Annual Report

2015/2016

QUEENSTOWN LAKES DISTRICT COUNCIL

Contents

Section 01:Overview

Chief Executive's Report

The Queenstown Lakes District continues to experience a period of sustained growth. This is reflected in our increasing population, visitor numbers, land prices, housing and accommodation costs and in the demand for infrastructure and public services. The Annual Report reflects the activities the Council has undertaken in the last 12 months to meet the challenges of this expansion, while maintaining prudent stewardship of the community's finances and assets.

This year we have introduced two new sets of performance measures. The first assesses our performance against national criteria set by the Department of Internal Affairs. The second provides consistent measures across all the local authorities in Otago. Together with the results of our annual residents and ratepayers survey, these measures provide new levels of accountability to our community. You will find these reported against our KPIs throughout the Annual Report.

The 2010 amendments to the Local Government Act 2002 encourage councils to focus on core services. These include roading, water, stormwater and sewerage networks; solid waste and recycling; avoiding and mitigating natural hazards; and community infrastructure such as libraries, pools and sports grounds.

In the past year we accelerated progress on the upgrade of Project Shotover to bring forward the completion of Stage One to December 2016. Project Shotover treats the sewage and wastewater from most communities in the Wakatipu. The upgrade increases the plant's capacity and provides a higher standard of treatment, ensuring that discharges meet the standards required by our resource consents.

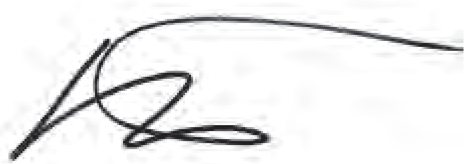
The other major capital project that was brought forward in 2015-16 was the construction of the Wanaka Recreation Centre, which opened in July and provides high quality indoor sports facilities for Wanaka and the whole Upper Clutha community. Sports fields and outdoor courts will be added to the complex progressively. New swimming facilities including Wanaka's first dedicated learn-to-swim pool are being built alongside and will be open in 2017 to replace the aged community pool in Plantation Road, which is reaching the end of its life.

QLDC has sharpened our focus on transport and roading over the past 12 months, in response to increasing community expectations that congestion and parking issues will be addressed more quickly than provided for in the 10-Year Plan. Projects begun or completed in 2015-16 include finalising the route of the new Eastern Access Road around Frankton Flats to take pressure off the BP Roundabout; changes to car parking in Frankton and Central Queenstown; discouraging campervans from entering inner-Queenstown streets; a trial pedestrianisation of Upper Beach St; and commissioning two sets of traffic lights replacing roundabouts in central Queenstown. Some of these projects were undertaken in partnership with the New Zealand Transport Authority.

Providing housing is not one of our core services, yet our community is looking to QLDC for leadership and direction on the availability and cost of accommodation in many parts of our district. The review of the District Plan is addressing some of the constraints on development, while maintaining provisions to protect the landscapes and features that are significant and special to our communities. QLDC also has a Housing Accord with the Government, aimed at facilitating new housing developments to increase the supply of homes in the Wakatipu area.

We faced well-publicised challenges in the area of building control during the year, mostly arising from the continued growth in building and development across the district and a national shortage of qualified building inspectors. A routine audit by IANZ showed we were not meeting all the standards required of us as an accredited Building Control Authority, and 19 corrective actions were identified. These included reducing the length of time taken to process consent applications; improving systems and processes; more staff training; updating forms and checklists; and better record keeping. QLDC committed to making all the necessary improvements and we have retained our accreditation, with a further audit scheduled for October 2016.

The adoption of this Annual Report is the final act of the outgoing Council. I would like to acknowledge the contribution of the elected representatives on both the Council and the Wanaka Community Board, as well as the Council's staff whose efforts are reflected in the strong and effective services and facilities that the Council continues to deliver to the Queenstown Lakes community.



Mike Theelen
Chief Executive
Queenstown Lakes District Council

QLDC Financial Results at a glance 2015/16

The Council recorded a surplus of $39.4m for the year. This is up from the $30.3m surplus recorded last year and against the budget of $26.7m. The main reasons for the higher surplus, which is not profit, are related to higher revenue ($3.0m) to budget, $9.3m of unrealised net gains on revaluation of Council assets and $15.0m of realised gain on sale of Council development property. Operating revenues were above budget by 2.6% for the year ended 30 June 2016. This was above the estimate by $3.0m.

