for sale are measured at the lower of carrying amount and fair value less costs to sell. Properties are classified as intended for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Property, Plant and Equipment

The Council has the following classes of property, plant and equipment:

Operational Assets

- Council owned land, buildings and building improvements, plant and equipment, motor vehicles, furniture and office equipment, computer equipment and library books.

Campground Assets

- Council owned land and buildings leased as campgrounds and listed as strategic assets in the Significance and Engagement Policy.

Infrastructural Assets

- Infrastructural assets are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function:
  - sewer, stormwater, water
  - roads, bridges and lighting
  - land under roads

Airport Assets

- Council owned land for Wanaka Airport which is leased to QAC and listed as a strategic asset in the Significance and Engagement Policy.

(I) COST

Operational assets and land under roads are recorded at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Where an asset is acquired for no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

(II) ACCOUNTING FOR REVALUATIONS

Infrastructural assets, other than land under roads, are stated at fair value less accumulated depreciation and any impairment losses recognised after the date of revaluation.

Infrastructural assets, land, buildings and runways acquired or constructed after the date of the latest revaluation are carried at cost, which approximates fair value. Revaluations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the balance sheet date.

The results of revaluing are credited or debited to an asset revaluation reserve via other comprehensive income for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed to the Statement of Financial Performance.

Any subsequent increase in revaluation that offsets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial Performance up to the amount previously expensed, and then credited to the revaluation reserve via other comprehensive income for that class of asset.

Campground Assets

Campground assets are classified as reserve land and held to earn rentals. Campground assets are stated at fair value using the income capitalisation approach.

Airport Land, Buildings, Roading, Carparking and Runways

Airport land holdings, roading and carparking buildings located in Queenstown and held or leased by QAC were independently valued by Seagar & Partners, registered valuers, as at 30 June 2018 to fair value. The Queenstown runway was independently valued by Beca Valuations Limited (Beca), registered valuers, as at 30 June 2018. Wanaka Airport assets held or leased by QAC since 1 April 2018 were independently valued by Jones Lang LaSalle Limited, registered valuers, as at 30 June 2018. Where the fair value of an asset is able to be determined by reference to market based evidence, such as sales of comparable assets or discounted cash flows, the fair value is determined using this information. Where fair value of the asset is not able to be reliably determined using market based evidence, optimised depreciated replacement cost is used to determine fair value. To arrive at fair value the valuers used optimised depreciated replacement cost for the terminal building, fire building, runway and aprons and direct comparison/ market value for land.

Sewer, Stormwater, Water

Sewer, stormwater and water supply assets are stated at valuation which is optimised depreciated replacement cost value as at 30 June 2019 by Aon New Zealand, independent valuers. Acquisitions subsequent to 1 July 2018 are at cost.

Roads, Bridges and Lighting

Roading assets are stated at valuation which is optimised depreciated replacement cost value as at 30 June 2019 by WSP Opus New Zealand Limited, independent valuers. Acquisitions subsequent to 1 July 2018 are at cost.

(III) DEPRECIATION

Operational assets with the exception of land, are depreciated on a straight-line basis to write off the asset to its estimated residual value over its estimated useful life.

Infrastructural assets, with the exception of land under roads, are depreciated on a straight-line basis to write off the fair value of the asset to its estimated residual values over its estimated useful life.

Expenditure incurred to maintain these assets at full operating capability is charged to the Statement of Financial Performance in the year incurred.

The following estimated useful lives are used in the calculation of depreciation.

OPERATIONAL ASSETS	Rate (%)	Method
Buildings	2.0% - 33%	SL
Building improvements	1.67% - 6.67%	SL
Plant and equipment	5.5% - 28%	SL
Motor vehicles	20% - 26%	DV
Furniture and office equipment	10% - 33%	SL
Computer equipment	25%	SL
Library books	10%	SL

INFRASTRUCTURAL ASSETS	Rate (%)	Method
Sewerage	1.67% - 10%	SL
Water supply	1.67% - 10%	SL
Stormwater	1.67% - 10%	SL
Roading	1% - 10%	SL

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

(IV) DISPOSAL

An item of property, plant and equipment is derecognised upon disposal or recognised as impaired when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance in the period the asset is derecognised.

Forestry Assets

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the Statement of Financial Performance.

The costs to maintain the forestry assets are included in the Statement of Financial Performance.

Emission Trading Scheme Accounting Policy

New Zealand Units (NZUs) allocated as a result of the Council's participation in the Emissions Trading Scheme (ETS) are treated as intangible assets, and recorded at cost.

The difference between initial cost and the disposal price of the units is treated as revenue in surplus/(deficit) for the period.

Liabilities for surrender of NZUs (or cash) are accrued at the time the forests are harvested, or removed in any other way, in accordance with the terms of the ETS legislation.

Liabilities are accounted for at settlement value, being the cost of any NZUs on hand to meet the obligation plus the fair value of any shortfall in NZUs to meet the obligation.

Investment Properties

Investment properties are held to earn rentals and/or for capital gains. Property held to meet service delivery objectives or held for strategic purposes is excluded from investment properties and included with property, plant and equipment. The investment properties are measured at fair value at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in the Statement of Financial Performance in the period in which they arise.

Finite Life Intangible Assets

Finite life intangible assets are recorded at cost less accumulated amortisation. Amortisation is charged on a straight line basis over their estimated useful life. The estimated useful life and amortisation period is reviewed at the end of each annual reporting period.

