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# ANNUAL REPORT SUMMARY

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2016/2017

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Section 98(4)(b) of the Local Government Act 2002 requires Council to make publicly available a summary of the information contained in its annual report. The specific disclosures included in the summary annual report have been extracted from the full annual report adopted by Council on 26 October 2017. The summary annual report cannot be expected to provide as complete an understanding as provided by the full annual report. The full financial report dated 26 October 2017 has received an unqualified audit report. A copy of the full annual report can be obtained on the Council website – [www.qldc.govt.nz](http://www.qldc.govt.nz)

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

The Council's full annual report has been compiled in line with NZ GAAP and stated explicitly that it complies with Public Benefit Entity (PBE) Standards for Tier 1 entities. This was the second annual report prepared in accordance with PBE Standards. The summary annual report complies with FRS 43 – Summary Financial Statements and is the second summary annual report to comply with PBE Standards as they relate to summary financial statements.

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# CONTACT US



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KINGSTON: Email and we  
will call you



services@qldc.govt.nz



www.qldc.govt.nz



twitter.com/QueenstownLakes



facebook.com/QLDCinfo

## COUNCIL OFFICES

### QUEENSTOWN OFFICE



10 Gorge Road  
Private Bag 50072, Queenstown

### WANAKA OFFICE



47 Ardmore Street  
Wanaka

## QUEENSTOWN AIRPORT CORPORATION LIMITED\*

Terminal Building, Queenstown Airport  
PO Box 64, Queenstown  
Phone: 03 442 3505

*\* A Council-controlled trading organisation*

## AUDITORS

Deloitte Limited on behalf of the  
office of the Auditor General

Dunedin

## SISTER CITIES

- > Aspen, Colorado, USA (Queenstown)
- > Hikimi, Shimane, Japan (Wanaka)
- > Hangzhou, China



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# CHIEF EXECUTIVE'S REPORT

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In the past year, references to Queenstown Lakes District's sustained growth have changed to unprecedented growth. Challenges associated with increased population and visitor numbers are ones the Council has continued to tackle head-on. This has been reflected in the Council's ongoing development of infrastructure and public services, and leadership in identifying affordable housing solutions. We have advocated on behalf of the community with Central Government on a range of community, funding and cost-of-living issues. With growth comes the need for accessible and varied community facilities, and an increasingly diverse economy. The Annual Report details how the Council has addressed these challenges in the last 12 months.

Hearings were completed as part of the stage one District Plan review, which commenced in March 2016 and will complete late 2017. The review set out to provide a more accessible and transparent plan that provides more certainty to property owners and a clear strategic direction for the district. Stage one hearings were defined as those with most immediate benefit to ratepayers and included urban development and landscape, subdivision, historic heritage and protected trees, residential zoning density, and biodiversity.

In 2017 we completed the bulk of phase one construction of Hawthorne Drive, formerly known as the Eastern Access Road. A temporary seal was laid to facilitate use of the road during the busy winter season. The final step of construction is to undertake the final surfacing in October 2017. Providing an alternative route for drivers travelling between Frankton and the Shotover River, the new road enabled them to avoid the existing junction of SH6 and SH6A at the BP roundabout. Co-funded with the NZ Transport Agency, this key element of traffic improvements in Frankton delivered a dramatic reduction in travel times

between the Queenstown Airport and the BP roundabout, particularly during peak afternoon traffic. This coincided with the removal of parking on SH6, and the opening of a dedicated airport Park and Ride facility developed in partnership with Queenstown Airport Corporation and QLDC.

Housing availability and affordability continued to be a concern for our community throughout the district. Whilst the provision of housing is not a core Council service, QLDC chose to step into this challenge to support our community. In April 2017 the Mayoral Housing Taskforce met for the first time with a brief to investigate new models of housing availability and affordability and make home ownership in the district more achievable for families, retirees, and itinerant and low-income workers. Five Special Housing Areas were granted during the year, and applications made for three Queenstown sites to access a \$50 million Central Government loan under the Housing Infrastructure Fund.

It was a record year for construction and property-related development

across the district. 1,789 residential and commercial building consents were issued between July 2016 and June 2017, with 1,130 Code of Compliance Certificates issued in the same period. In response to these numbers and overall growth in the district Council approved additional staffing capacity to allow QLDC staff to meet this challenge.

QLDC is responsible for ensuring there are choices about how we deal with waste and that these options reflect Central Government drivers and community commitment to waste minimisation. In the past year we commenced a review of the Waste Management and Minimisation Plan 2011-2017, which we are required to undertake every 6 years. Trials also begun to explore treating waste through vermicomposting and solar drying facilities.

The Wanaka Recreation Centre opened in July 2016 and recently celebrated its first year in operation. In the first 12 months more than 24,000 visits were recorded and the centre has played host to community sports events, a conference for the Rotary Club of

Wanaka, and a fashion show. Alongside this high quality indoor sports facility work begun on the new Wanaka swimming pool which is now due for completion in May 2018. Development also started on two new sports fields and these will be ready for the summer and the busy soccer season.

Other community facility improvements included the introduction of self-checkout units in the libraries at Wanaka, Queenstown and Arrowtown.

Earlier in the year we appointed the first QLDC Economic Development Manager to oversee the implementation of the 2015 Economic Development Strategy. Despite a record 1.89 million passengers travelling through Queenstown Airport last year, we recognise the need to diversify from traditional tourism and other industries such as retail and construction. QLDC is committed to supporting practical and achievable industry diversification within the district's long-term economy.

I would like to acknowledge the contribution of the elected representatives on both the Council and the Wanaka Community Board, and that the high-quality facilities and effective services delivered to the Queenstown Lakes community are the result of a dedicated and hard-working Council staff at every level.



**Mike Theelen**  
Chief Executive  
Queenstown Lakes District Council

# DELEGATED RESPONSIBILITIES AS AT 30 JUNE 2017

Jim Boulton

**MAYOR**

Alex Forbes

Penny Clarke

Craig (Ferg) Ferguson

Tony Hill

John Macdonald

Valerie Miller

**WAKATIPU WARD**

Scott Stevens

**ARROWTOWN WARD**

Calum Macleod

Ross McRobie

Vacant

**WANAKA WARD**

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Mike Theelen

**CHIEF EXECUTIVE**

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Meaghan Miller - GM, Corporate Services

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Tony Avery - GM, Planning & Development

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Stewart Burns - Chief Financial Officer

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Peter Hansby - GM, Property & Infrastructure

**MANAGEMENT GROUP**

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Rachel Brown (Chair)

---

Quentin Smith (Deputy Chair)

---

Ed Taylor

---

Ruth Harrison

---

Calum Macleod

---

Vacant

---

Ross McRobie

**WANAKA COMMUNITY BOARD**

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Audit, Finance and Risk Committee

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Planning & Strategy Committee

---

Infrastructure Committee

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Community & Services Committee

---

Governance Subcommittee

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Elected Member Conduct Committee

---

Appeals Subcommittee

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District Licensing Committee

---

Chief Executive Performance Review Committee

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Dog Control Committee

**COUNCIL COMMITTEES**

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# QLDC FINANCIAL RESULTS AT A GLANCE 2016/17

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QLDC recorded a surplus of \$68.0m for the year. This is up from the \$39.4m surplus recorded last year and also up against a budget of \$21.5m. The main reasons for the higher surplus, which is not profit, are related to higher revenue (\$16.1m) to budget and \$34.6m of unrealised net gains on revaluation of QLDC assets. The \$34.6m movement in value for the year relates to the Council's investment property; this is a gain on paper due to higher market prices and the change in zoning for the Lakeview land in Queenstown.

Both revenue and operating expenditure were above budget for the year ended 30 June 2017. Revenue was above estimate by 12.9% or \$16.1m and expenditure was over by 5.5% or \$5.72m. This reflects extremely high levels of activity across all activities.

The following major items contributed to this variance:

- Increased user charges of \$6.5m which consists of increased revenue from rentals, consents, regulatory activities and solid waste. The increased revenue offsets increased costs in consents, regulatory activities and solid waste.
- Increased development contributions of \$6.4m which is related to the increase in development activity within the district. This income can only be used to fund growth related capital expenditure.
- Dividend income from QAC was \$847k above budget for the year.
- The surplus includes the following:
  - \$34.6m of unrealised gains relating to the annual revaluation of Council owned investment property. This follows a 2016 value gain of \$9.3m.
  - \$0.9m of unrealised gains as a result of the revaluation of interest rate swaps as at 30 June 2017.

Operating expenditure was \$5.72m (5.5%) over budget for the year ended 30 June 2017. Over 50% of this negative variance is due to the costs to defend and resolve a number of building related legal claims against the Council. Much of the remaining negative variance relates to the costs of managing increased activity volumes for the year.

The major remaining operational cost variances are as follows:

- Costs of contract staff for the year were \$2.09m higher than budget. Contractors have been used in consenting activities where it has not been possible to recruit employees. The volumes of work have dictated this approach and all of this additional cost is recovered in revenue.
- Interest expense for the year is \$5.4m less than budget. This is a result of the timing of some capital works and lower than expected interest rates.
- Costs for professional services were \$1.5m above budget for the year, mainly as a result of an increase in on-chargeable consultant costs related to consents.
- Costs for road maintenance were \$1.2m above budget for the year, mainly as a result of snow clearing work required in the winter of 2016.



- Increased costs of \$1.7m for handling larger than expected volumes of solid waste for the year.
- Expenditure of \$926k reflecting the on-payment of affordable housing grants to the housing trust, offset by the same amount in income.

### STATEMENT OF FINANCIAL POSITION

The main variances relate to the difference in expected asset values for the year and reduced borrowings. The following items contributed to this variance:

- Capital expenditure was below estimate by \$10.8m for the year ended 30 June 2017. This relates mostly to timing differences for the following large projects:
  - o Wanaka Aquatic Centre  
(2016/17 budget of \$5.3m versus actual spend of \$3.4m - Project completion programmed for 2017/18);
  - o Mt Aspiring Rd Booster to address fire fighting capability  
(2016/17 budget of \$0.6m versus actual spend of \$0.03m - Project on hold, subject to further business case development
  - o Resilience - Crown Range Road Land Construction  
(2016/17 budget of \$0.5m versus actual spend of \$0.02m - Project completion programmed for 2017/18);
  - o Resilience - Crown Range Road Land Construction  
(2016/17 budget of \$0.5m versus actual spend of \$0.02m - Project completion programmed for 2017/18);
  - o Andrews Road safety improvements  
(2016/17 budget of \$0.5m versus actual spend of \$0.04m - Project completion programmed for 2017/18);
- Reduced capital expenditure in the last 3 years, as well as the sale of the Scurr Heights land last year, results in borrowings that are \$69.1m below forecast. Total debt as at 30 June 2017 is \$92.7m compared to a forecast of \$161.8m.

### STATEMENT OF CHANGES IN EQUITY

Accumulated differences between actual and budgeted net surpluses as described above for 2017, as well as the impact of the investment property revaluation and reduced borrowings, has resulted in an equity variance of \$84.2m above forecast.

### STATEMENT OF CASH FLOWS

The budget variations explained above also contribute to budget variations in the Statement of Cash Flows, particularly cash flows from investing and financing activities. Cash payments for the purchase of property, plant and equipment (i.e. capital expenditure) was \$36.5 million below estimate and net borrowings were consequently around \$31.3 million less than expected.

# FINANCIAL STRATEGY

The Financial Strategy must show prudent financial management by the Council and act as a guide when making large funding decisions. It also outlines how the Council will tell the story about projects so that the community can understand the implication of big decisions on things like rates, debt and investments. The strategy is contained in full in Volume 2 (pp 11-17) of the 2015 Ten Year Plan [www.qldc.govt.nz](http://www.qldc.govt.nz)

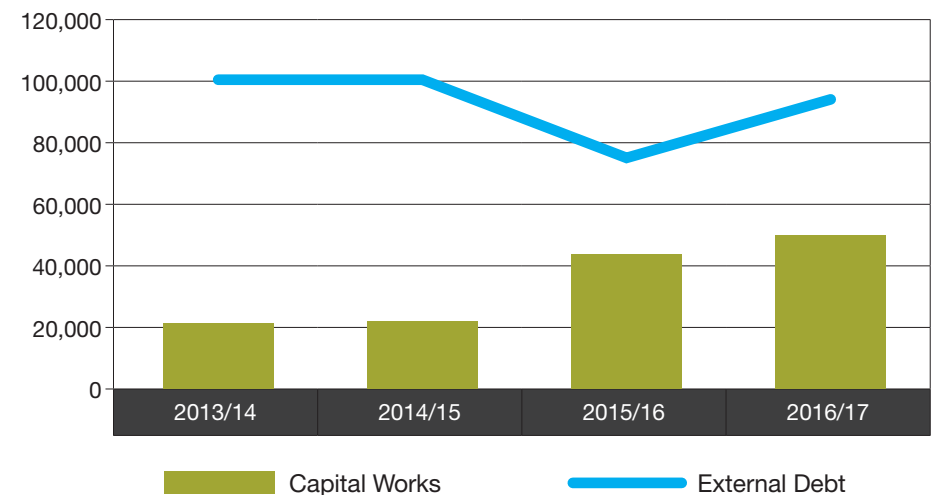
The Council's Financial Strategy is aimed at responding to the needs of our district today and into the future in a responsible and affordable way. It is important that the costs of providing facilities with long lives are shared between today's ratepayers and those in the future. If the task is successfully delivered, the following outcomes should be achieved:

- Prioritised Capital Programme – delivering the 'right' projects at the optimum time.
- Rates increases set at a maximum of 6% per annum (subject to changes in growth forecasts).
- Debt levels maintained at prudent levels (within Borrowing Limits).
- Debt levels at the end of the ten year period have stabilised and sufficient head-room exists to provide financial flexibility for future Councils.
- To continue to provide excellent service within financial constraints.

## REPORTING BACK ON FINANCIAL STRATEGY

### Capital Programme

External Debt vs Capital Works (000's)



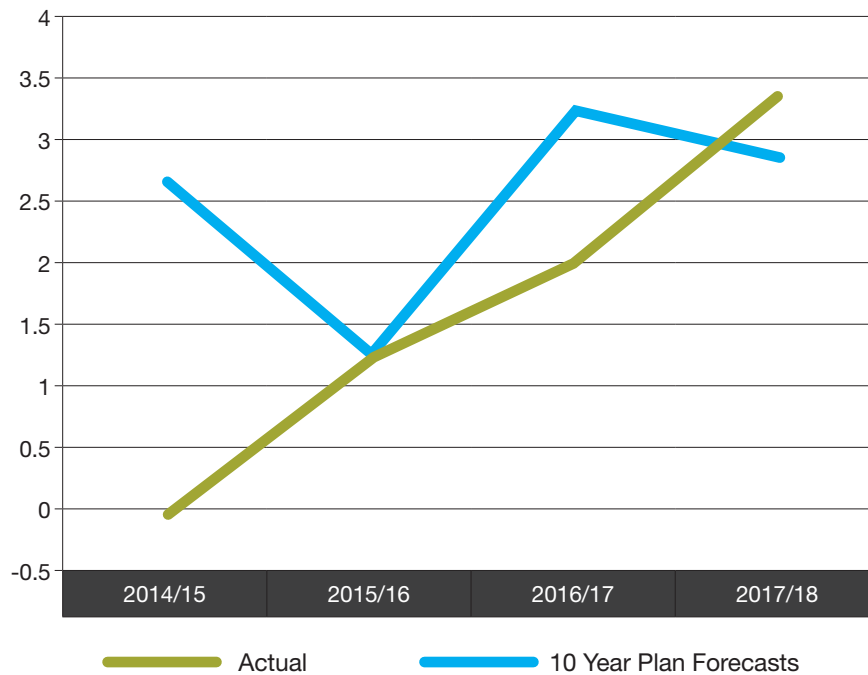
The graph above shows that the actual spend on capital projects has increased significantly for the last two years compared to the two years prior. This is the result of good progress on major projects including Project Shotover; Eastern Access Road and the Wanaka Recreation Centre.