The following major items contributed to this variance:

- Increased user charges of $5.9m of which $2.2m is directly related to the increase in development activity within the district. This increased revenue from consents, regulatory activities and solid waste offsets increased costs in these areas.
- Increased development contributions of $1.2m also related to the increase in development activity within the district.
- Vested Assets were $1.4m above budget for the year; this a non-cash item and relates to the value of assets transferred to Council via the subdivision process.
- Roading subsidy for capital works was $6.4m under budget for the year, mainly as a result of reduced roading capital expenditure due to the timing of some projects, e.g. Eastern Access Road at Frankton Flats.

The surplus includes the following:

- $9.3m of unrealised gains relating to the annual revaluation of Council owned investment property. This follows a 2015 value gain of $7.66m.
- $15.0m realised gain on sale of Council owned development property in Wanaka. This property had been earmarked for development and sale by Council in May 2006.
- $1.5m of unrealised losses as a result of the revaluation of interest rate swaps as at 30 June 2016.

Operating expenditure was $13.4m (14.8%) over budget for the year ended 30 June 2016. 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:

- Staff related costs for the year were $481k higher than budget mainly due to increased resourcing in Planning and Development. This has mostly been offset by additional revenue relating to increased activity in building consents.
- Depreciation expense for the year is $1.4m higher than budget. This is due to the amortisation of software ($411k) and the higher than expected vested assets for the last two years.
- Interest expense for the year is $2.7m 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 $1.1m above budget for the year, mainly as a result of an increase in on-chargeable consultant costs related to consents.
- Costs for road maintenace were $1.2m above budget for the year, mainly as a result of snow clearing work required in winter 2015.
- Increased costs of $1.1m for handling larger than expected volumes of solid waste for the year.
- Expenditure of $1.4m reflecting the 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 borrowing. The following items contributed to this variance:

- Capital expenditure was below estimate by $14.4m for the year ended 30 June 2016.
- This relates mostly to timing differences for the following large projects: Frankton Flats Eastern Arterial Road (2015/16 Budget of $4.1m - project now programmed for 2016/17); Queenstown Convention Centre (2015/16 Budget of $2.2m - project now on hold); and Wanaka Aquatic Centre (2015/16 Budget of $6.8m - project now programmed for 2016/17).
- Reduced capital expenditure in 2015/16 and 2014/15, as well as the sale of the Scurr Heights land, results in borrowings that are $44.5m below forecast. Total debt as at 30 June 2016 is $75.9m compared to a forecast of $120.4m.

STATEMENT OF CHANGES IN EQUITY

Accumulated differences between actual and budgeted net surpluses as described above for 2016, as well as the impact of the investment property revaluation and reduced borrowings, has resulted in an equity variance of $17.6m 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 $12.5 million below estimate; sale of development property was $15.3m above estimate and net borrowings were consequently around $25.2 million less than expected.

Financial Strategy

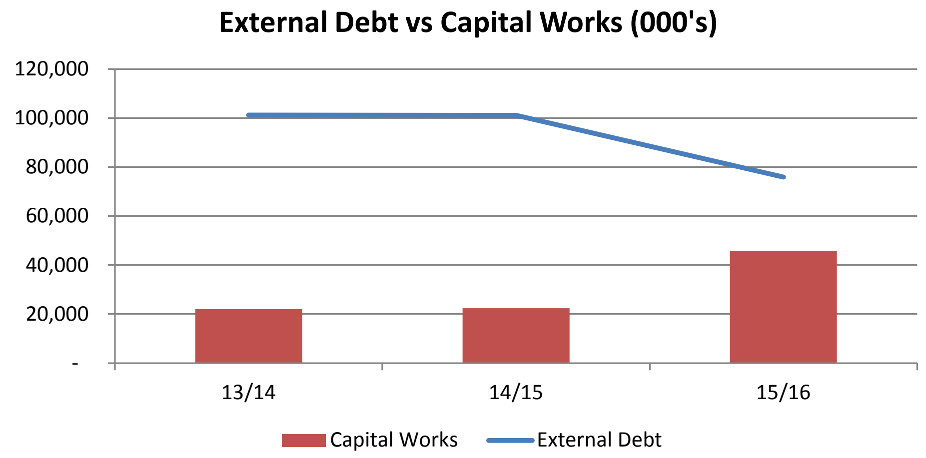
The Financial Strategy must show prudent financial management by our Council and act as a guide when we make big funding decisions. It also outlines how the Council will tell the story about projects so that the community can understand the implication of big decisions on areas such as rates, debt and investments. The strategy is contained in full in Volume 2 (pp 11-17) of the 2015 10-Year Plan 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 or increased levels of service).
- Debt levels maintained at prudent levels (within Borrowing Limits).
- Debt levels at the end of the 10 year period have stabilised and provide sufficient financial flexibility for future Councils.
- The continued provision of excellent service within financial constraints.