Intangible Assets

Acquired computer software licenses are recorded at cost less accumulated amortisation. Amortisation is charged on a straight line basis over their estimated useful life. The estimated useful life and amortisation period is reviewed at the end of each annual reporting period.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Council, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Impairment of Non-Financial Cash-Generating Assets

At each reporting date, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset’s ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential. In assessing value in use for cash-generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Financial Performance immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease, via other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the Statement of Financial Performance immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase, via other comprehensive income.

Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Council in respect of services provided by employees up to reporting date.

Provisions

Provisions are recognised when the Council and Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts and demand deposits that the Council invests in as part of day to day cash management.

Operating activities include cash received from all income sources of the Council and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt structure of the Council.

Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves. Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Restricted and Council Created Reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves are those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability the Council will be required to reimburse a holder for a loss incurred, discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if the Council assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with PBE FRS 42, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

Allocation of Overheads

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on the cost drivers and related activity/usage information. Direct costs are those costs that are directly attributable to a significant activity. Indirect costs are those costs that cannot be linked in an economically feasible manner to a specific significant activity.

Critical Accounting Estimates and Assumptions

In preparing these prospective financial statements the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural Assets

There are a number of assumptions and estimates used when determining fair value using optimised Depreciated Replacement Cost (DRC) for infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, sewerage and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset;
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under estimating the annual deprecation charge recognised as an expense in the Statement of Financial Performance. To minimise this risk the Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives the Council further assurance over its useful life estimate.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

Provision for Legal Claims against Council

Council's liability in relation to claims relating to alleged weather tightness building defects has not been established. It is not possible to determine the outcome of claims at this stage. The loss provision is based on current knowledge and historic settlement of claims against Council.

Financial Reporting and Prudence Disclosure Statement for year ending 30 June 2021 Te Tauāki Whakika o te Mahere ā-tau

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

BENCHMARK	LIMIT	AP 20/21 PLANNED	MET
Rates affordability benchmark			
• income	55%	46.6%	Yes
• increases	10.8%	5.1%	Yes
Debt affordability benchmark			
• Net Debt/Total Revenue	250%	168.5%	Yes
• Interest/Total Rates	30%	8.1%	Yes
• Interest/Total Revenue	20%	4.4%	Yes
Balanced budget benchmark	100%	103%	Yes
Essential services benchmark	100%	566%	Yes
Debt servicing benchmark	15%	4.4%	Yes

NOTES

RATES AFFORDABILITY BENCHMARK

For this benchmark,—

(a) the Council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan; and

(b) the Council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the Council's long-term plan.

The Council meets the rates affordability benchmark if—

(a) its planned rates income for the year equals or is less than each quantified limit on rates;

(b) its planned rates increases for the year equal or are less than each quantified limit on rates increases.

DEBT AFFORDABILITY BENCHMARK

For this benchmark, the Council's planned borrowing is compared with quantified limits on borrowing contained in the financial strategy included in the Council's long-term plan.

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

BALANCED BUDGET BENCHMARK

For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

ESSENTIAL SERVICES BENCHMARK

For this benchmark, the council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.

The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

DEBT SERVICING BENCHMARK

For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects that the Council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15% of its planned revenue.

Funding Impact Statement
Te Tauākī o te Kawekawe Pūtea

FUNDING IMPACT STATEMENT - WHOLE COUNCIL ($'000)

ANNUAL PLAN 2019/20		ANNUAL PLAN 2020/21	TEN YEAR PLAN 2020/21	Variance	Explanation
	Sources of operating funding				
3,338	General rates, uniform annual general charges, rates penalties	3,324	3,607	(283)	
81,919	Targeted rates	86,275	84,496	1,779	Increase in waste management rates due to new contract and increased costs; increased rates for recreational facilities to reflect lower user fee income
39,760	Fees and charges	31,960	41,709	(9,749)	Reduced income as a result of Covid-19
5,649	Subsidies & grants for operating purposes	6,396	5,363	1,033	
5,404	Interest and dividends from investments	-	6,101	(6,101)	No dividend expected due to Covid-19
9,027	Fuel tax, fines, infringement fees & other receipts	5,921	8,095	(2,174)	Reduced income as a result of Covid-19
145,097	**Total sources of operating funding**	**133,876**	**149,370**	**(15,494)**	
	Applications of operating funding				
118,563	Payments to staff and suppliers	116,531	112,388	4,143	
8,747	Finance costs	7,178	14,820	(7,642)	Lower than expected interest rates and reduced borrowing
-	Other operating funding applications	-	-	-	
127,310	**Total applications of operating funding**	**123,709**	**127,208**	**(3,500)**	
17,787	**Surplus/(deficit) of operating funding**	**10,167**	**22,162**	**(11,995)**	
	Sources of capital funding				
28,337	Subsidies & grants for capital expenditure	22,745	46,977	(24,232)	Refer to comments on capital expenditure by activity
19,422	Development & financial contributions	15,297	19,787	(4,490)	Reduced income as a result of Covid-19
3,000	Gross proceeds from sale of assets	7,080	-	7,080	Change in timing of property sales
94,886	Increase/(decrease) in debt	128,910	105,844	23,066	
-	Lump sum contributions	-	-	-	
-	Other dedicated capital funding	-	-	-	
145,645	**Total sources of capital funding**	**174,032**	**172,608**	**1,424**	
	Applications of capital funding				
	Capital expenditure				
49,047	- to meet additional demand	69,602	65,221	4,381	Refer to comments on capital expenditure by activity
37,913	- to replace existing assets	40,892	32,317	8,575	Refer to comments on capital expenditure by activity
76,470	- to improve the level of service	73,704	97,237	(23,533)	Refer to comments on capital expenditure by activity
2	Increase/(decrease) in reserves	1	(5)	6	
-	Increase/(decrease) of investments	-	-	-	
163,432	**Total applications of capital funding**	**184,199**	**194,770**	**(10,571)**	
(17,787)	**Surplus/(deficit) of capital funding**	**(10,167)**	**(22,162)**	**11,995**	
-	**Funding balance**	**-**	**-**	**-**	