## RATES

The graph below shows the actual rates increases over the past four years compared to the increases forecasted in the Ten Year Plan. The total rates for 2016/17 are in line with forecast amount. The rates for 2017/18 have been set at \$67.1m compared to the forecasted amount of \$65.7m in the 2015 Ten Year Plan. The increase is 3.34% (after allowing for growth) compared to the forecast 2.81%.

The larger increase for 2017/18 reflects the impact of increased levels of service including the major new facilities of Project Shotover in Queenstown and the Wanaka Recreation Centre.

Rates Increase % – Actual and Forecast (after allowing for growth)



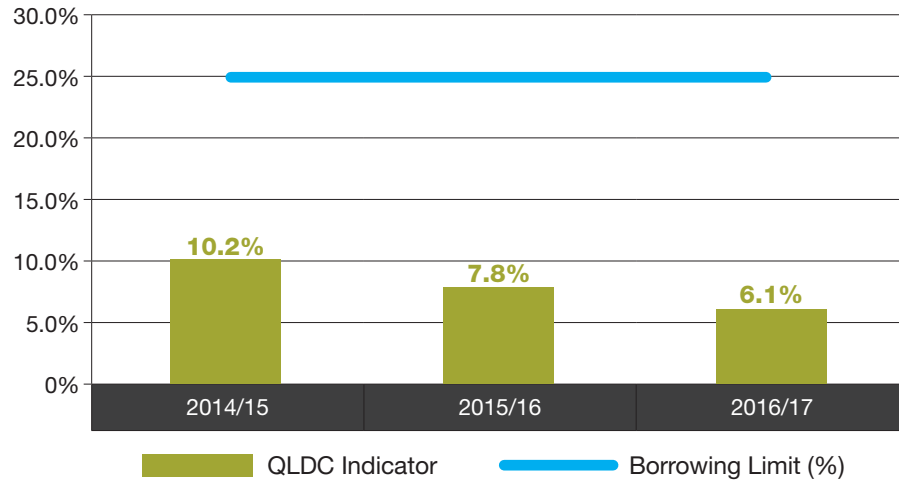
## DEBT LEVELS

In order to deliver the large capital programme included in the Ten Year Plan, Council will need to rely on borrowing. Council has spent a considerable amount of time and effort working through the capital programme to ensure it is affordable and deliverable. The actual external debt at 30 June 2017 was \$92m; this is \$17m more than June 2016 and \$71.4m less than the amount forecast in the 2015 Ten Year Plan. This is largely due to the deferral of the Convention Centre project and the unbudgeted sale of Scurr Heights land in Wanaka in May 2016.

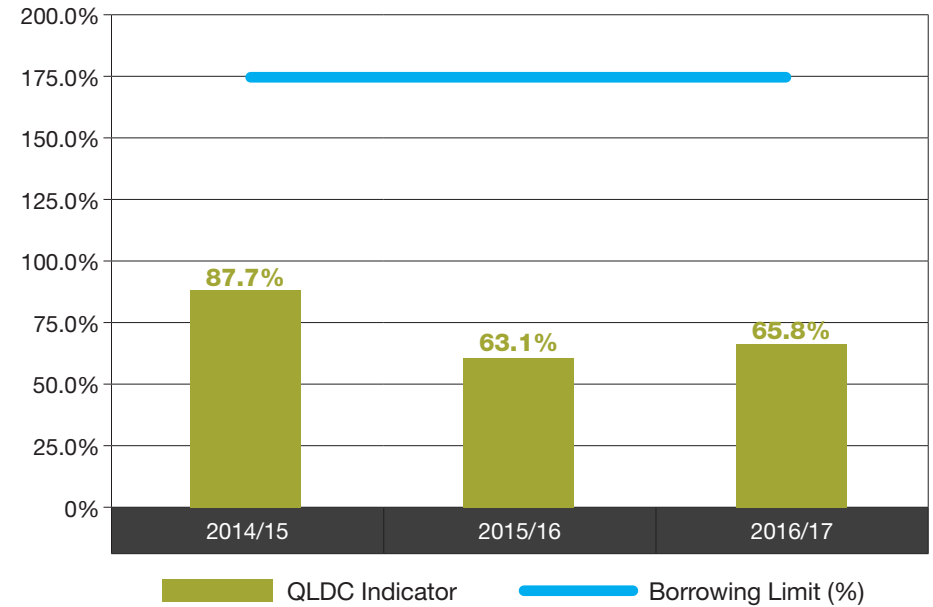
The actual and proposed levels of debt are now within all of the Council's self-imposed borrowing limits:

Borrowing Limits (%)	Actual 2014/15	Actual 2015/16	Actual 2016/17	Forecast 2016/17
Interest Expense/Rates < 25%	10.2%	7.8%	6.1%	14.4%
Interest Expense/Total Revenue < 15%	5.0%	3.8%	2.7%	7.1%
Net Debt/Total Revenue < 175%	87.7%	63.1%	65.8%	128.8%
Net Debt/Total Equity < 20%	10.4%	7.4%	8.1%	15.4%

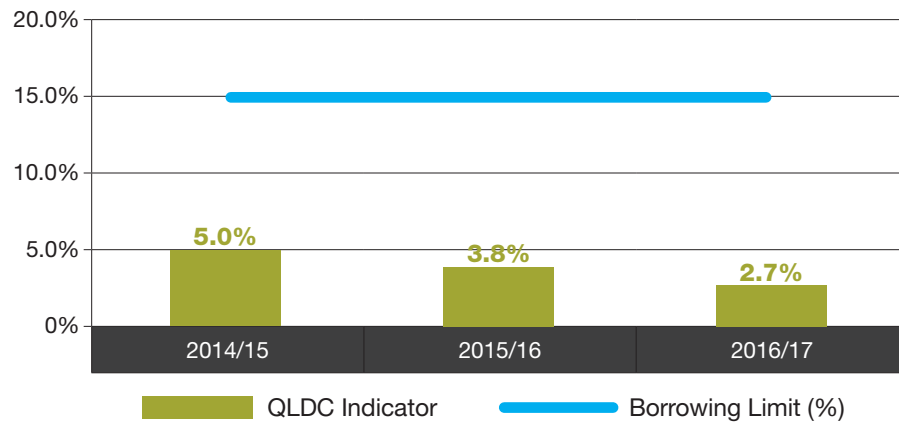
Interest Expense / Rates Revenue



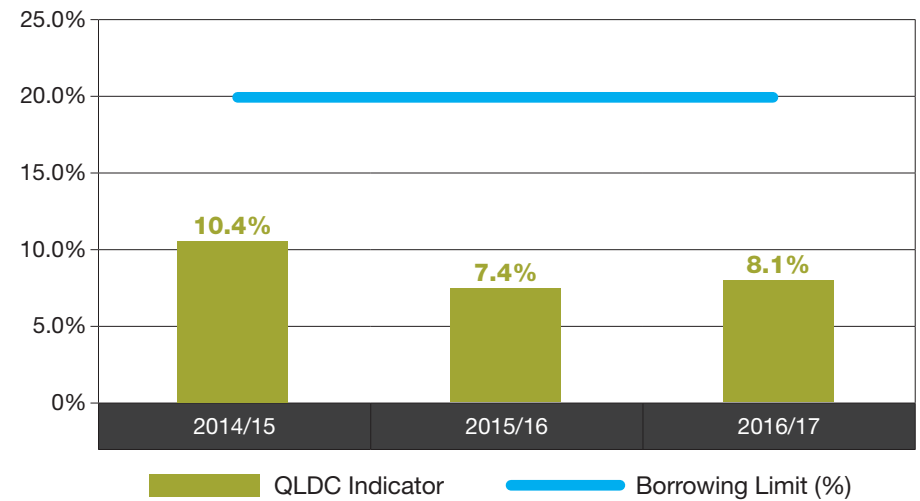
Net Debt / Total Revenue



Interest Expense / Total Revenue

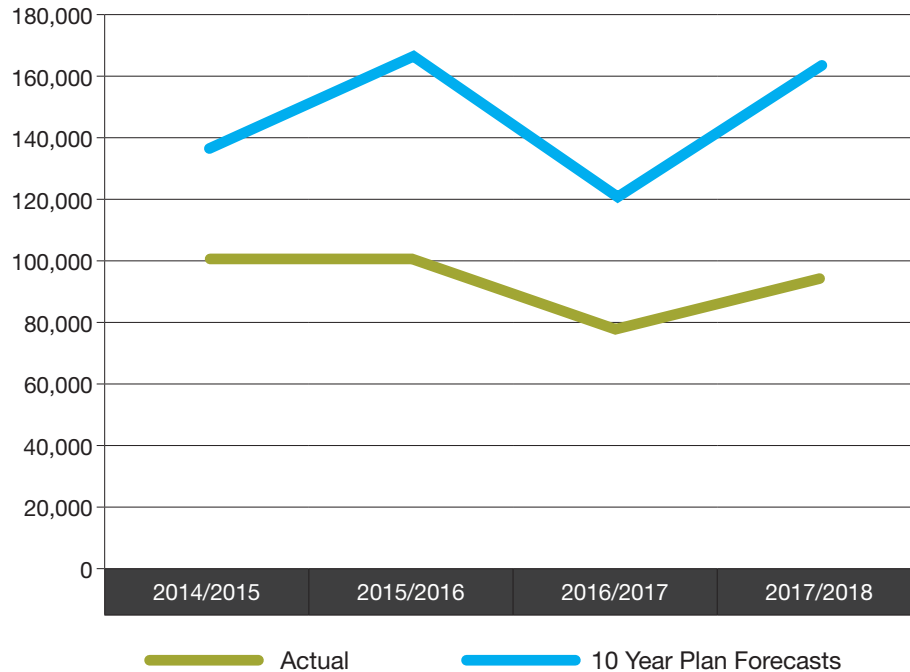


Net Debt / Equity



The following graph shows the forecasted debt levels compared to actual debt levels up to 2016/17. As can be seen, actual debt levels are significantly reduced. The actual external debt at 30 June 2017 was \$92m and is \$71.4m less than the amount forecast in the 2015 Ten Year Plan.

External Debt (\$'000's)



Borrowing will have to increase in order to deliver the future capital programme but the Council will ensure that the projects continue to be rigorously prioritised.

## CAPITAL WORKS 2016/17

Notable infrastructure projects that have been substantially advanced or completed during the 2016/17 financial year:

Project	Cost at Year End 2017 (\$)
Project Shotover – Stage 1 (14/15 – 16/17 costs)	22,375,386
Eastern Access Road - Hawthorne Drive (14/15 – 16/17 costs)	19,200,333
Wanaka Recreation Centre (14/15 – 16/17 costs)	14,102,583
Wanaka Aquatic Centre (15/16 – 16/17 costs)	9,543,539
Frankton Flats Stormwater – Construction (15/16 – 16/17 costs)	8,904,391
Frankton Flats Road (15/16 – 16/17 costs)	5,405,331
Wakatipu - Sealed rd resurfacing	2,784,249
Wanaka - Sealed rd resurfacing	2,187,974
Frankton Flats Water Supply – Construct (15/16 – 16/17 costs)	2,225,614

Carry-forward projects (>\$200k) scheduled for completion in 2017/18 approved by the Council in August 2017 are:

Project	Cost at Year End 2017 (\$)
Wanaka Aquatic Centre	1,962,309
Eastern Access Road – Hawthorne Drive	1,012,670
Queenstown Town Centre strategy	715,077
Crown Range Road resilience work	484,246
Andrews Road safety improvements	433,227
Cardrona new water supply scheme	321,684
Bayview rising main works	300,000
Bennets Bluff minor improvements	272,812
Project Shotover	259,077
Wastewater renewals works in Queenstown	220,000
Beacon Point reservoir	220,000
Lower Shotover Trail realignment and Queenstown trail barriers	217,853
Lakeview development	208,540



# SUMMARY STATEMENT OF SERVICE PERFORMANCE

Queenstown Lakes District area

8,467  
square kilometres

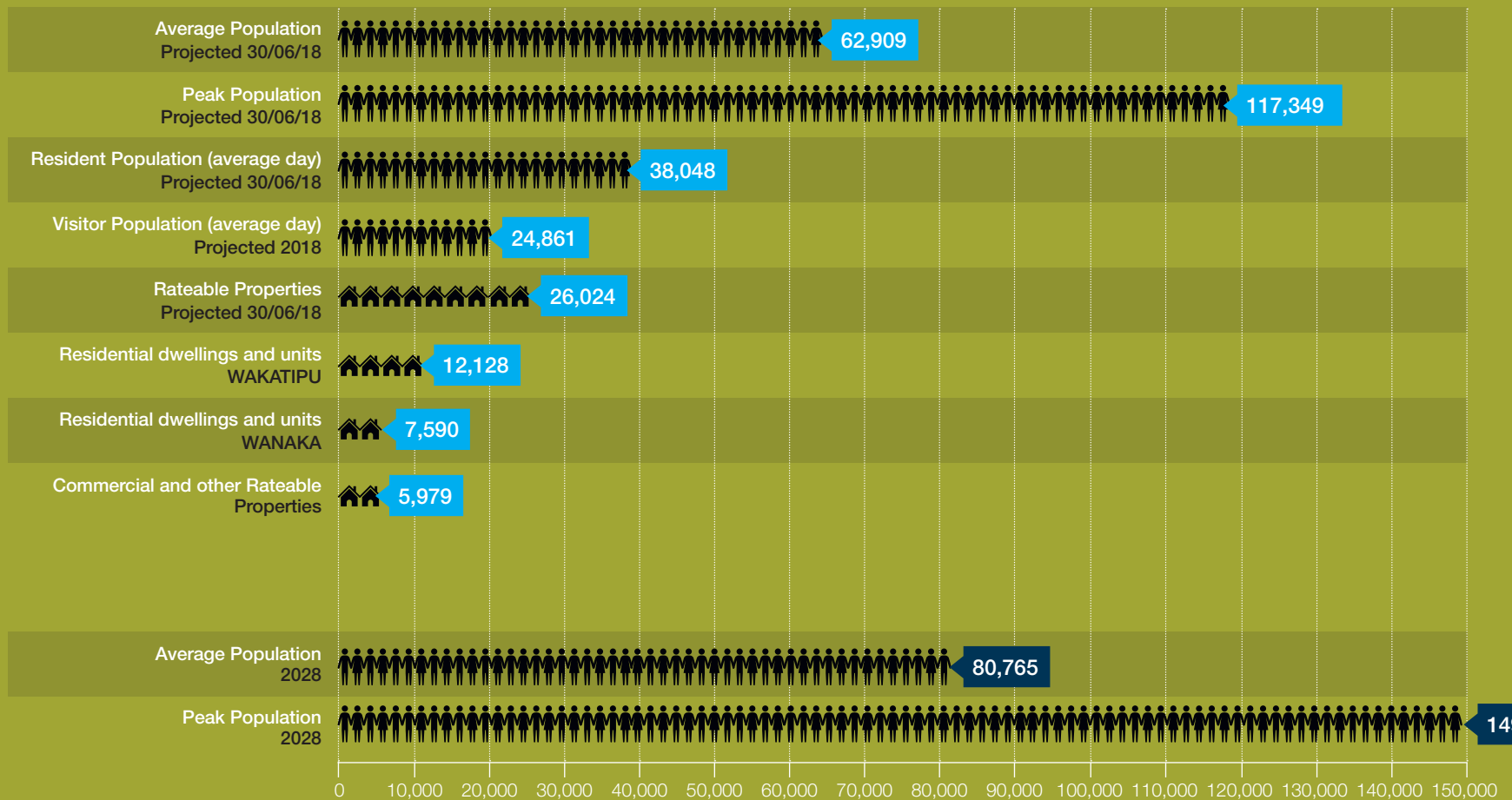
We live in one of the  
most beautiful places  
on the planet