REPORTING BACK ON FINANCIAL STRATEGY

Capital Programme

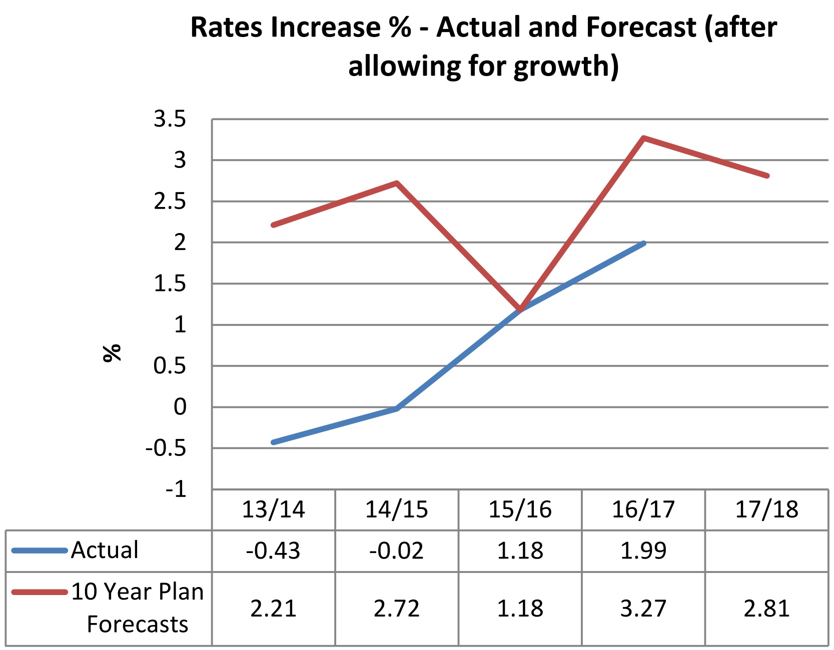


The graph above shows that the actual spend on capital projects has increased significantly for the 2015/16 year compared to the past 2 years. This is the result of good progress on major projects including Project Shotover and the Wanaka Recreation Centre.

RATES

The graph below shows the actual rates increases over the past 3 years compared to the increases forecasted in the 10-Year Plan. The total rates for 2015/16 are in line with the forecast amount. The rates for 2016/17 have been set at $62.5m compared to the forecasted amount of $62.7m in the 2015 10-Year Plan. The increase is 1.99% (after allowance for growth) compared to the forecast 3.27%.

The larger increases for 2016/17 reflect the impact of major new facilities including Project Shotover in Queenstown and the Wanaka Recreation Centre. Both of these projects represent significant increases to current levels of service and consequently increased costs.



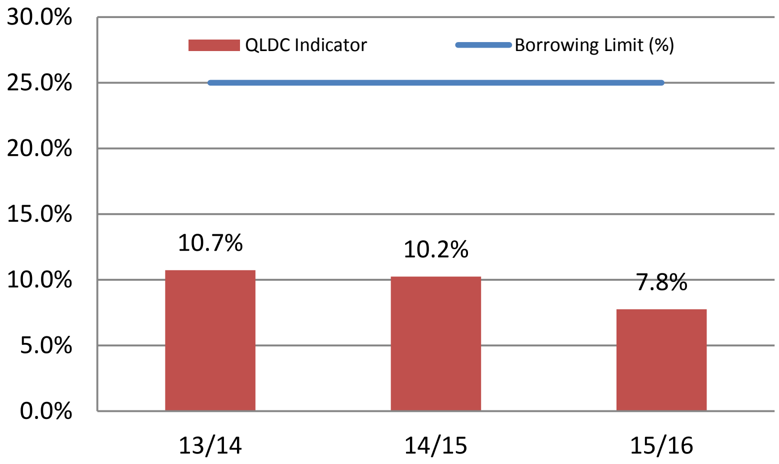
DEBT LEVELS

Council will need to borrow in order to deliver the large capital programme included in the 10-Year Plan. 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 2016 was $76m; this is $25m less than June 2015 and $44.5m less than the amount forecast in the 2015 10-Year Plan.