RECONCILIATION OF FUNDING IMPACT STATEMENT TO PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE ($'000)

ANNUAL PLAN 2019/20		ANNUAL PLAN 2020/21	TEN YEAR PLAN 2020/21	Variance	Explanation
	INCOME				
	Statement of Financial Performance				
204,035	**Total operating income**	**190,468**	**228,541**	**(38,073)**	
	Funding Impact Statement				
145,097	Total sources of operating funding	133,876	149,370	(15,494)	Refer above
	Plus sources of capital funding:				
28,337	Subsidies & grants for capital expenditure	22,745	46,977	(24,232)	Refer to comments on capital expenditure by activity
19,422	Development & financial contributions	15,297	19,787	(4,490)	
3,000	Gross proceeds from sale of assets	8,000	-	8,000	Change in timing of property sales
(3,000)	Less cost of property sales	(920)	-	(920)	
	Plus non-cash items:				
10,917	Vested assets	11,095	11,095	-	
262	Revaluation - non-current assets	375	1,312	(937)	Reclassification of campgrounds to PPE
204,035	**Total income**	**190,468**	**228,541**	**(38,074)**	
	EXPENDITURE				
	Statement of Financial Performance				
153,829	**Total operating expenditure**	**158,889**	**155,715**	**3,174**	
	Funding Impact Statement				
127,310	Total applications of operating funding	123,709	127,208	(3,499)	Refer above
	Plus non-cash items:				
26,519	Depreciation	35,180	28,507	6,673	
153,829	**Total expenditure**	**158,889**	**155,715**	**3,174**	

Proposed Rates and Charges for 2020/21

The rating system used by Council is based on Capital Value. Property valuations produced by Quotable Value as at 1 July 2017 are to be used for the 2020/21 rating year. All proposed rates in the section that follows are inclusive of GST.

Uniform Annual General Charge

Pursuant to sections 15 of the Local Government (Rating) Act 2002 (the Act), Council proposes to set a uniform annual general charge of $65.00 on each separately used of inhabited part of every rating unit in the district.

The uniform annual general charge revenue ($1,846,857) will be used to fund the costs associated with the following activities:

- Cemeteries.
- Community development and grants.
- Property including housing and Wānaka airport
- A general contribution to the promotion of the district.

Sports, Halls & Libraries Annual Charge

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted annual charge on each separately used or inhabited part of every rating unit in the district as follows:

1.	Residential	$389.00
2.	Residence plus Flat	$545.00
3.	Vacant Sections	$389.00
4.	Primary Industry	$389.00
5.	Country Dwelling	$389.00
6.	Country Dwelling plus Flat	$545.00
7.	Mixed Use Apportioned	$389.00

The targeted Sports, Halls & Libraries Annual charge revenue ($9,327,304) will be used to fund the costs associated with the following activities:

- Community grants (for recreational activities).
- District library services.
- Public halls and other community facilities.
- Active recreation facilities including sportsfields and community swimming pools (excludes Alpine Aqualand and Wānaka Aquatic Centre).

Governance Rate

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted differential governance rate based on land use on the rateable capital value of all property within the Queenstown Lakes District as follows:

1.	Residential	0.000135 cents in the $
2.	Residence plus Flat	0.000135 cents in the $
3.	Hydro Electric/Utilities	0.000068 cents in the $
4.	Vacant Sections	0.000135 cents in the $
5.	Accommodation	0.000135 cents in the $
6.	CBD Accommodation	0.000135 cents in the $
7.	Commercial	0.000135 cents in the $
8.	CBD Commercial	0.000135 cents in the $
9.	Primary Industry	0.000101 cents in the $
10.	Country Dwelling	0.000135 cents in the $
11.	Country Dwelling plus Flat	0.000135 cents in the $
12.	Other	0.000135 cents in the $
13.	Mixed Use Apportioned	See note (i)

Note (i): The mixed use apportioned properties will be treated as 25% Commercial or Accommodation and 75% Residential (or plus Flat) or Country Dwelling (or plus Flat) as appropriate.

The governance rate revenue ($4,560,406) will be used to fund 80% of the costs associated with the following activities:

- Cost of democratic functions including Council and standing committees
- Cost of communications and management of Council including corporate, financial and rating administration services.

Regulatory Rate

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted differential regulatory rate based on land use on the rateable capital value of all property within the Queenstown Lakes District as follows:

1.	Residential	0.000231 cents in the $
2.	Residence plus Flat	0.000231 cents in the $
3.	Hydro Electric/Utilities	0.000121 cents in the $
4.	Vacant Sections	0.000231 cents in the $
5.	Accommodation	0.000243 cents in the $
6.	CBD Accommodation	0.000243 cents in the $
7.	Commercial	0.000243 cents in the $
8.	CBD Commercial	0.000243 cents in the $
9.	Primary Industry	0.000173 cents in the $
10.	Country Dwelling	0.000231 cents in the $
11.	Country Dwelling plus Flat	0.000231 cents in the $
12.	Other	0.000231 cents in the $
13.	Mixed Use Apportioned	See note (i)

Note (i): The mixed use apportioned properties will be treated as 25% Commercial or Accommodation and 75% Residential (or plus Flat) or Country Dwelling (or plus Flat) as appropriate.