## Fact file

Source: Queenstown Lakes District Growth Projections for 2017

### 2016/17 FACT FILE

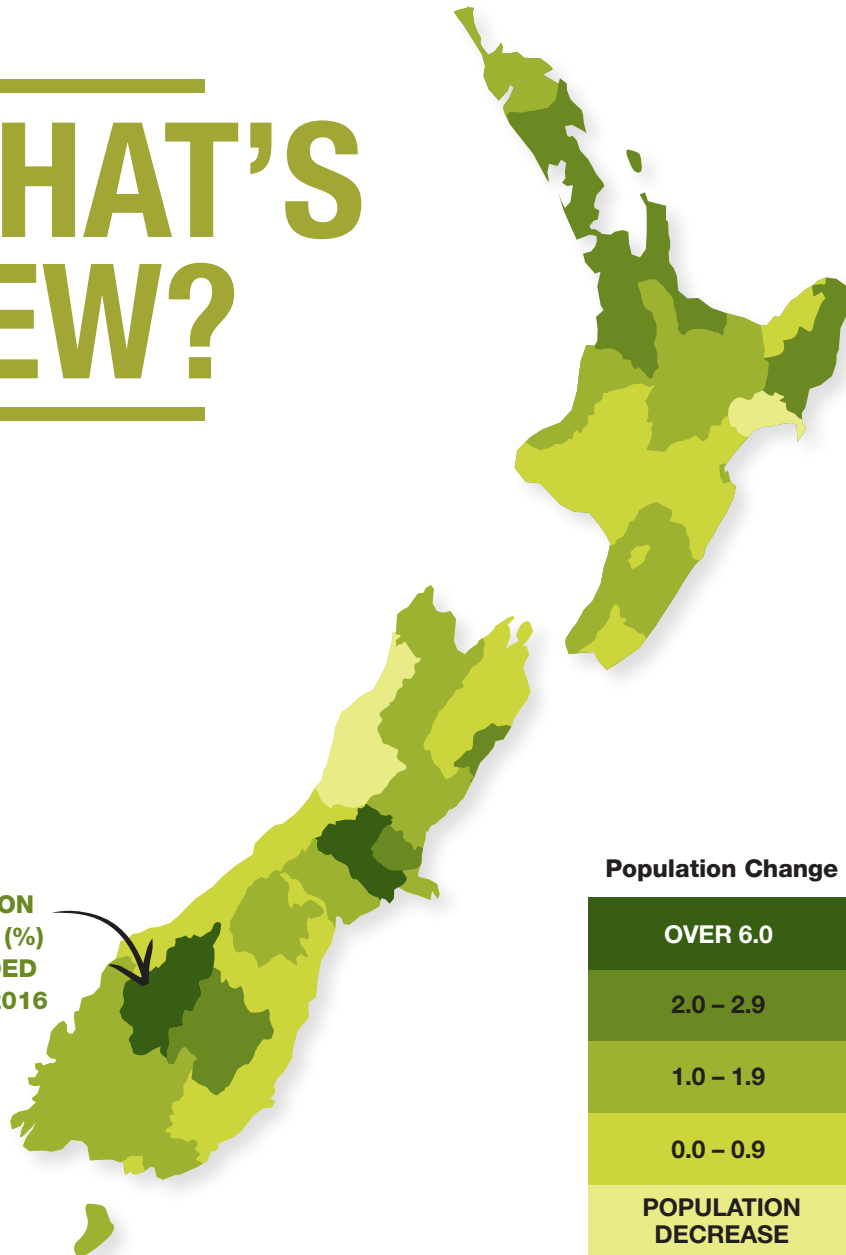


### 2028 PROJECTED GROWTH

# WHAT'S NEW?

**POPULATION CHANGES (%) YEAR ENDED 30 JUNE 2016**

Source: Statistics New Zealand



## Population Change

OVER 6.0
2.0 – 2.9
1.0 – 1.9
0.0 – 0.9
POPULATION DECREASE

We are officially the fastest growing district in New Zealand with a whopping 7.1% rise in population last year alone. In 2015 our district's population was 32,400 – by next year it is projected to be 38,048. This is more than predicted and faster than we had provided for in our last Ten Year Plan. It's time to catch up.

## TACKLING GROWTH

2016/17 was a year of unprecedented growth in the District and we experienced a 7.1% increase in population. This was more than was predicted and arrived faster than was provided for in our 2016/17 Annual Plan. We have been working hard to meet these metro-sized issues, but the pressure on our community and our organisation is evident in some of our results this year. Looking forward, we are developing our own teams to deliver great service, whilst building strong relationships with central government and regional partners to rise to these challenges effectively. As our current Annual Plan demonstrates, it's definitely time to catch up.

## **SATISFACTION SURVEY**

This year our satisfaction survey used the same demographic balance as last year, which provides a representative lens on satisfaction within our community and enables us to compare results meaningfully.

Whilst the results generally reflect a positive shift across most areas, satisfaction with some services has reduced. These areas of reduced satisfaction are typically in the areas that are most impacted by growth, particularly in regulatory services. Notably, there are several areas where the level of service is entirely unchanged from last year, but a shift to a more neutral response has translated to a decrease in satisfaction.

The full Resident and Ratepayer Survey Report is available at the QLDC website.

## **QLDC LOCAL GOVERNMENT ELECTION 2016**

In October 2016 we held elections for the Mayor, the Council and Wanaka Community Board. Jim Boulton was elected Mayor with a clear majority and total turnout was significantly higher than in 2013. We experienced one of the highest levels of voter participation in the country (54.1%) which underlined the keen interest our residents have in local issues and democracy.

Newly elected Mayor Boulton's first official act was to announce the appointment of Cr Calum MacLeod as Deputy Mayor. Cr MacLeod was the highest polling Councillor in the Wanaka Ward election and returned for his second term on the Council. Mayor Bolt and Deputy Mayor MacLeod were sworn in on the 25th October, along with Councillors Hill, Forbes, Miller, Ferguson, Clark and

MacDonald for the Wakatipu Ward. Councillors Lawton and McRobie were sworn in for the Wanaka Ward and Councillor Stevens for Arrowtown. They were joined by the elected members of the Wanaka Community Board; Ed Taylor, Rachel Brown, Quentin Smith and Ruth Harrison.

Councillor Lawton resigned her position in April 2017, in order to stand for election to the Otago Regional Council. The position remained vacant for the rest of the 2016/17 year awaiting the results of an August by-election.

Council meetings were adjusted to a six-weekly schedule and Mayor Boulton established four standing committees. These came into effect in January 2017 and are open to the public: Planning and Strategy; Audit, Finance and Risk; Infrastructure and Community & Services.





# INFRASTRUCTURE

OUR  
ACTIVITIES  
ARE

WATER  
SUPPLY

STORM  
WATER

WASTEWATER

WASTE  
MANAGEMENT

TRANSPORT  
(ROADING &  
FOOTPATHS)

## OUR LONG TERM COUNCIL OUTCOME IS:

### High performing infrastructure and services that:

- > meet current and future user needs and are fit for purpose;
- > are cost effectively and efficiently managed on a full life-cycle basis; and
- > are affordable for the District.



# WHY SHOULD YOU CARE?

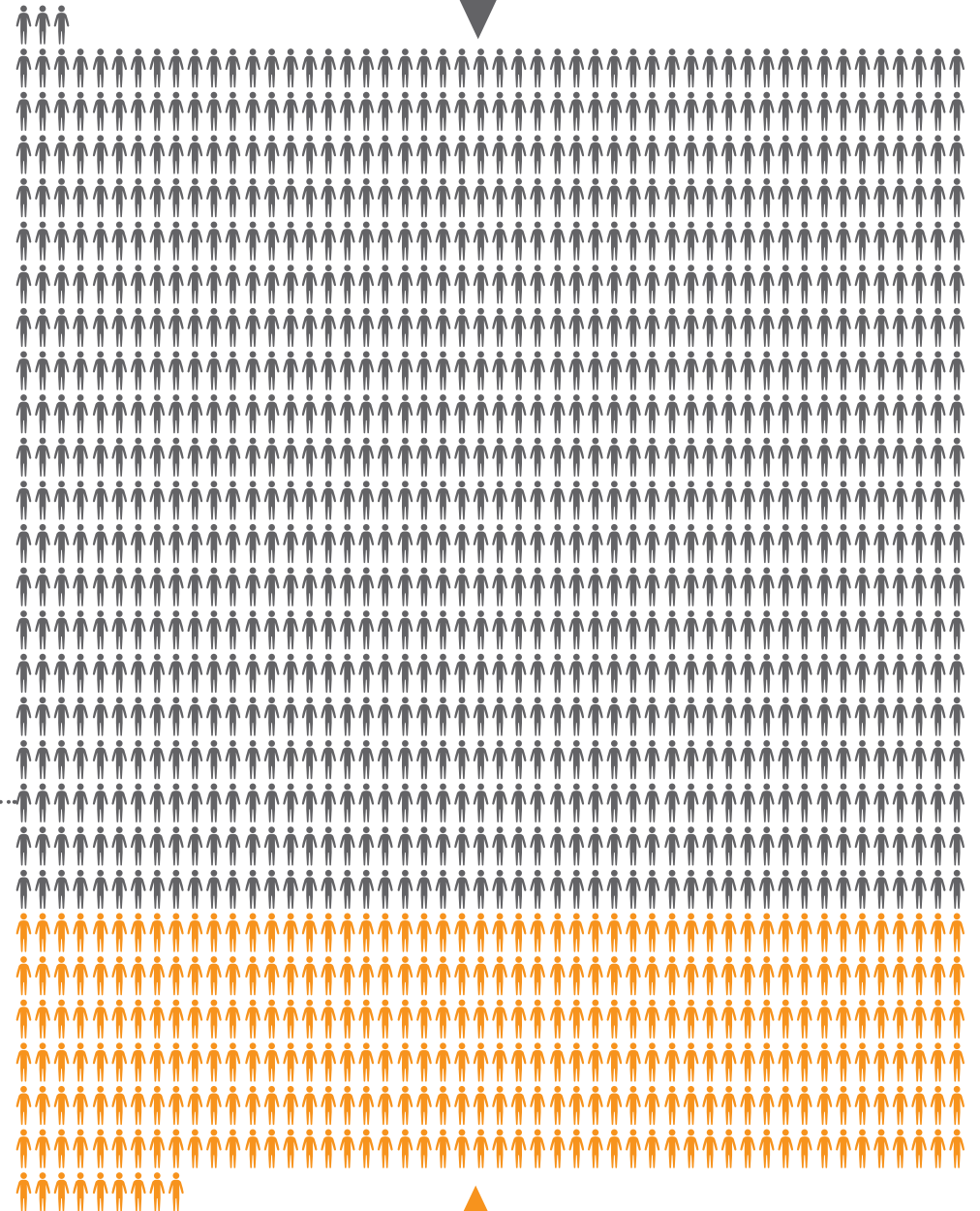
In December 2014 the Council adopted the 30-year Infrastructure Strategy, as required under the 2014 reforms to the Local Government Act 2002. The strategy is recognised as an important document to continuously improve the provision of core services to the community. The document focuses on the core infrastructure services of drinking water supplies, wastewater collection and treatment, stormwater management and discharge, roading and footpaths.