The regulatory rate revenue ($7,915,059) will be used to fund 80% of the costs associated with the following activities:

- Regulatory and advisory services relating to planning and resource management, the district plan, building control, dog control and health and liquor licensing.

Governance & Regulatory Charge

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted Governance & Regulatory Charge on each separately used or inhabited part of every rating unit in the district as follows:

1.	Residential	$100.00
2.	Residence plus Flat	$140.00
3.	Hydro Electric/Utilities	$175.00
4.	Vacant Sections	$100.00
5.	Accommodation	$132.00
6.	CBD Accommodation	$132.00
7.	Commercial	$175.00
8.	CBD Commercial	$175.00
9.	Primary Industry	$185.00
10.	Country Dwelling	$100.00
11.	Country Dwelling plus Flat	$140.00
12.	Other	$100.00
13.	Mixed Use Apportioned	See note (i)

Note (i): The mixed use apportioned properties will be treated as 25% Commercial or Accommodation and 75% Residential (or plus Flat) or Country Dwelling (or plus Flat) as appropriate.

The Governance & Regulatory Charge revenue ($3,118,866) will be used to fund 20% of the costs associated with the following activities:

- Cost of democratic functions including Council and standing committees
- Cost of communications and management of Council including corporate, financial and rating administration services.
- Regulatory and advisory services relating to planning and resource management, the district plan, building control, dog control and health and liquor licensing.

Recreation & Events Rate

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted differential recreation and events rate based on land use on the rateable capital value of all property within the Queenstown Lakes District as follows:

1.	Residential	0.000190 cents in the $
2.	Residence plus Flat	0.000190 cents in the $
3.	Hydro Electric/Utilities	0.000095 cents in the $
4.	Vacant Sections	0.000190 cents in the $
5.	Accommodation	0.000665 cents in the $
6.	CBD Accommodation	0.000665 cents in the $
7.	Commercial	0.000190 cents in the $
8.	CBD Commercial	0.000190 cents in the $
9.	Primary Industry	0.000038 cents in the $
10.	Country Dwelling	0.000114 cents in the $
11.	Country Dwelling plus Flat	0.000114 cents in the $
12.	Other	0.000190 cents in the $
13.	Mixed Use Apportioned	See note (i)

Note (i): The mixed use apportioned properties will be treated as 25% Commercial or Accommodation and 75% Residential (or plus Flat) or Country Dwelling (or plus Flat) as appropriate.

The recreation and events rate revenue ($7,398,721) will be used to fund 50% of the costs associated with the following activities:

- Passive recreation areas, gardens, walkways and reserves.
- The provision on public toilets.
- Provision of events and facilitation events.
- Contribution to the operating shortfall of Alpine Aqualand attributable to non-residents

Recreation & Events Charge

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a new targeted Recreation & Events Charge on each separately used or inhabited part of every rating unit in the district as follows:

1.	Residential	$202.00
2.	Residence plus Flat	$282.80
3.	Hydro Electric/Utilities	$364.00
4.	Vacant Sections	$202.00
5.	Accommodation	$848.00
6.	CBD Accommodation	$848.00
7.	Commercial	$364.00
8.	CBD Commercial	$364.00
9.	Primary Industry	$162.00
10.	Country Dwelling	$162.00
11.	Country Dwelling plus Flat	$226.80
12.	Other	$202.00
13.	Mixed Use Apportioned	See note (i)

Note (i): The mixed use apportioned properties will be treated as 25% Commercial or Accommodation and 75% Residential (or plus Flat) or Country Dwelling (or plus Flat) as appropriate.

The recreation and events charge revenue ($7,398,721) will be used to fund 50% of the costs associated with the following activities:

> Passive recreation areas, gardens, walkways and reserves.

> The provision on public toilets.

> Provision of events and facilitation events.

> Contribution to the operating shortfall of Alpine Aqualand attributable to non residents

General Rate

Pursuant to Sections 13 and 14 of the Act, Council proposes to set a differential general rate based on land use on the rateable capital value of all property within the Queenstown Lakes District as follows:

1.	Residential	0.000026 cents in the $
2.	Residence plus Flat	0.000026 cents in the $
3.	Hydro Electric/Utilities	0.000013 cents in the $
4.	Vacant Sections	0.000026 cents in the $
5.	Accommodation	0.000031 cents in the $
6.	CBD Accommodation	0.000031 cents in the $
7.	Commercial	0.000026 cents in the $
8.	CBD Commercial	0.000026 cents in the $
9.	Primary Industry	0.000031 cents in the $
10.	Country Dwelling	0.000031 cents in the $
11.	Country Dwelling plus Flat	0.000031 cents in the $
12.	Other	0.000026 cents in the $
13.	Mixed Use Apportioned	See note (i)

Note (i): The mixed use apportioned properties will be treated as 25% Commercial or Accommodation and 75% Residential (or plus Flat) or Country Dwelling (or plus Flat) as appropriate.

The general rate revenue ($940,584) will be used to fund the costs associated with the following activities:

> Provision of emergency services (civil defence and rural fire).

> Waste management including landfill establishment.