1 person icon = 100 PEOPLE

SMALL TOWN FUNDING, WITH BIG CITY DEMAND

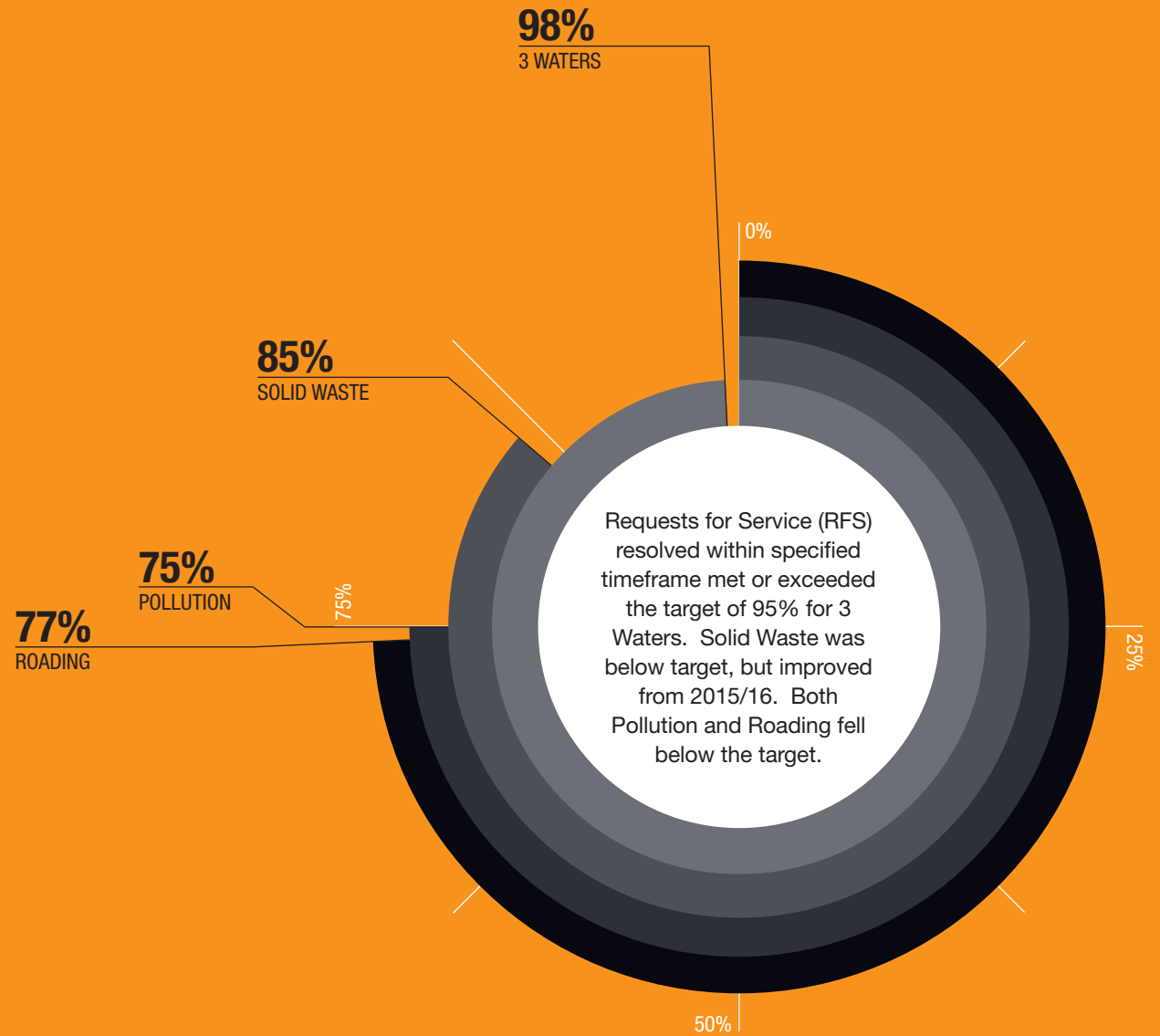
100,000+

PEOPLE DURING PEAK PERIODS USING THE DISTRICTS INFRASTRUCTURE



AND ONLY 38,048 RESIDENTS FUNDING SERVICES

# WHAT WE ACHIEVED





# WHY SHOULD YOU CARE?



A DRIPPING TAP CAN WASTE OVER  
**1,000 LITRES**  
(ONE CUBIC METRE) OF WATER PER DAY

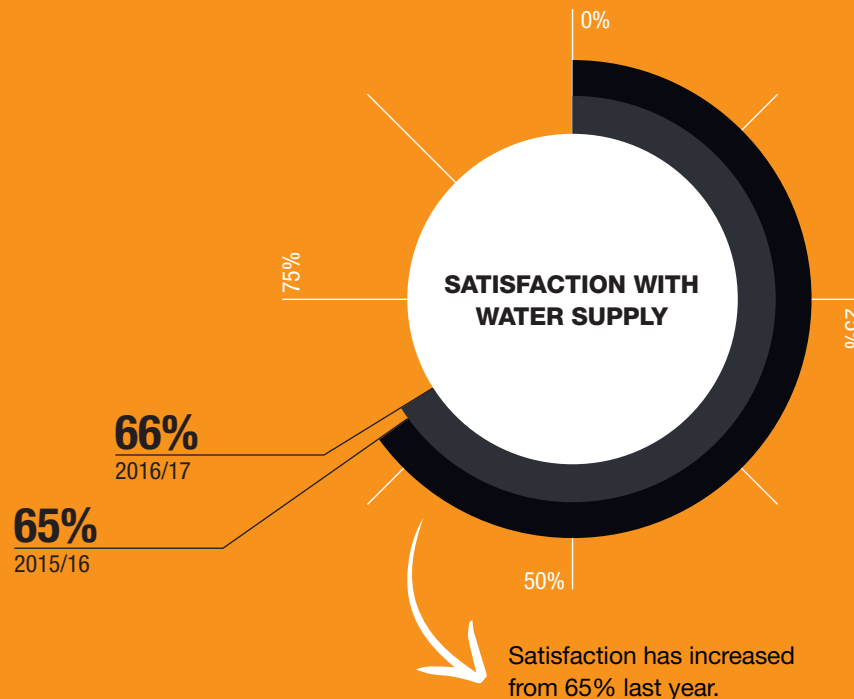


# WHAT WE ACHIEVED

QLDC met the benchmark set for the majority of the DIA measures relating to water cost from the supply, response times to attend faults and the consumption of water per person.

In light of the recent water supply contamination crisis in Havelock North, the Council completed a significant review of the water supply risk register and associated emergency communications plans. Short, medium and long term solutions have been identified to reduce the risks to public health.

Bacteriological compliance was achieved in 2015/16 for the Arrowtown treatment plant and distribution system, Arthurs Point distribution system, Luggate treatment plant and the Albert Town distribution system. Both the Hawea treatment plant and distribution system were non-compliant this year, a shift from being compliant in 2014/15.



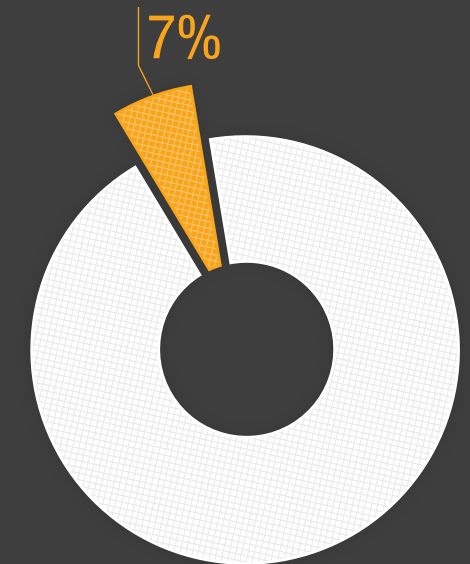
## HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

*KPI: Annual cost of water supplied per cubic metre*

	2014/15	2015/16	2016/17
Cost per cubic metre	\$0.80	\$0.73	\$0.84
Target	<\$0.90	<\$0.90	<\$0.92

The cost of water per cubic metre increased this year due to unscheduled maintenance items in June. A reduction of 4.5% in volume of cubic metres has further increased this price per cubic metre. The result is still well within our threshold of 0.92c per cubic metre.

## AS A PERCENTAGE OF TOTAL EXPENDITURE



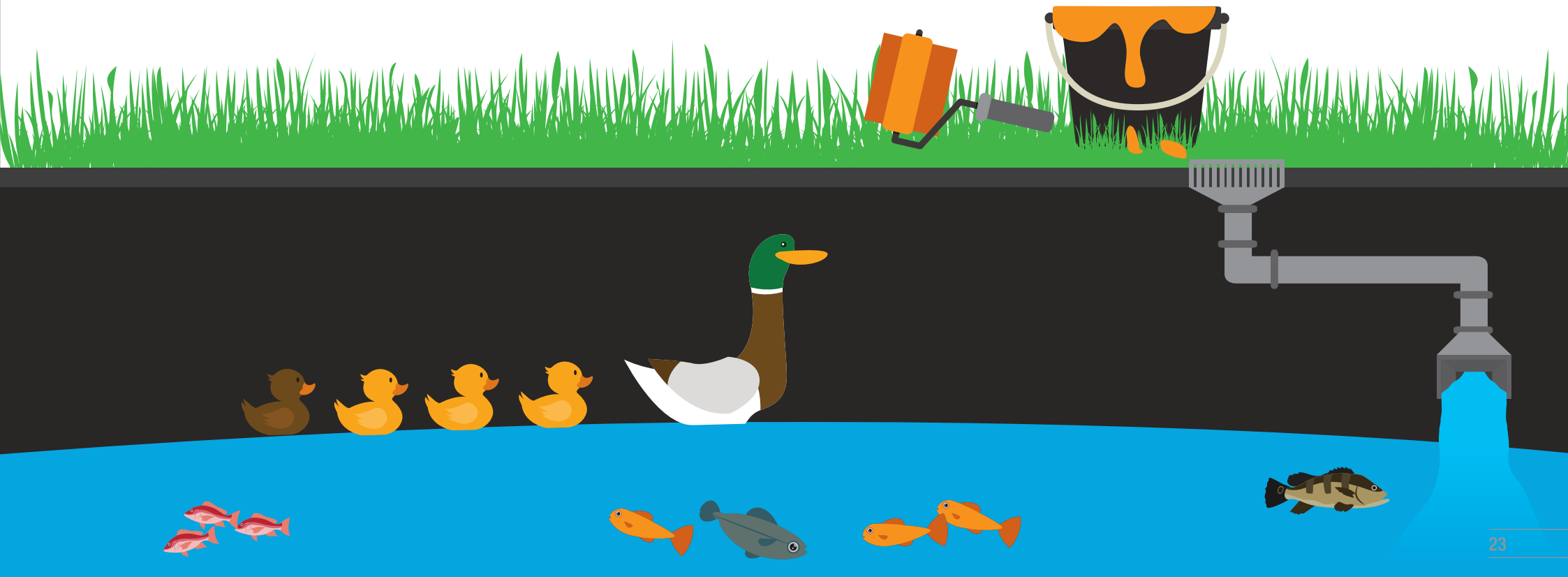
Total operating expenditure of \$86,496,000 (excluding depreciation)  
 Water supply expenditure of \$5,760,000



# WHY SHOULD YOU CARE?

## STORMWATER IS A LEADING CAUSE OF WATER POLLUTION

IT RUNS OFF THE GROUND OR IMPERVIOUS SURFACES AND COLLECTS POLLUTANTS SUCH AS OIL, PESTICIDES, SEDIMENTS, BACTERIA, AND OTHER CHEMICALS, AND THEN DEPOSITS THEM DIRECTLY INTO OUR WATERWAYS. THIS RUNOFF CAN KILL AQUATIC LIFE, AND MAKE OUR WATERWAYS AN UNHEALTHY PLACE TO LIVE, WORK, AND PLAY.

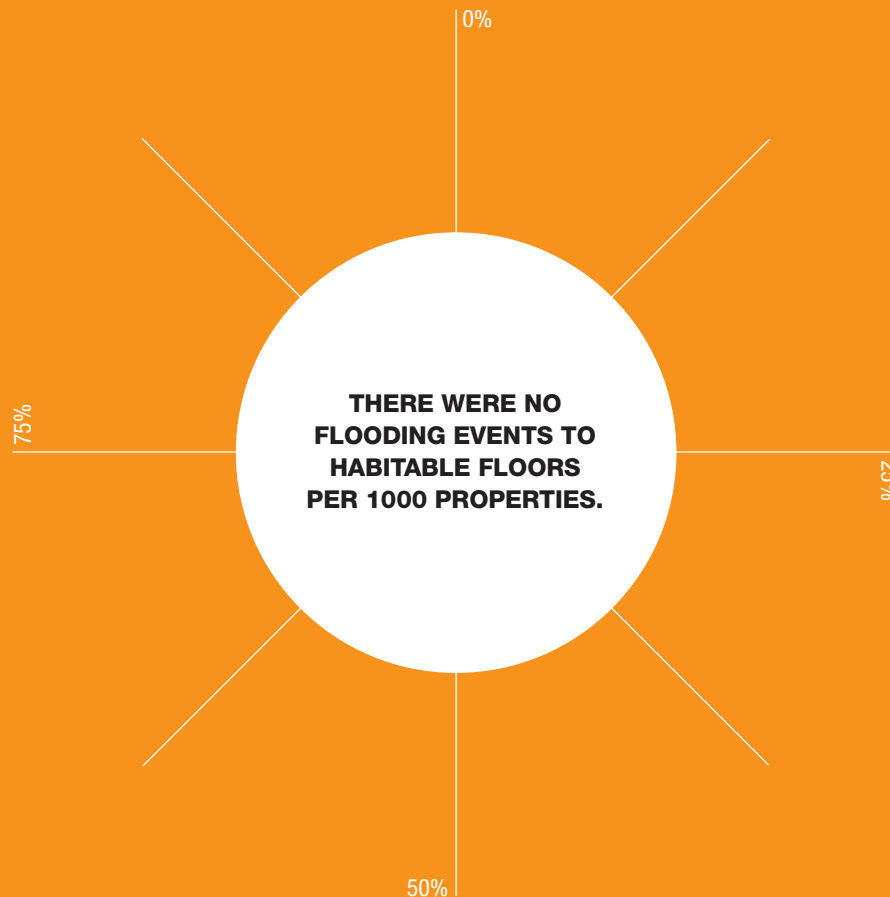




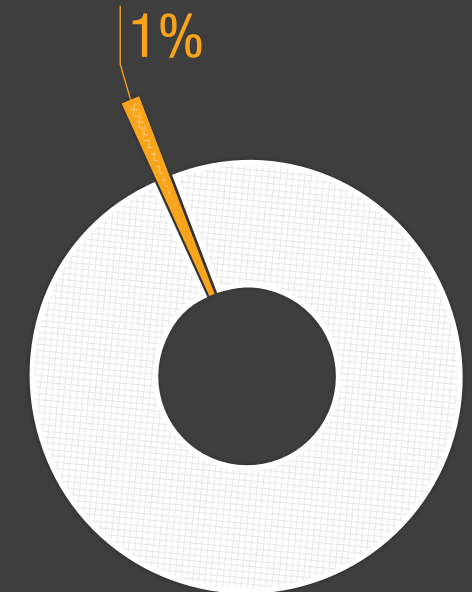
# WHAT WE ACHIEVED

A conservative approach has been applied to investing in new Council stormwater infrastructure, but replacement and condition assessment has continued. There has been a focus on data collection, renewal planning and maintenance scheduling whilst continuing to address flood protection and erosion prevention.

The DIA measure for complaints requires a change to how we collect our data, which will be updated for 2017/18.