> Forestry including wilding pine control

Roading Rate (Wānaka Ward)

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted differential roading rate based on land use on the rateable capital value of all property within the Wānaka ward on the Queenstown Lakes District as follows:

1.	Residential	0.000316 cents in the $
2.	Residence plus Flat	0.000316 cents in the $
3.	Hydro Electric/Utilities	0.000079 cents in the $
4.	Vacant Sections	0.000474 cents in the $
5.	Accommodation	0.001185 cents in the $
6.	CBD Accommodation	0.001185 cents in the $
7.	Commercial	0.001185 cents in the $
8.	CBD Commercial	0.001185 cents in the $
9.	Primary Industry	0.000256 cents in the $
10.	Country Dwelling	0.000316 cents in the $
11.	Country Dwelling plus Flat	0.000316 cents in the $
12.	Other	0.000316 cents in the $
13.	Mixed Use Apportioned	See note (i)

Note (i) The mixed use apportioned properties will be treated as 25% Commercial or Accommodation and 75% Residential (or plus Flat) or Country Dwelling (or plus Flat) as appropriate.

The Wānaka roading rate revenue ($4,499,748) will be used to fund the costs associated with the following activities:

> Wānaka wards roading network, which includes footpaths and other amenities within the road reserve.

> The development of town centre areas.

> The maintenance and upgrading of roading drainage systems.

Roading Rate (Queenstown/Wakatipu and Arrowtown Wards)

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted differential roading rate based on land use on the rateable capital value of all property within the Queenstown/Wakatipu and Arrowtown wards of the Queenstown Lakes District as follows:

1.	Residential	0.000180 cents in the $
2.	Residence plus Flat	0.000180 cents in the $
3.	Hydro Electric/Utilities	0.000045 cents in the $
4.	Vacant Sections	0.000270 cents in the $
5.	Accommodation	0.000675 cents in the $
6.	CBD Accommodation	0.000675 cents in the $
7.	Commercial	0.000675 cents in the $
8.	CBD Commercial	0.000675 cents in the $
9.	Primary Industry	0.000146 cents in the $
10.	Country Dwelling	0.000180 cents in the $
11.	Country Dwelling plus Flat	0.000180 cents in the $
12.	Other	0.000180 cents in the $
13.	Mixed Use Apportioned	See note (i)

Note (i) The mixed use apportioned properties will be treated as 25% Commercial or Accommodation and 75% Residential (or plus Flat) or Country Dwelling (or plus Flat) as appropriate.

The Wakatipu/Arrowtown roading rate revenue ($7,336,268) will be used to fund the costs associated with the following activities:

> Wakatipu/Arrowtown ward's roading network, which includes footpaths and other amenities within the road reserve.

> The development of town centre areas.

> The maintenance and upgrading of roading drainage systems.

Stormwater Rate (Wānaka Ward)

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted stormwater rate based on land use of the rateable capital value of the following categories of property within the Wānaka ward of the Queenstown Lakes District as follows:

1.	Residential	0.000165 cents in the $
2.	Residence plus Flat	0.000165 cents in the $
3.	Hydro Electric/Utilities	0.000041 cents in the $
4.	Vacant Sections	0.000165 cents in the $
5.	Accommodation	0.000165 cents in the $
6.	CBD Accommodation	0.000165 cents in the $
7.	Commercial	0.000165 cents in the $
8.	CBD Commercial	0.000165 cents in the $
9.	Other	0.000165 cents in the $
10.	Mixed Use Apportioned	See note (i)

Note (i) The mixed use apportioned properties will be treated as 25% Commercial or Accommodation and 75% Residential (or plus Flat) or Country Dwelling (or plus Flat) as appropriate.

The Wānaka stormwater rate revenue ($1,247,485) will be used to fund the costs associated with the following activities:

> The maintenance and upgrading of stormwater reticulation systems.

Stormwater Rate (Queenstown/Wakatipu and Arrowtown Wards)

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted stormwater rate based on land use of the rateable capital value of the following categories of property within the Queenstown/Wakatipu and Arrowtown wards of the Queenstown Lakes District as follows:

1.	Residential (ii)	0.000127 cents in the $
2.	Residence plus Flat plus Flat (ii)	0.000127 cents in the $
3.	Hydro Electric/Utilities	0.000032 cents in the $
4.	Vacant Sections (ii)	0.000127 cents in the $
5.	Accommodation	0.000127 cents in the $
6.	CBD Accommodation	0.000127 cents in the $
7.	Commercial	0.000127 cents in the $
8.	CBD Commercial	0.000127 cents in the $
9.	Other	0.000127 cents in the $
10.	Mixed Use Apportioned	See note (i)

Note (i) The mixed use apportioned properties will be treated as 25% Commercial or Accommodation and 75% Residential (or plus Flat) or Country Dwelling (or plus Flat) as appropriate.

Note (ii) Excludes property within the Jacks Point Special Zone.

The Wakatipu/Arrowtown stormwater rate revenue ($2,305,910) will be used to fund the costs associated with the following activities:

> The maintenance and upgrading of stormwater reticulation systems.

Tourism Promotion Rate (Wānaka Ward)

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted tourism promotion rate based on land use on the rateable capital value of the following categories of property within the Wānaka ward of the Queenstown Lakes District as follows:

1.	Accommodation	0.001003 cents in the $
2.	CBD Accommodation	0.001003 cents in the $
3.	Commercial	0.001003 cents in the $
4.	CBD Commercial	0.001003 cents in the $
5.	Hydro Electric/Utilities	0.000251 cents in the $
6.	Mixed Use Apportioned	See note (i)

Note (i) The mixed use apportioned properties will be treated as 25% Commercial or Accommodation and 75% Residential (or plus Flat) or Country Dwelling (or plus Flat) as appropriate.

The Wānaka tourism promotion rate revenue ($1,215,204) will be used to fund the costs associated with the following activities:

> To finance promotional activities of Lake Wanaka Tourism.

Tourism Promotion Rate (Queenstown/Wakatipu Wards)

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted tourism promotion rate based on land use on the rateable capital value of the following categories of property within the Queenstown/Wakatipu Wards of the Queenstown Lakes District as follows:

1.	Accommodation	0.000825 cents in the $
2.	CBD Accommodation	0.000825 cents in the $
3.	Commercial	0.000825 cents in the $
4.	CBD Commercial	0.000825 cents in the $
5.	Hydro Electric/Utilities	0.000206 cents in the $
6.	Mixed Use Apportioned	See note (i)

Note (i) The mixed use apportioned properties will be treated as 25% Commercial or Accommodation and 75% Residential (or plus Flat) or Country Dwelling (or plus Flat) as appropriate.

The Wakatipu tourism promotion rate revenue ($4,710,852) will be used to fund the costs associated with the following activities:

> To finance promotional activities of Destination Queenstown

Tourism Promotion Rate (Arrowtown Ward)

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted tourism promotion rate based on land use on the rateable capital value of the following categories of property within the Arrowtown Ward of the Queenstown Lakes District as follows:

1.	Accommodation	0.000775 cents in the $
2.	CBD Accommodation	0.000775 cents in the $
3.	Commercial	0.000775 cents in the $
4.	CBD Commercial	0.000775 cents in the $
5.	Hydro Electric/Utilities	0.000194 cents in the $
6.	Mixed Use Apportioned	See note (i)

Note (i) The mixed use apportioned properties will be treated as 25% Commercial or Accommodation and 75% Residential (or plus Flat) or Country Dwelling (or plus Flat) as appropriate.

The Arrowtown tourism promotion rate revenue ($217,545) will be used to fund the costs associated with financing the following activities:

> To finance promotional activities of the Arrowtown Promotion Association.

Waste Management Charges

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted waste management charge on each separately used or inhabited part of every rating unit in the district, as follows:

1.	Residential	$323.00
2.	Residence plus Flat	$452.00
3.	Hydro Electric/Utilities	$157.00
4.	Vacant Sections	$157.00
5.	Accommodation	$157.00
6.	CBD Accommodation	$157.00
7.	Commercial	$157.00
8.	CBD Commercial	$157.00
9.	Primary Industry	$323.00
10.	Country Dwelling	$323.00
11.	Country Dwelling plus Flat	$452.00
12.	Other	$157.00
13.	Mixed Use Apportioned	$323.00

The Waste Management Charge revenue ($7,458,225) will be used to fund the costs associated with the following activities:

> To fund the operating deficit of the transfer stations and the recycling initiatives proposed in the Waste Management Strategy.

Aquatic Centre Charge (Queenstown/Wakatipu and Arrowtown Wards)

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted Aquatic Centre charge on each separately used or inhabited part of every rating unit with a residential component in the Queenstown / Wakatipu and Arrowtown Wards, as follows:

1.	Residential	$136.00
2.	Residence plus Flat	$190.00
3.	Vacant Sections	$136.00
4.	Primary Industry	$136.00
5.	Country Dwelling	$136.00
6.	Country Dwelling plus Flat	$190.00
7.	Mixed Use Apportioned	$136.00

The Aquatic Centre Charge revenue ($1,990,320) will be used to fund the costs associated with the following activities:

> To fund the operating shortfall of Alpine Aqualand attributable to residents

Aquatic Centre Charge (Wānaka Ward)

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted Aquatic Centre charge on each separately used or inhabited part of every rating unit with a residential component in the Wānaka Ward, as follows:

1.	Residential	$193.00
2.	Residence plus Flat	$270.00
3.	Vacant Sections	$193.00
4.	Primary Industry	$193.00
5.	Country Dwelling	$193.00
6.	Country Dwelling plus Flat	$270.00
7.	Mixed Use Apportioned	$193.00

The Aquatic Centre Charge revenue ($1,790,754) will be used to fund the costs associated with the following activities:

> To fund the operating shortfall of Wānaka Aquatic Centre attributable to residents

Water Supply Rates

QUEENSTOWN AND DISTRICT WATER SUPPLY, ARROWTOWN WATER SUPPLY AND WĀNAKA WATER SUPPLY

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted rate for water supply on each separately used of inhabited part of every connected or serviceable rating unit within the respective water supply areas as follows:

Queenstown and district water supply:	$280.00
Arrowtown water supply:	$250.00
Wānaka and district water supply:	$180.00
Arthurs Point water supply:	$300.00
Glenorchy water supply:	$450.00
Hāwea water supply:	$160.00

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted differential water supply rate based on land use on the rateable capital value of all rating units connected in the following water supply areas.

	Queenstown (cents in the $)	Arrowtown (cents in the $)	Wānaka (cents in the $)	Arthurs Point (cents in the $)	Glenorchy (cents in the $)	Hāwea (cents in the $)
1. Residential	0.000186	0.000235	0.000174	0.000282	0.000376	0.000280
2. Residential plus Flat	0.000186	0.000235	0.000174	0.000282	0.000376	0.000280
3. Accommodation	0.000335	0.000423	0.000313	0.000508	0.000677	0.000504
4. CBD Accommodation	0.000335	0.000423	0.000313	0.000508	0.000677	0.000504
5. Commercial	0.000298	0.000376	0.000278	0.000451	0.000602	0.000448
6. CBD Commercial	0.000298	0.000376	0.000278	0.000451	0.000602	0.000448
7. Primary Industry	0.000138	0.000174	0.000129	0.000209	0.000278	0.000207
8. Country Dwelling	0.000153	0.000193	0.000143	0.000231	0.000308	0.000230
9. Country Dwelling plus Flat	0.000153	0.000193	0.000143	0.000231	0.000308	0.000230
10. Other	0.000186	0.000235	0.000174	0.000282	0.000376	0.000280
11. Mixed Use Apportioned	See note (i)	See note (I)	See note (i)	See note (i)	See note (i)	See note (i)

Note (i) The mixed use apportioned properties will be treated as 25% Commercial or Accommodation and 75% Residential (or plus Flat) or Country Dwelling (or plus Flat) as appropriate.