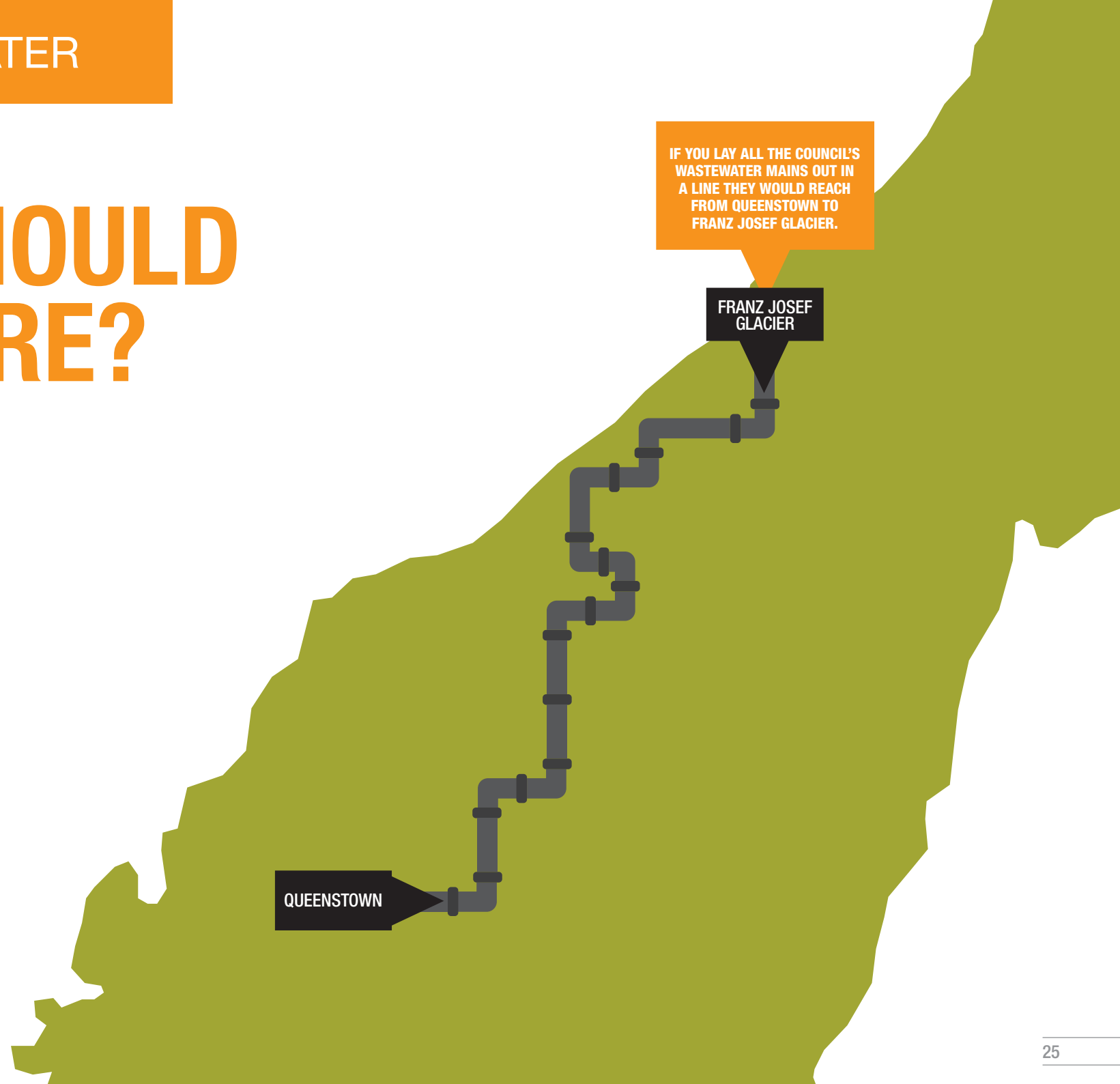
AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of \$86,496,000 (excluding depreciation)  
Stormwater expenditure of \$633,000



# WHY SHOULD YOU CARE?



# WHAT WE ACHIEVED

QLDC met the wastewater benchmarks set for the DIA measures relating to dry weather overflows and resource consent compliance. The DIA measure for complaints requires a change to how we collect our data, which will be updated for 2017/18.

Median response time to attend sewer overflows resulting from blockages or other faults – achieved within target.

**8-84** 8.84 minutes for personnel to reach site

**141-78** 141.78 minutes from time of notification to resolution of the issue

Project Shotover was commissioned in February 2017.



Satisfaction with wastewater has increased significantly from 66% in 2015/16 to 73% in 2016/17.

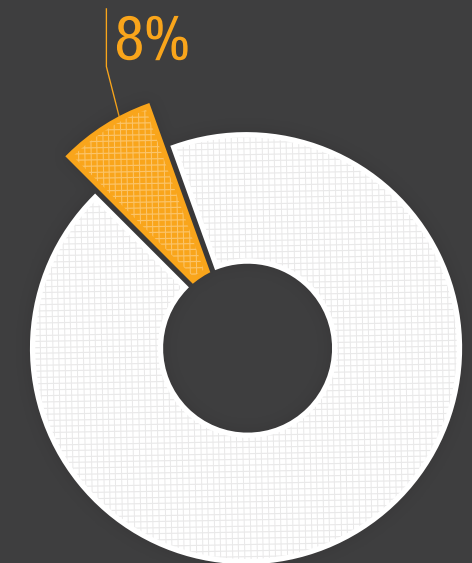
## HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPI: Annual cost of wastewater

	2015/16	2016/17
Cost per cubic metre	\$1.96	\$2.28
Target	<\$2.25	<\$2.27

The cost of wastewater is on target this year with the commissioning of Project Shotover.

AS A PERCENTAGE OF TOTAL EXPENDITURE

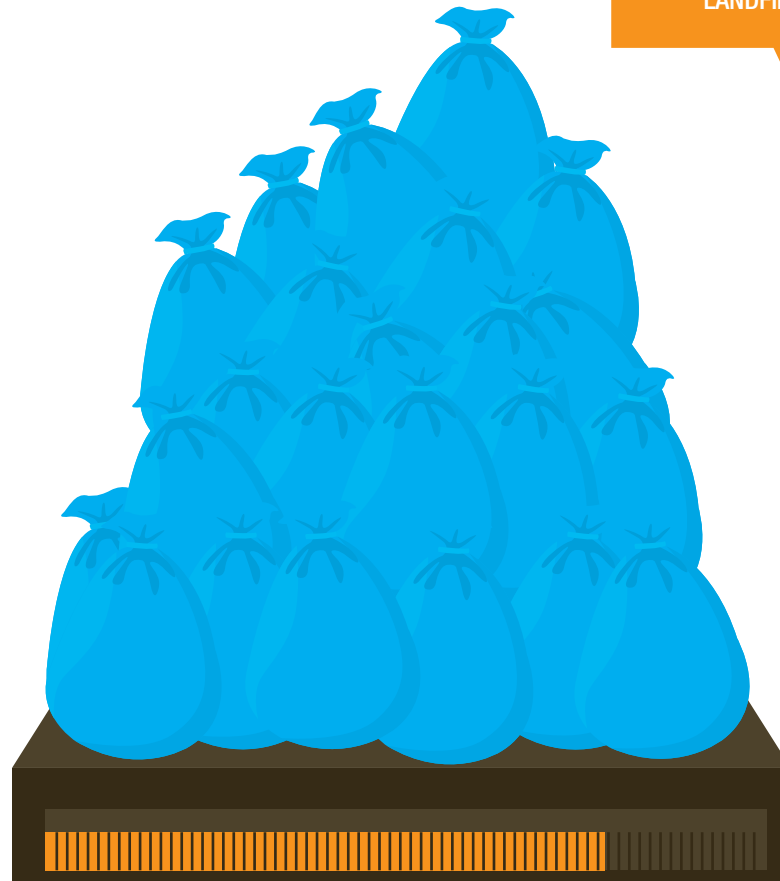


Total operating expenditure of \$86,496,000 (excluding depreciation)  
Wastewater expenditure of \$7,256,000



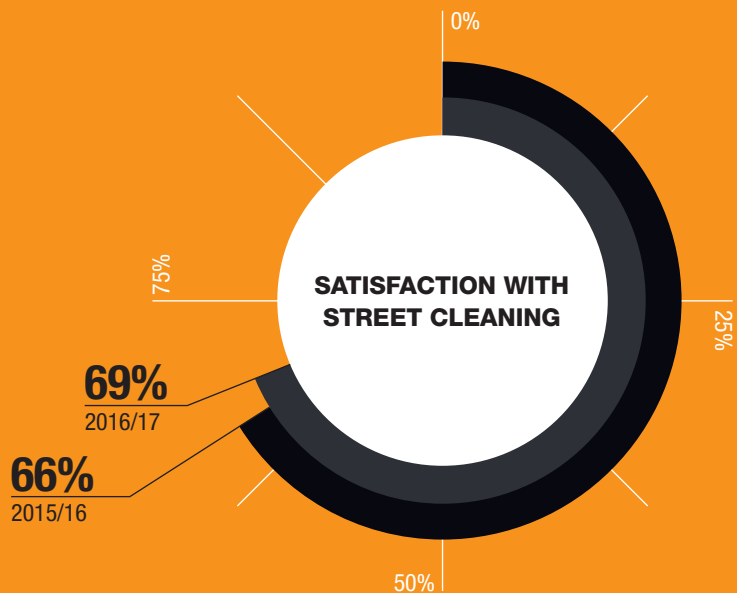
# WHY SHOULD YOU CARE?

EACH RESIDENT SENDS THE EQUIVALENT WEIGHT OF AN ADULT POLAR BEAR IN WASTE TO LANDFILL EACH YEAR

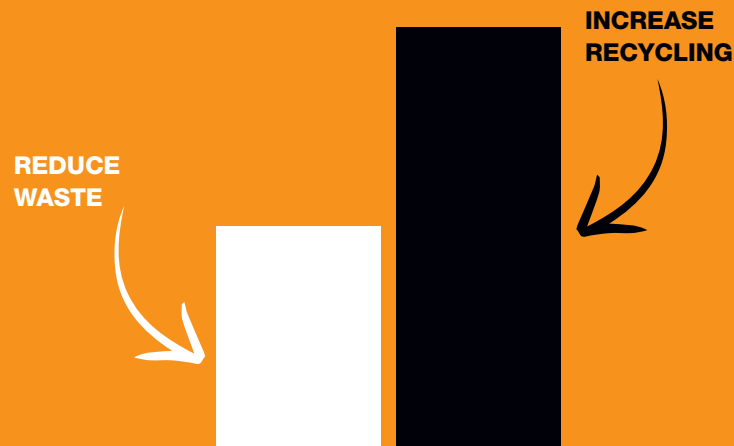


# WHAT WE ACHIEVED

Satisfaction with street cleaning has increased from 66% to 69%.

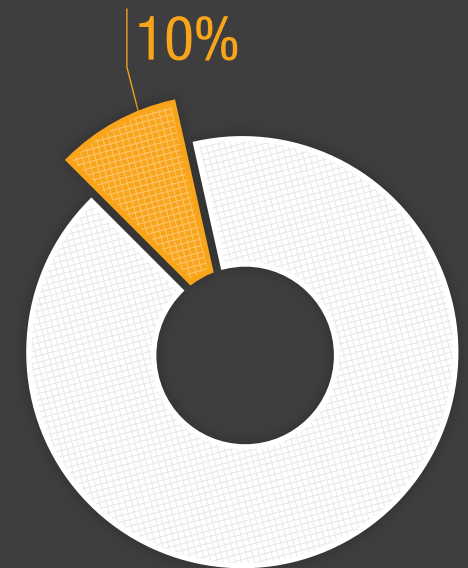


There have been challenges in the ongoing management of recycled glass in the district, with supplier availability impacting the ability to recycle locally and without environmental impact. QLDC is working with local contractors and the recycle market to achieve a sustainable approach to glass recycling moving forward.



Continued work in 2017/18 to reduce waste and increase the volumes of recycling – we need your help to achieve this.

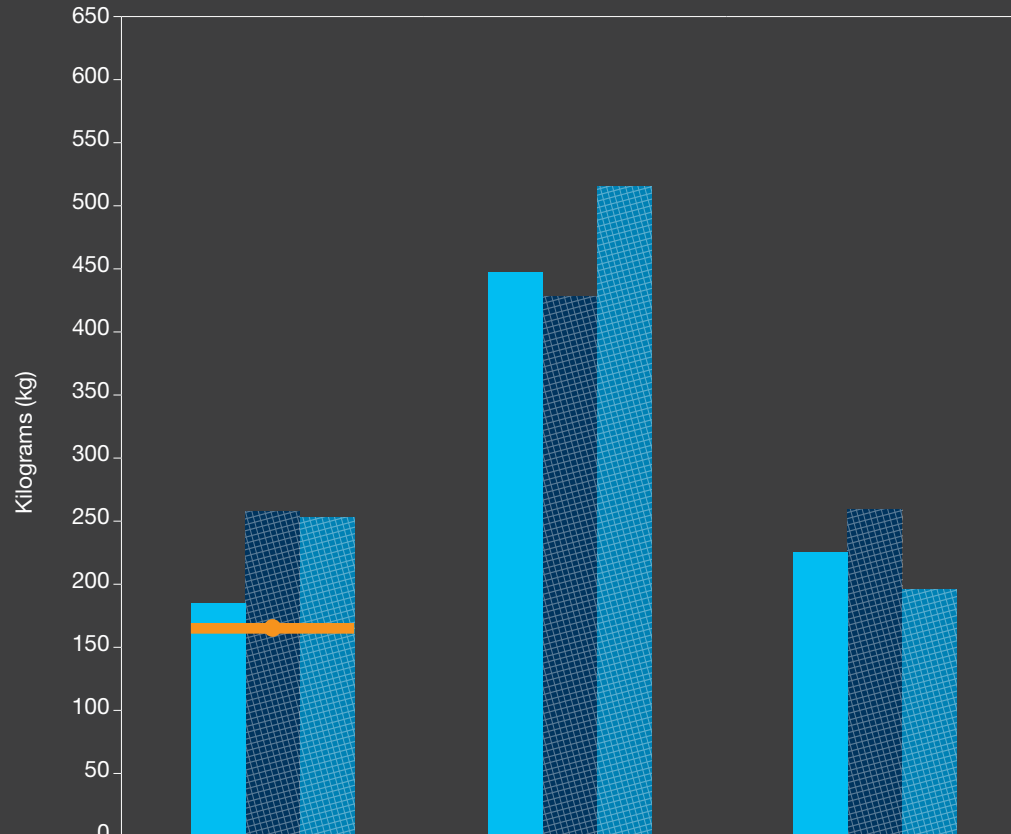
AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of \$86,496,000 (excluding depreciation)  
 Waste Management expenditure of \$9,045,000

## HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPI: Kilograms of residential waste to landfill per head of population



	Kg of residential waste to landfill	Kg of commercial waste to landfill	Kg of waste diverted from landfill
2014/15	186.60	458.05	226.65
2015/16	258.63	424.18	260.54
2016/17	253.0	518.2	197.3
Target for residential waste (as of 2016/17)	160kg	-	-



The target applicable to this KPI is for residential waste only, and applies from 2014/15.

Levels of residential waste sent to landfill have decreased this year due to the issues last year with recycling glass over a two month period. From 2014/15 we have seen a lift which aligns with the growth in our population.

Commercial waste to landfill has increased as a result of increased commercial activity, particularly in the building sector and the inclusion of Wakatipu glass which was previously diverted.



# WHY SHOULD YOU CARE?

HAAST-MAKARORA ROAD

THE RELATIVE TOURISM IMPORTANCE IN DOLLARS OF THE HAAST-MAKARORA ROAD IS EQUIVALENT TO THAT OF THE AUCKLAND HARBOUR BRIDGE, YET THE ANNUAL VOLUME ON THE ROAD IS LESS THAN 1% OF THE BRIDGE.

AUCKLAND HARBOUR BRIDGE



# WHAT WE ACHIEVED

QLDC met the transport and roading benchmarks set for most of the DIA measures. These relate to the smoothness of the road and the percentage resurfaced annually. Satisfaction with roads and footpaths is consistent year on year. It is likely that traffic issues within the Wakatipu Basin are negatively influencing perception of performance in this field and our ability to meet our satisfaction targets. Further information can be found in the full Annual Report.

## HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPI: Annual cost per km to maintain and operate a) sealed roads b) unsealed roads

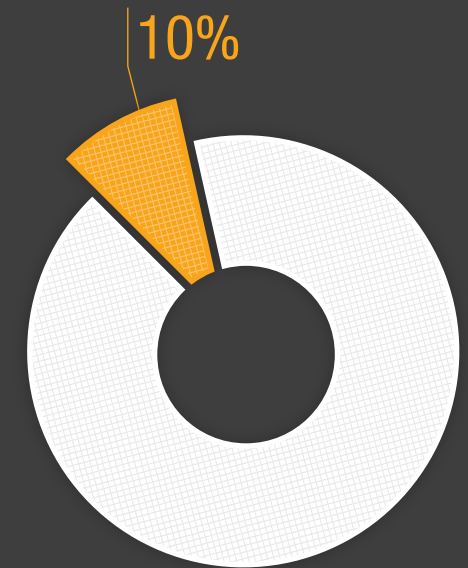
Year	Result	Target	Commentary
<b>A) SEALED ROADS</b>			
2014/15	\$165.50	<\$129 per km	Sealed road costs were over the target of \$129 per km due to additional budget being made available by the New Zealand Transport Agency. Actual expenditure was under the total budget by 5%.
2015/16	\$214.55		
2016/17	\$164.75		
<b>B) UNSEALED ROADS</b>			
2014/15	\$84.44	<\$85 per km	Unsealed road costs were over the target of \$85 per km due to additional budget being made available by the New Zealand Transport Agency for 2016/17. Actual expenditure was over budget by 7%.
2015/16	\$98.37		
2016/17	\$110.22		

Stage one of Hawthorne Drive (Eastern Access Road) was opened

Removal of parking between the Shotover Bridge and Kawarau Falls Bridge has enhanced safety and attractiveness of this highway

Partnership with Queenstown Airport for a new Park and Ride facility

AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of \$86,496,000 (excluding depreciation)  
**Transport expenditure of \$9,066,000**



# WHY SHOULD YOU CARE?

IF YOU BORROWED ONE ITEM A WEEK, IT WOULD TAKE YOU

**2164 YEARS**

TO READ YOUR WAY THROUGH ALL THE BOOKS IN OUR LIBRARIES

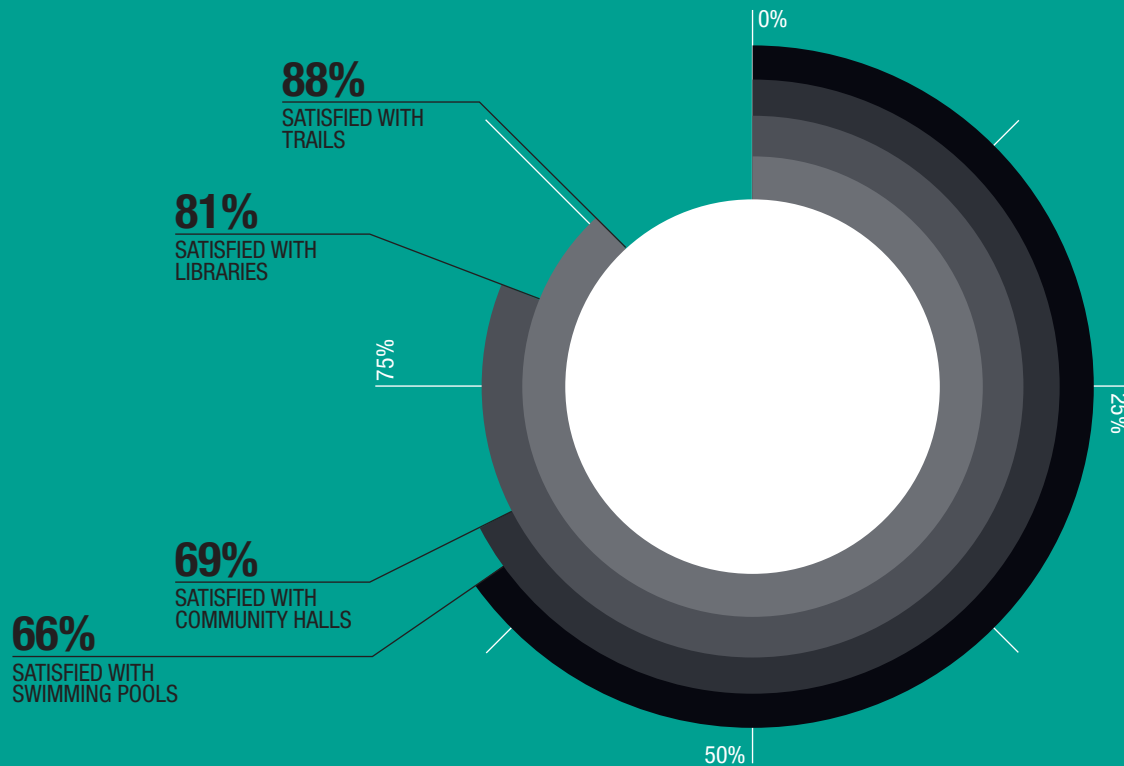
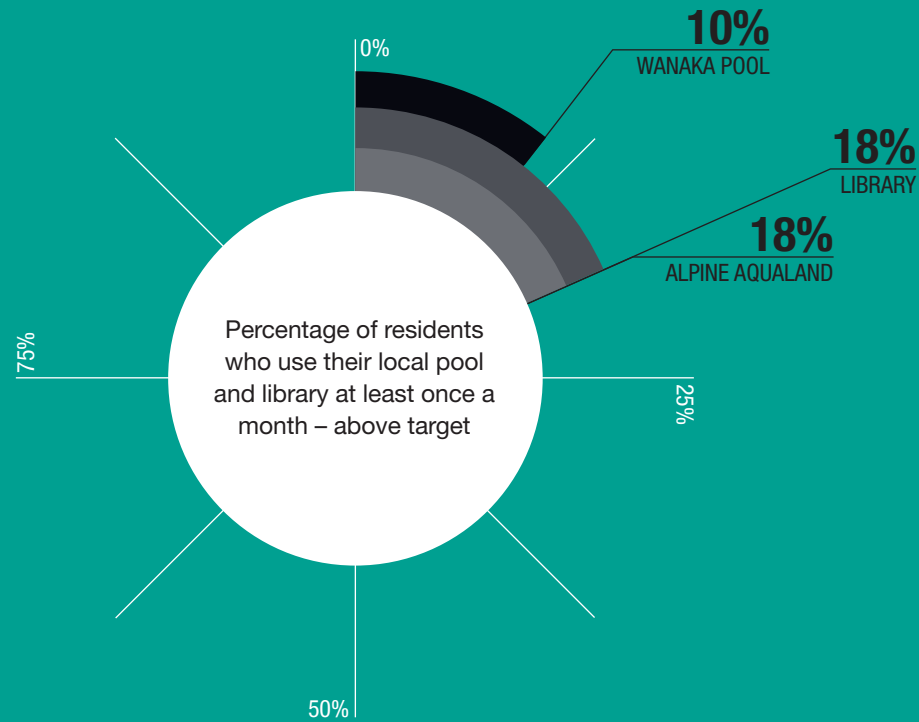


# WHAT WE ACHIEVED

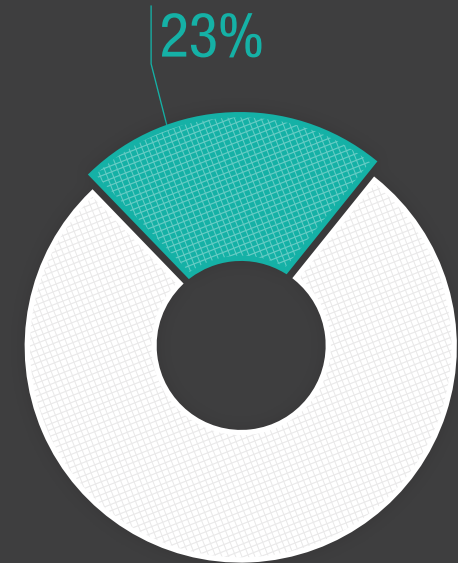
Resident and ratepayers' satisfaction across all community services remained reasonably high and all have increased from the previous year's results.

Alpine Aqualand Swim School programme continues to grow

Trail usage continues to increase with a 5% lift this year



## AS A PERCENTAGE OF TOTAL EXPENDITURE

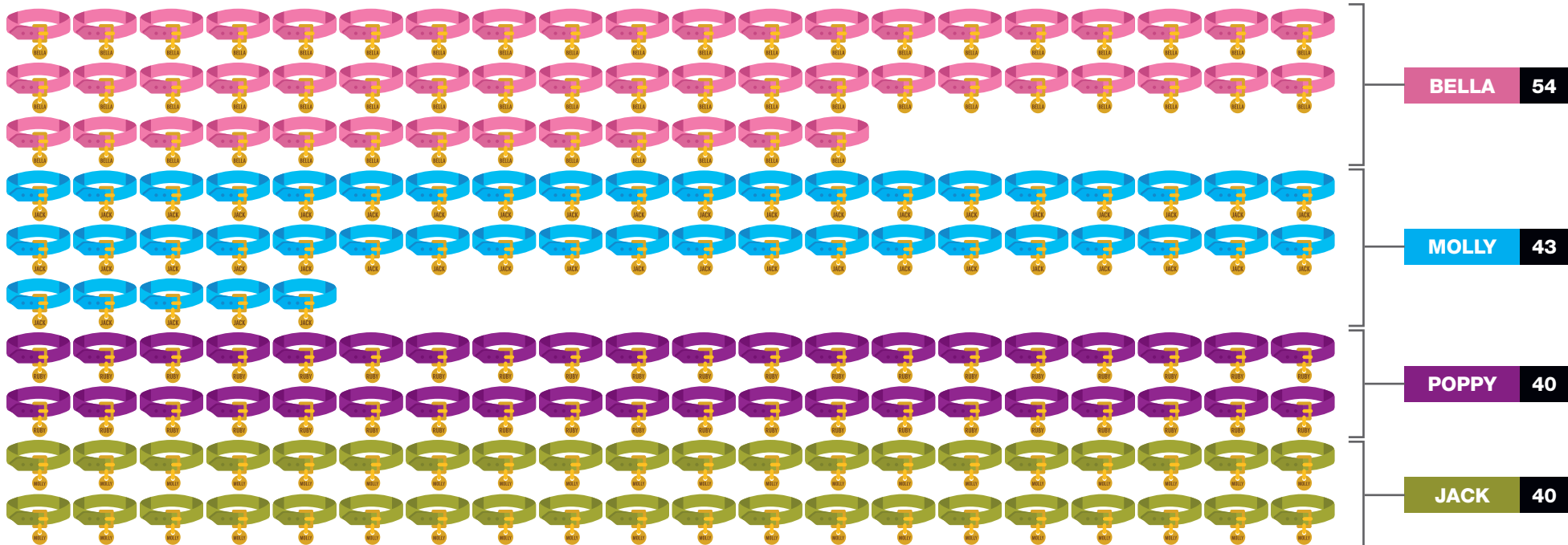


Total operating expenditure of \$86,496,000 (excluding depreciation)  
Community expenditure of \$20,382,000



## WHY SHOULD YOU CARE?

WE HAVE  
**4541**  
REGISTERED DOGS. THE MOST COMMON DOG'S NAME IS BELLA – WE HAVE 54 OF THEM REGISTERED, CLOSELY FOLLOWED BY MOLLY AT 43 AND JACK AND POPPY AT 40 EACH



# WHAT WE ACHIEVED

Freedom Clamping a compelling deterrent

Increased resources for parking and animal enforcement

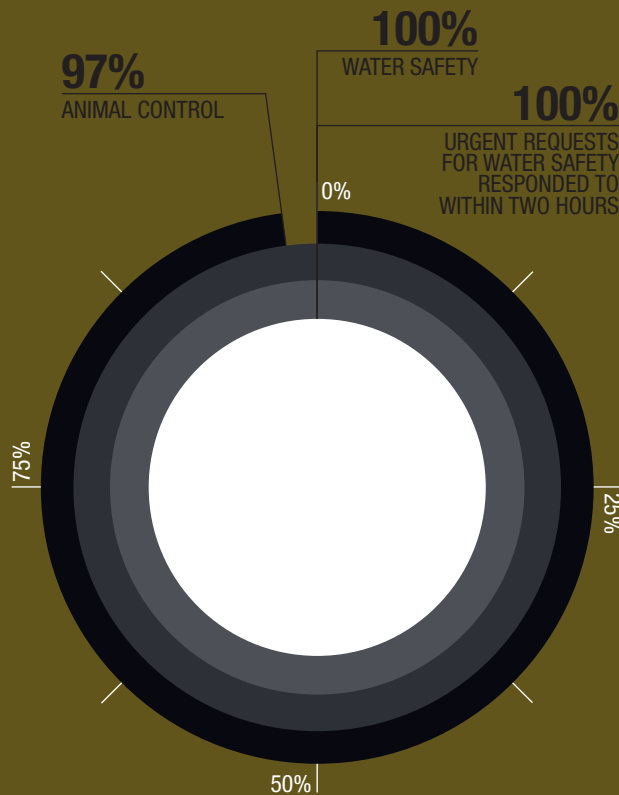
Launched online payment facilities for dog registration

All high and very high risk liquor premises have been inspected at least quarterly this year

## HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

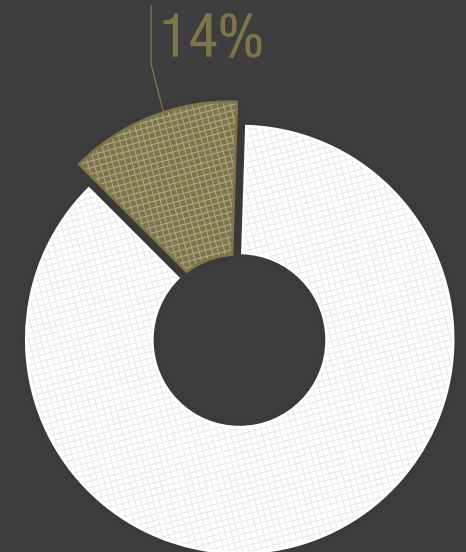
KPI: Percentage of building consents issued within statutory timeframe

Year	Result	Target	Commentary
2014/2015	96%	100%	2016/17 has remained challenging with the number of building consent applications being received increasing by a further 2% (20% in 2015/16). All corrective actions with IANZ have now been closed and strong progress in process improvement has been made. This will improve our performance and meeting of our statutory timeframe targets.
2015/2016	73%	100%	
2016/2017	81%	100%	



International Accreditation New Zealand (IANZ) is the statutory body that accredits Building Control Authorities. Following a mandatory bi-annual assessment by IANZ in April 2016, ten corrective actions were issued and a special re-assessment was required in October 2016. At this re-assessment the Council demonstrated significant progress to improve its performance and had resolved the corrective actions, however three more corrective actions were identified at this time. These have now been resolved and strong progress has been made in 2017 to ensure the Building Control Authority continues to improve its performance and meet its statutory timeframes for issuing building consents. Reassessment by IANZ is due in October 2017.

## AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of \$86,496,000 (excluding depreciation)  
**Regulatory expenditure of \$12,068,000**



# WHY SHOULD YOU CARE?

LAKE HAWEA IS OUR DISTRICT'S DEEPEST LAKE AT  
**392M**

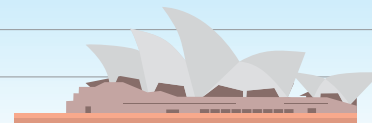
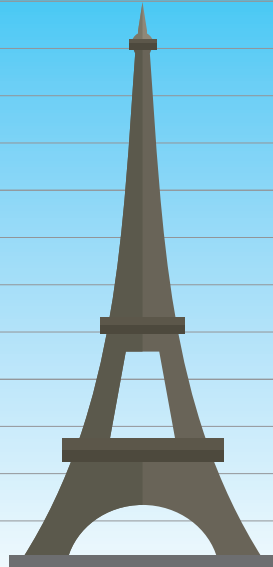
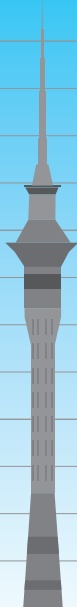
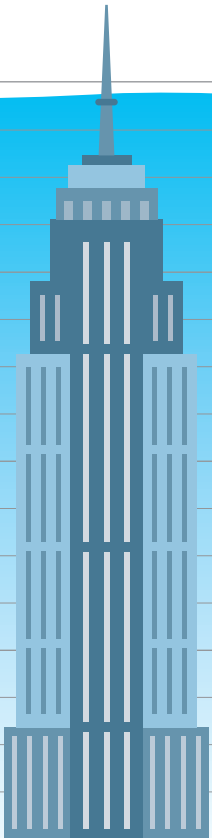
400m

300m

200m

100m

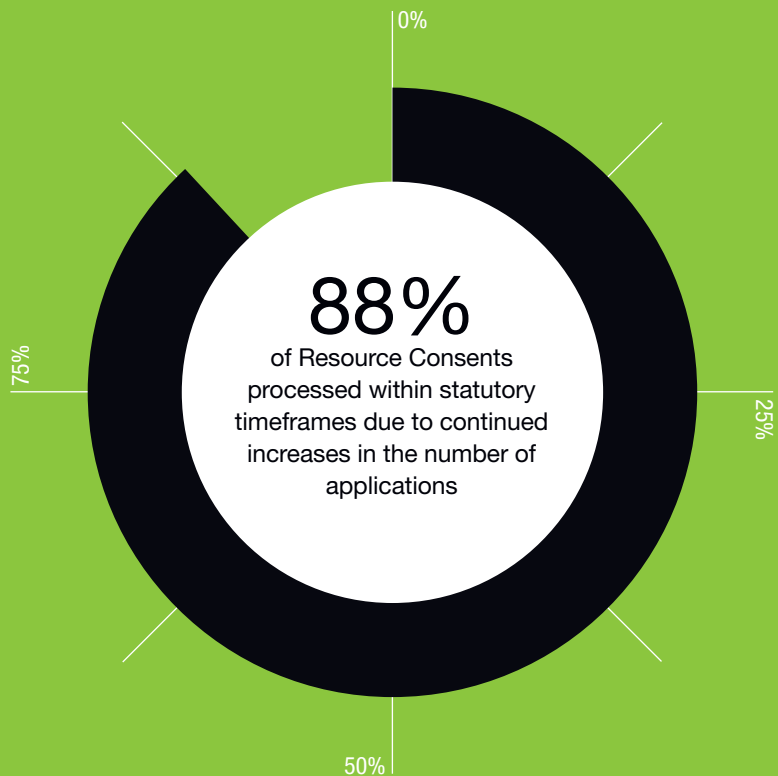
36





# WHAT WE ACHIEVED

Satisfaction with resource consents has reduced from 29% to 25%. Similarly, satisfaction with LIM reports has reduced by 3% to 40%.



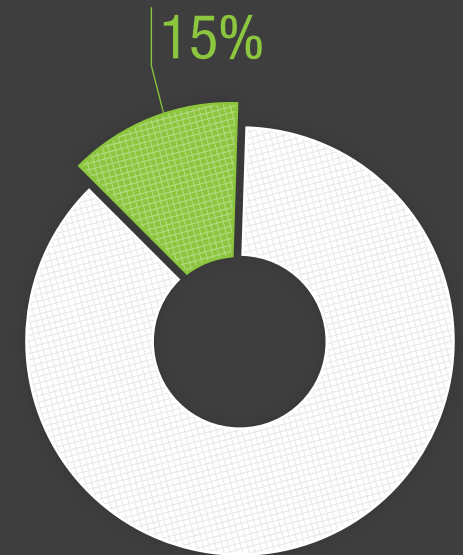
First stage of District Plan Review continued

Increase in Resource Consent monitoring

Cost of non-notified median consent was below the \$1875 target

Five resource consents granted for Special Housing Areas

## AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of \$86,496,000 (excluding depreciation)  
 Environment expenditure of \$13,307,000



# WHY SHOULD YOU CARE?

A RECORD  
**1.89M**  
PASSENGERS  
TRAVELLED THROUGH  
QUEENSTOWN  
AIRPORT LAST YEAR

THIS IS A  
**14.6%**  
INCREASE ON THE  
PREVIOUS YEAR



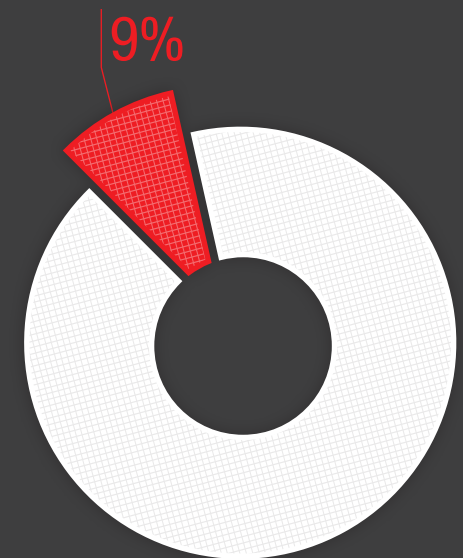
# WHAT WE ACHIEVED

A workshop was held with the business community to revisit the Economic Development Strategy. It was agreed that it was robust and a fund would be established in 2017/18

\$583,500 was allocated through the 2016/17 Annual Events Funding Round for events across the district

Film Otago Southland continues to build a strong reputation in the industry and in 2016/17 reported an increase in filming days of 9%

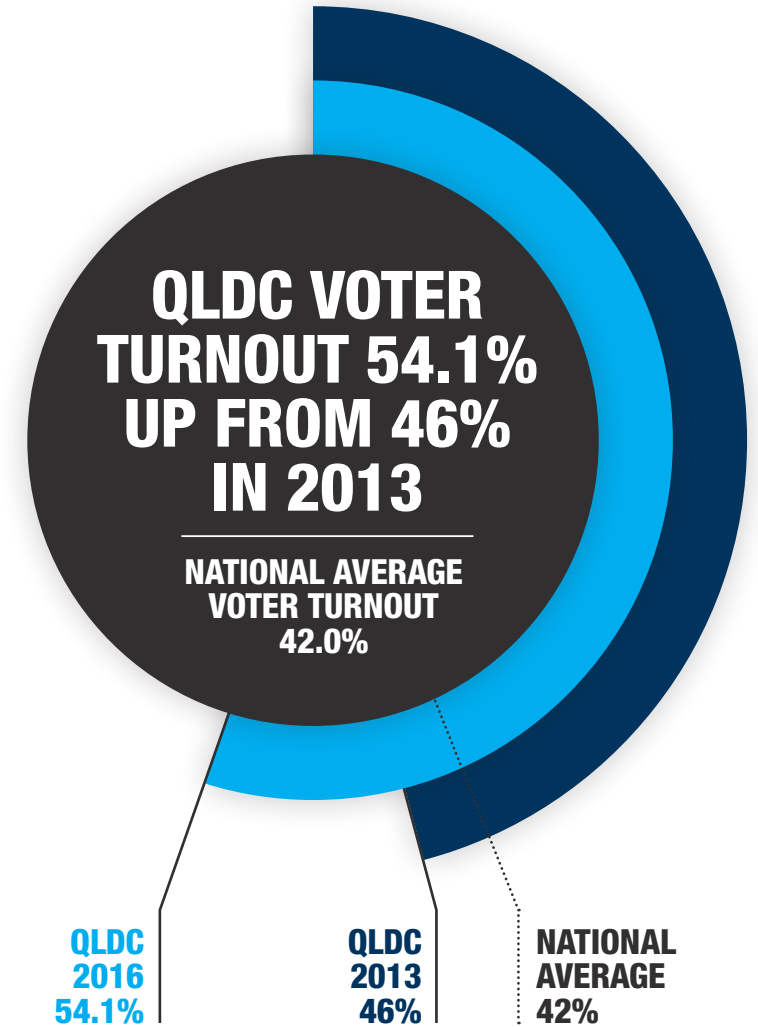
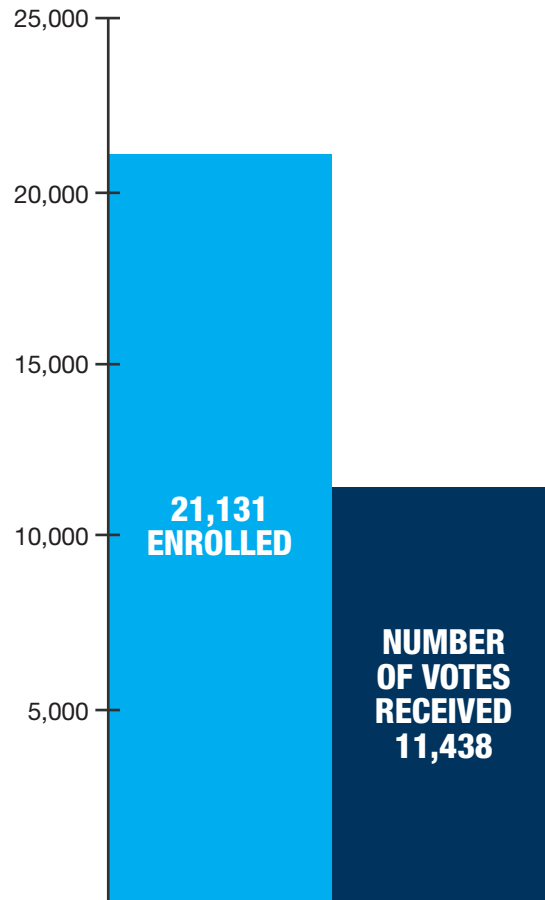
AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of \$86,496,000 (excluding depreciation)  
Economy expenditure of \$7,567,000



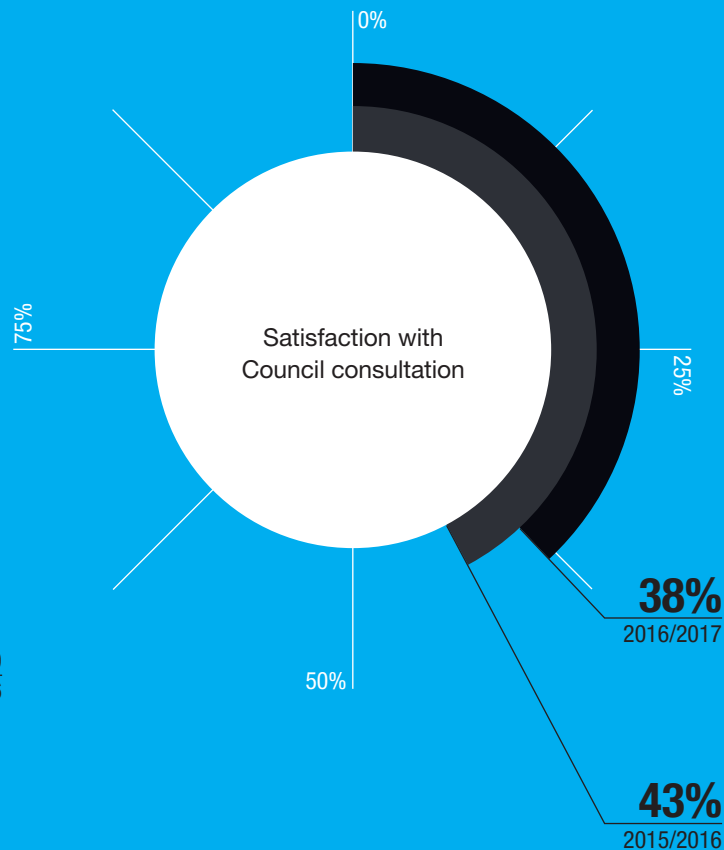
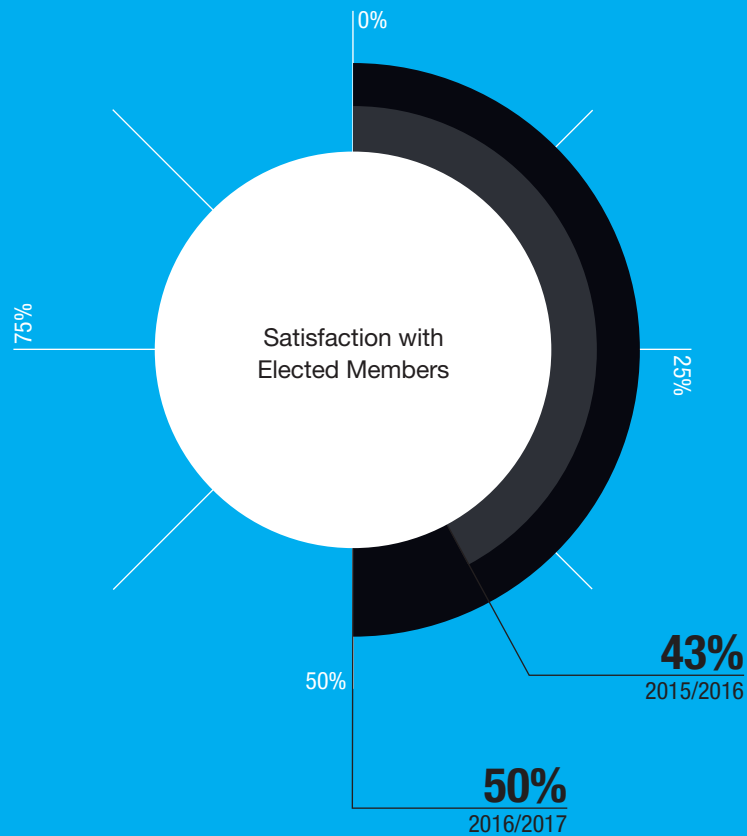
# WHY SHOULD YOU CARE?



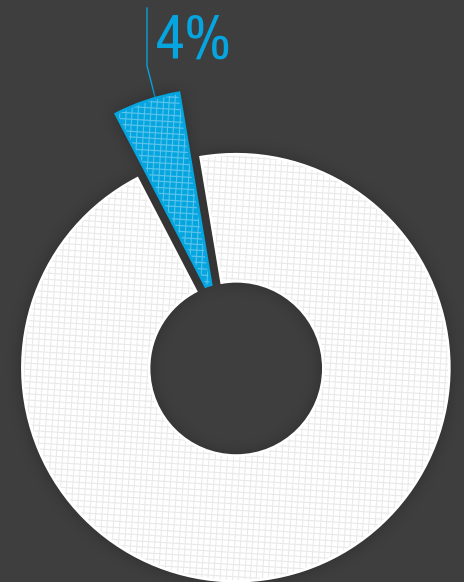
# WHAT WE ACHIEVED

Satisfaction with elected members increased by 7% and satisfaction with Council consultation decreased by 5%.

Further focus is needed to ensure we are creating an environment in which it is possible for everyone to have their say.



## AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of \$86,496,000 (excluding depreciation)  
Local Democracy expenditure of \$3,210,000



## WHY SHOULD YOU CARE?

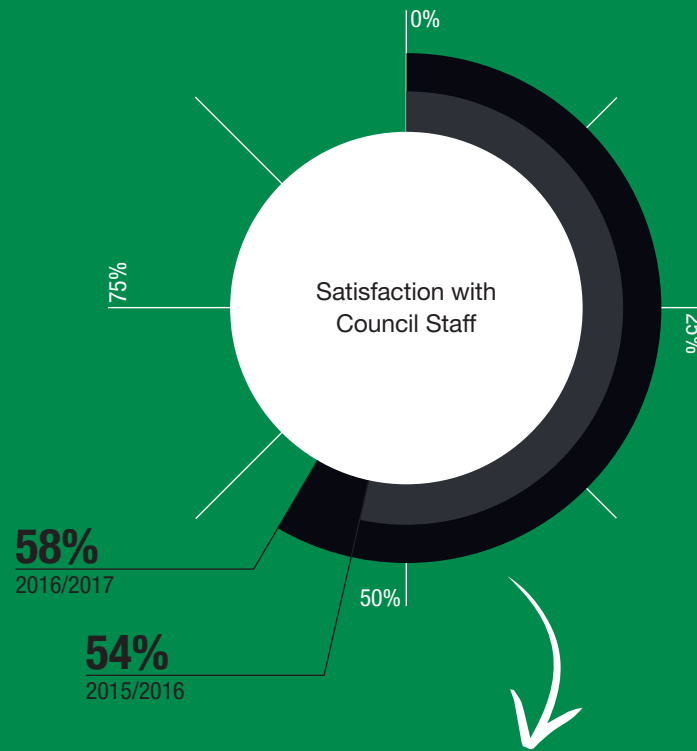
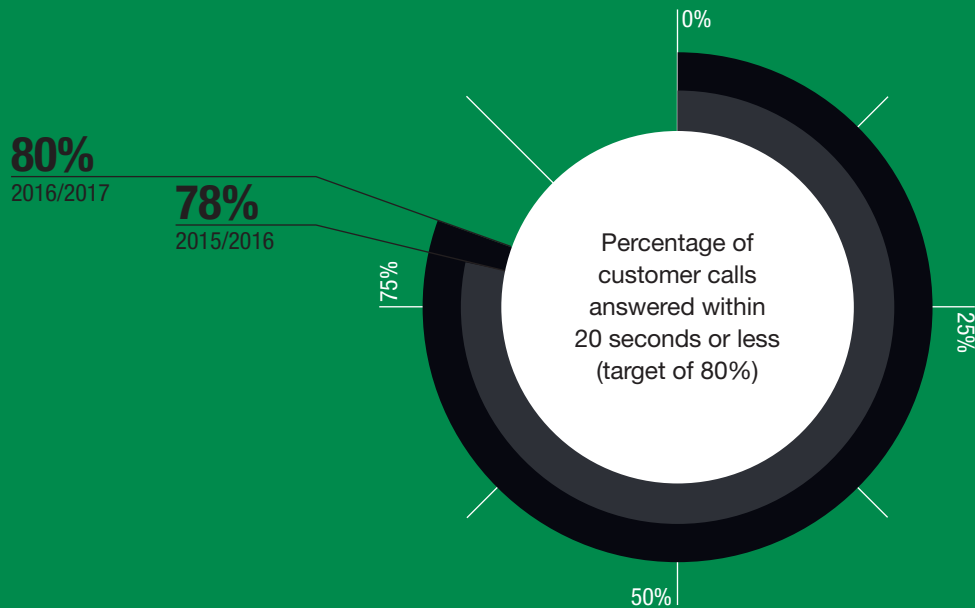
COUNCIL'S FINANCE TEAM PROCESSED  
**15,341 INVOICES**  
IN 2016/17, RANGING FROM RESOURCE AND  
BUILDING CONSENTS, VENUE HIRE, DEVELOPMENT  
CONTRIBUTIONS AND SUNDRY ITEMS

*INVOICE*



# WHAT WE ACHIEVED

This year, the Customer Services team has experienced reasonably high turnover, with staff moving into other career opportunities within the organisation. As such, the level of service has been put under pressure by the need to recruit quickly and train effectively. Despite these challenges our target of 80% was met.



Satisfaction with Council Staff has increased by 4% since last year but is below our target of 80%. This below target result can be attributed to a number of factors. Significant growth in the district has led to heightened dissatisfaction with pressurised infrastructure, including transport, traffic, parking and roading. In addition to this, ongoing dissatisfaction with the management of increasing visitor numbers and freedom campers is likely to have impacted community response to this KPI.

## COSTS INCLUDED WITHIN EACH AREA OF ACTIVITY

Investigation into one Queenstown Office for QLDC staff continued

A new data centre has been built, enhancing resilience and recovery

We launched our new internal map viewer

Introduced a new organisational training and development plan

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# SUMMARY FINANCIAL INFORMATION

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## Summary Statement of Financial Performance

	Council 2017 \$'000	Council Budget \$'000	Council 2016 \$'000	Group 2017 \$'000	Group 2016 \$'000
<b>For the financial year ended 30 June 2017</b>					
<b>Total revenue</b>	<b>176,293</b>	<b>124,661</b>	<b>143,401</b>	<b>209,830</b>	<b>170,191</b>
<b>Operating expenditure</b>					
Employee benefits expense	20,325	20,491	18,384	25,017	21,576
Depreciation and amortisation expense	22,393	23,007	22,077	29,715	27,626
Borrowing costs	3,771	9,178	4,565	5,723	5,698
Other expenses	62,400	50,496	58,981	69,526	64,902
<b>Total operating expenditure</b>	<b>108,889</b>	<b>103,172</b>	<b>104,007</b>	<b>129,981</b>	<b>119,802</b>
<b>Operating surplus before income tax and subvention receipt</b>	<b>67,404</b>	<b>21,489</b>	<b>39,394</b>	<b>79,849</b>	<b>50,389</b>
Subvention receipt	555	-	-	-	-
<b>Operating surplus before income tax</b>	<b>67,959</b>	<b>21,489</b>	<b>39,394</b>	<b>79,849</b>	<b>50,389</b>
Income tax expense	-	-	-	4,250	7,050
<b>Operating surplus for the year</b>	<b>67,959</b>	<b>21,489</b>	<b>39,394</b>	<b>75,599</b>	<b>43,339</b>
Operating surplus attributable to:					
- Council	67,959	21,489	39,394	72,398	41,349
- Non-controlling interest	-	-	-	3,201	1,990
	<b>67,959</b>	<b>21,489</b>	<b>39,394</b>	<b>75,599</b>	<b>43,339</b>

## Summary Statement of Other Comprehensive Revenue and Expense

	Council 2017 \$'000	Council Budget \$'000	Council 2016 \$'000	Group 2017 \$'000	Group 2016 \$'000
<b>For the financial year ended 30 June 2017</b>					
Surplus for the year	67,959	21,489	39,394	75,599	43,339
Other comprehensive revenue and expense	53,593	623	-	84,124	34,955
<b>Total comprehensive income</b>	<b>121,552</b>	<b>22,112</b>	<b>39,394</b>	<b>159,723</b>	<b>78,294</b>
Attributable to:					
- Council	121,552	22,112	39,394	148,891	67,568
- Non-controlling interest	-	-	-	10,832	10,726
	<b>121,552</b>	<b>22,112</b>	<b>39,394</b>	<b>159,723</b>	<b>78,294</b>

## Summary Statement of Financial Position

	Council 2017 \$'000	Council Budget \$'000	Council 2016 \$'000	Group 2017 \$'000	Group 2016 \$'000
<b>As at 30 June 2017</b>					
Total current assets	30,512	11,628	15,873	34,302	19,623
Total non-current assets	1,242,068	1,229,769	1,120,773	1,538,301	1,368,059
<b>Total assets</b>	<b>1,272,580</b>	<b>1,241,397</b>	<b>1,136,646</b>	<b>1,572,603</b>	<b>1,387,682</b>
Total current liabilities	49,694	65,694	33,930	57,427	38,931
Total non-current liabilities	76,764	113,783	78,146	138,959	130,692
<b>Total liabilities</b>	<b>126,458</b>	<b>179,477</b>	<b>112,076</b>	<b>196,386</b>	<b>169,623</b>
<b>Net assets</b>	<b>1,146,122</b>	<b>1,061,920</b>	<b>1,024,570</b>	<b>1,376,217</b>	<b>1,218,059</b>
Equity attributable to:					
Council	1,146,122	1,061,920	1,024,570	1,317,036	1,168,144
Non-controlling interest	-	-	-	59,181	49,915
<b>Total equity</b>	<b>1,146,122</b>	<b>1,061,920</b>	<b>1,024,570</b>	<b>1,376,217</b>	<b>1,218,059</b>



Jim Boulton  
Mayor  
26 October 2017



Mike Theelen  
Chief Executive  
26 October 2017

## Summary Statement of Changes in Equity

	Reserves	Accumulated Funds	Attributable to Equity Holders of Parent	Non-Controlling Interest	TOTAL EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Council</b>					
<b>As at 30 June 2017</b>					
Balance at 1 July 2016	465,989	558,581	1,024,570	-	1,024,570
<b>Total comprehensive revenue and expense for the year</b>	53,593	67,959	121,552	-	121,552
Transfers from/(to) accumulated funds	35,792	(35,792)	-	-	-
<b>Balance at 30 June 2017</b>	<b>555,374</b>	<b>590,748</b>	<b>1,146,122</b>	<b>-</b>	<b>1,146,122</b>
<b>As at 30 June 2016</b>					
Balance at 1 July 2015	446,632	538,544	985,176	-	985,176
<b>Total comprehensive revenue and expense for the year</b>	-	39,394	39,394	-	39,394
Transfers from/(to) accumulated funds	19,357	(19,357)	-	-	-
<b>Balance at 30 June 2016</b>	<b>465,989</b>	<b>558,581</b>	<b>1,024,570</b>	<b>-</b>	<b>1,024,570</b>
<b>Group</b>					
<b>As at 30 June 2017</b>					
Balance at 1 July 2016	571,659	596,485	1,168,144	49,915	1,218,059
<b>Total comprehensive revenue and expense for the year</b>	76,494	72,397	148,891	10,832	159,723
Dividends paid	-	-	-	(1,565)	(1,565)
Reclassification to accumulated funds	-	-	-	-	-
Transfers from/(to) accumulated funds	35,792	(35,792)	-	-	-
<b>Balance at 30 June 2017</b>	<b>683,945</b>	<b>633,091</b>	<b>1,317,036</b>	<b>59,181</b>	<b>1,376,217</b>
<b>As at 30 June 2016</b>					
Balance at 1 July 2015	526,117	574,458	1,100,575	40,477	1,141,052
<b>Total comprehensive revenue and expense for the year</b>	26,220	41,349	67,569	10,726	78,295
Dividends paid	-	-	-	(1,288)	(1,288)
Reclassification to accumulated funds	(35)	35	-	-	-
Transfers from/(to) accumulated funds	19,357	(19,357)	-	-	-
<b>Balance at 30 June 2016</b>	<b>571,659</b>	<b>596,485</b>	<b>1,168,144</b>	<b>49,915</b>	<b>1,218,059</b>

## Summary Statement of Cash Flows

	Council 2017 \$'000	Council Budget \$'000	Council 2016 \$'000	Group 2017 \$'000	Group 2016 \$'000
<b>For the financial year ended 30 June 2017</b>					
Net cash inflow/(outflow) from operating activities	40,512	33,998	41,788	55,184	54,211
Net cash inflow/(outflow) from investing activities	(55,973)	(82,040)	(28,496)	(77,076)	(50,665)
Net cash inflow/(outflow) from financing activities	16,778	48,042	(25,490)	23,203	(15,093)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,317</b>	<b>-</b>	<b>(12,198)</b>	<b>1,311</b>	<b>(11,548)</b>
Cash and cash equivalents at the beginning of the financial year	5,009	336	17,207	5,930	17,478
<b>Cash and cash equivalents at the end of the financial year</b>	<b>6,326</b>	<b>336</b>	<b>5,009</b>	<b>7,241</b>	<b>5,930</b>

The accounting policies and notes form part of and should be read in conjunction with these financial statements.

## Accounting Policies

The financial statements are presented in thousands of New Zealand dollars. New Zealand dollars are the Council and Groups' functional currency.

The 2016/17 annual report has been audited and gained an unqualified opinion, which means the report has met the requirements of the Local Government Act 2002.

This summary annual report has been examined by the auditor for consistency with the full annual report. The auditor's report is included with this summary. The Council's full annual report has complied with NZ GAAP and stated explicitly that it complies with Public Benefit Entity (PBE) Standards for Tier 1 entities. The summary annual report complies with FRS 43 – Summary Financial Statements and PBE Standards as they relate to summary financial statements.

## Subsequent Events

### Queenstown Airport Corporation Ltd (QAC)

On 22 August 2017 the QAC Board resolved to pay a final dividend for the year ended 30 June 2017 of \$0.3841 per share, resulting in a dividend of \$6,169,007 (2016: \$5,264,124). QLDC's share of this was \$4,627,372 (2016: \$3,948,619).

## Contingent Liabilities

### Council - Legal Claims

QLDC has been joined as a party in legal claims which relate to alleged weathertightness building defects. Claims are dealt with on a case by case basis. QLDC's liability in relation to these claims has not been established and it is not possible to determine the outcome of the claims at this stage. A loss provision has been recognised based on current knowledge and historic settlement of claims. Note that any claims received subsequent to 30 June 2009 are not covered by insurance. Other claims covered by insurance are subject to a cap as to the level of cover provided. A significant degree of estimation has been involved to calculate the provision. As a result QLDC may be subject to further liability that is not currently recognised.

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Queenstown Lakes District Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 1 of which is located within the Queenstown Lakes District. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF QUEENSTOWN LAKES DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT

#### FOR THE YEAR ENDED 30 JUNE 2017

The summary of the annual report was derived from the annual report of the Queenstown Lakes District Council (the District Council) and its subsidiaries and controlled entities (the Group) for the year ended 30 June 2017.

The summary of the annual report comprises the following summary statements on pages 14 to 48:

- the summary statement of financial performance as at 30 June 2017;
- the summaries of the statement of financial performance, statement of other comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2017;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance of the District Council and Group;

#### **Opinion**

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

#### **Summary of the annual report**

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.



## **The full annual report and our audit report thereon**

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2017 in our auditor's report dated 26 October 2017.

## **Council's responsibility for the summary of the annual report**

The Council is responsible on behalf of the Group for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

## **Auditor's responsibility**

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of assurance services relating to reporting under trust deed, a registry audit, and a regulatory disclosure audit. We have also provided tax compliance, information technology services and workshop facilitation. Other than these engagements we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



B E Tomkins  
for Deloitte Limited  
On behalf of the Auditor-General  
Dunedin, New Zealand



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# THERE IS SO MUCH MORE WE WANT TO TELL YOU

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Read the full Annual  
Report 2016–2017 at  
[www.qldc.govt.nz](http://www.qldc.govt.nz)