Note (ii) those properties comprising a Residence plus Flat and Country Dwelling plus Flat will charged the targeted rate a factor of 1.5.

OTHER WATER SUPPLIES

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted rate for water supply on each separately used or inhabited part of every rating unit connected to the respective scheme, and a half charge on each separately used or inhabited part of every serviceable rating unit.

Water Supply	Full Charge ($)	Half Charge ($)
Lake Hayes	490.00	245.00
Luggate	500.00	250.00

The Targeted Water Supply Rates revenue ($11,043,088) will be used to fund the costs associated with the following activities:

(i) To provide supplies of potable (drinkable) water to the above communities.

Note (i) those properties comprising a Residence plus Flat and Country Dwelling plus Flat will charged the targeted rate a factor of 1.5.

Sewerage Rates

Pursuant to sections 16, 17 and 18 of the Act, Council proposes to set a targeted sewerage rate on every rating unit connected to a district sewerage scheme, on the basis on one full charge per first pan or urinal connected, with a discounted charge on every subsequent pan or urinal connected. A half charge will apply to every serviceable rating unit. The charges for each scheme are set out in the schedule below.

Note (i): every rating unit used exclusively or principally as a residence of not more than one household is deemed to have not more than one connection.

Note (ii) those properties comprising a Residence plus Flat and Country Dwelling plus Flat will charged the targeted rate a factor of 1.5.

Sewerage Scheme	Charge for 1st pan connected ($)	Half Charge capable of connection ($)	Charge per pan after 1 connected ($)
Wānaka/Albert Town	666.00	333.00	333.00
Arrowtown	670.00	335.00	335.00
Arthurs Point	620.00	310.00	446.40
Hāwea	530.00	265.00	265.00
Lake Hayes	492.00	246.00	246.00
Luggate	800.00	400.00	400.00
Queenstown	664.00	332.00	332.00

The Targeted Sewerage Rates revenue ($15,543,109) will be used to fund the costs associated with providing public sewerage services to the above communities.

Due Dates for Payments

The Council proposes that the above rates and charges for the financial year commencing on the 1st day of July 2020 are payable in four instalments, the due dates and last days for payment without penalty being as follows:

	Due Date	Last Day for Payment (without penalty)
Instalment One	4 September 2020	25 September 2020
Instalment Two	23 October 2020	27 November 2020
Instalment Three	15 January 2021	26 February 2021
Instalment Four	16 April 2021	28 May 2021

Payment of Rates

Rates payments can be made during normal office hours at:

- Civic Centre, 10 Gorge Road, Queenstown
- Wānaka Service Centre, Ardmore Street, Wānaka
- Arrowtown Public Library, Buckingham Street, Arrowtown

Or by direct debit and internet banking.

Additional Charges (Penalties)

Pursuant to Sections 24, 57 and 58 of the Act, Council proposes that the following penalties will apply under delegated authority to the Rating Administrator:

- A penalty of 5% will be added to the rates and charges levied in each instalment which remains unpaid on the day after the last day for payment date as shown above (i.e. the penalty will be added on 26 September 2020, 28 November 2020, 27 February 2021 and 29 May 2021 respectively).
- A penalty of 10% will be added to the amount of rates or instalments (including penalties) levied in any previous financial year and remaining unpaid on 30 September 2020.
- A second penalty of 10% will be added to the amount of rates or instalments (including penalties) levied in any previous financial year which remains unpaid on 31 March 2021.

Differential Matters Used to Define Categories of Rateable Land

Where Council's propose to assess rates on a differential basis they are limited to the list of matters specified in Schedule Two of the Local Government (Rating) Act 2002. Council is required to state which matters will be used for what purpose, and the category or categories of any differentials.

DIFFERENTIALS BY LAND USE

The categories are:

1. Residential
All rating units which are used exclusively or principally for residential purposes, but excluding properties categorised as pursuant to clause 9 (Primary Industry), clause 10 (Country Dwelling) or to clause 13 (Mixed Use Apportioned).

2. Residential plus Flat
All rating units comprising a single dweliing and a residential flat which are used exclusively or principally for residential purposes, but excluding properties categorised as clause 11 (Country Dwelling plus Flat).

3. Hydro Electric/ Utilities
All rating units on which there are structures used exclusively or principally for, or in connection with, the generation of hydro-electric power, including structures used to control the flow of water to other structures used for generating hydro-electric power and all rating units used exclusively or principally for network utility services including water supply, wastewater, stormwater, electicity, gas & telecommunications.

4. Vacant Sections
All rating units which are vacant properties and suitable for development.

5. Accommodation
All rating units used exclusively or principally for the accommodation of paying guests on a short term basis (nightly, weekly or for periods up to a month) including hotels, motels, houses and flats used for such purposes, commercial time share units, managed apartments, bed and breakfast properties, motor camps and home stay properties; but excluding properties categorised as pursuant to clause 13 (Mixed Use Apportioned) or clause 6 (CBD Accommodation).

6. CBD Accommodation
All rating units used exclusively or principally for the accommodation of paying guests on a short term basis including hotels, motels, houses and flats used for such purposes, commercial time share units, managed apartments, bed and breakfast properties, motor camps and home stay properties located within the Town Centre Zones contained in the Queenstown Lakes District Council's District Plan as at 1 July of the current rating year; but excluding properties categorised as pursuant to clause 13 (Mixed Use Apportioned).

7. Commercial
All rating units used exclusively or principally for commercial activities including industrial, retail, transport, utility services, storage, recreation and tourist operations, offices, or rest homes; but excluding properties categorised as Hydro-Electric Power, Accommodation, CBD Accommodation, Primary Industry, or pursuant to clause 13 (Mixed Use Apportioned) or clause 8 (CBD Commercial).

8. CBD Commercial
All rating units used exclusively or principally for commercial activities including industrial, retail, transport, utility services, storage, recreation and tourist operations, offices, or rest homes located within the Town Centre Zones contained in the Queenstown Lakes District Council's District Plan as at 1 July of the current rating year; but excluding properties categorised as CBD Accommodation or pursuant to clause 13 (Mixed Use Apportioned).

9. Primary Industry
All rating units:
Used exclusively or principally for agricultural or horticultural purposes including dairying, stock fattening, arable farming, sheep, market gardens, vineyards, orchards, specialist livestock, forestry or other similar uses, or which are ten hectares or more in area and located in any of the Rural or Special Zones contained in the Queenstown Lakes District Council's District Plan as at 1 July of the current rating year.

10. Country Dwelling
All rating units of less than 10 hectares, located in any of the Rural Zones (except for the land zoned as Rural Residential north of Wanaka township in the vicinity of Beacon Point Road bounded by the low density residential zone to the south, Penrith Park zone to the north and Peninsula Bay to the east and the land zoned as Rural General off Mt Iron Drive comprising of Liverpool Way; Cascade Drive; Bevan Place and Islington Place) or Special Zones (excluding Penrith Park; Remarkables Park; Quail Rise; Woodbury Park; Lake Hayes Estate; Shotover Country; Jacks Point; Peninsula Bay; and Meadow Park) as shown in the Queenstown Lakes District Council's District Plan, which are used exclusively for Residential purposes.

11. Country Dwelling plus Flat
All rating units comprising a single dwelling pursuant to clause 10 and a residential flat which are used exclusively or principally for residential purposes.

12. Other
Any rating unit not classified under any of the other categories.

13. Mixed Use Apportioned
All rating units which are used in part, but not exclusively, for residential purposes, and in part, but not principally, for commercial or accommodation purposes. Usage in part may be determined by:

a. The physical portion of the rating unit used for the purpose, or

b. The amount of time (on an annual basis) that the rating unit is used for the purpose.

Note: the Mixed Use Apportioned classification will not be applied to residential rating units used for accommodation purposes for a single period of up to 28 consecutive days in any rating year.

These categories are used to differentiate the following rates:

general rate, targeted rates: sports halls & libraries charge; governance rate; regulatory rate; recreation & events rate; governance & regulatory charge; recreation & events charge; roading rate; stormwater rate; tourism promotion rates; waste management charge; aquatic centre charges; water supply rates.

Targeted Rates Based on Location

The categories are:

1. Location within the Wānaka ward.

2. Location within the Queenstown-Wakatipu ward or the Arrowtown ward.

These categories are used to differentiate the following targeted rates:

roading rate; stormwater rate; tourism promotion rates; aquatic centre charge.

Targeted Rates Based on Availability of Service

The categories are:

1. Connected
Any rating unit that is connected to a Council operated water scheme or is connected to a public sewerage drain.

2. Serviceable
Any rating unit within the area of service that is not connected to a Council operated water scheme but is within 100 metres of any part of the waterworks and to which water can be supplied. Any rating unit within the area of service, that is not connected to a public sewerage drain, but is within 30 metres of such a drain, and is capable of being connected.

These categories are used to differentiate the following targeted rates:

water supply rates, water scheme loan rates, sewerage rates, sewerage scheme loan rates.

Definition of "Separately Used or Inhabited Parts of a Rating Unit"

Where rates are calculated on each separately used or inhabited part of a rating unit, the following definitions will apply:

> Any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement.

> Any part or parts of a rating unit that is used or occupied by the ratepayer for more than one single use.

The following are considered to be separately used parts of a rating unit:

> Individual flats or apartments

> Separately leased commercial areas which are leased on a rating unit basis

> Vacant rating units

> Single rating units which contain multiple uses such as a shop with a dwelling or commercial activity with a dwelling

> A residential building or part of a residential building that is used, or can be used as an independent residence.

An independent residence is defined as a liveable space with its own kitchen, living and toilet/bathroom facilities that can be deemed to be a secondary unit to the main residence. Note: the definition of a kitchen comes from the District Plan.

The following are not considered to be separately used parts of a rating unit:

> A residential sleep-out or granny flat that does not meet the definition of an independent residence

> A hotel room with or without kitchen facilities

> A motel room with or without kitchen facilities

> Individual storage garages/sheds/portioned areas of a warehouse

> Individual offices or premises of business partners.

DISTRICT PLAN DEFINITION OF A KITCHEN:

Means any space, facilities and surfaces for the storage, rinsing preparation and/or cooking food, the washing of utensils and the disposal of waste water, including a food preparation bench, sink, oven, stove, hot-plate or separate hob, refrigerator, dish-washer and other kitchen appliances.

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Te Reo Maōri translation: Please note, QLDC uses the local Kāi Tahu dialect which replaces 'Ng' with 'K', e.g. tākata (people) instead of tāngata

QUEENSTOWN
LAKES DISTRICT
COUNCIL