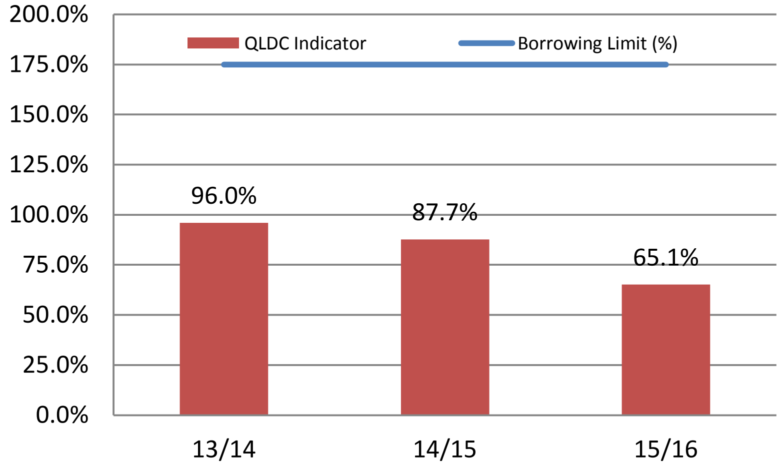
The actual and proposed levels of debt are now within all of the Council's self-imposed borrowing limits:

Borrowing Limits (%)	Actual 2013/14	Actual 2014/15	Actual 2015/16	Forecast 2015/16
Interest Expense/Rates < 25%	10.7%	10.2%	7.8%	12.2%
Interest Expense/Total Revenue < 15%	5.6%	5.0%	3.8%	6.1%
Net Debt/Total Revenue < 200%	96.0%	87.7%	65.1%	101.4%
Net Debt/Total Equity < 20%	10.7%	10.4%	7.6%	12.0%

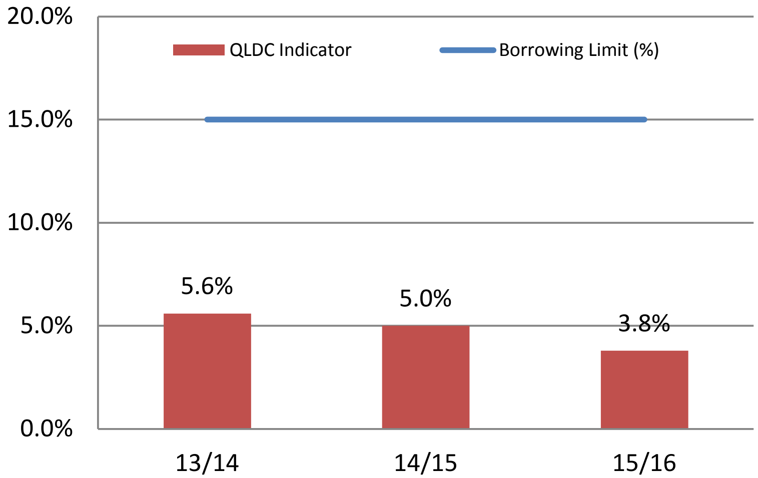
Interest Expense / Rates Revenue



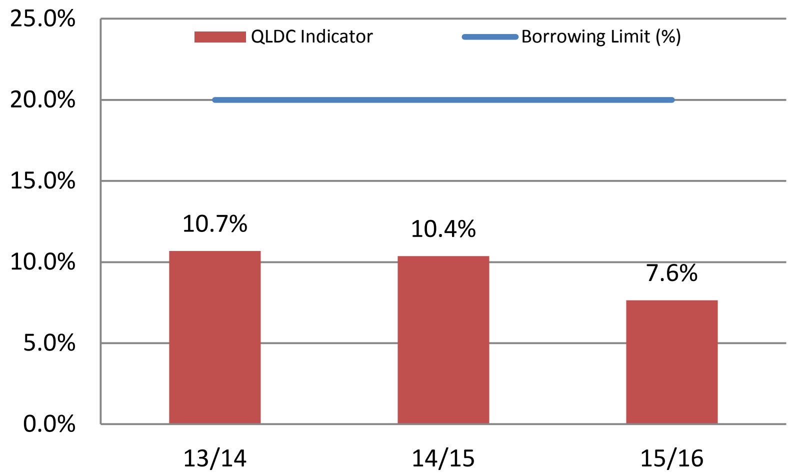
Net Debt / Total Revenue



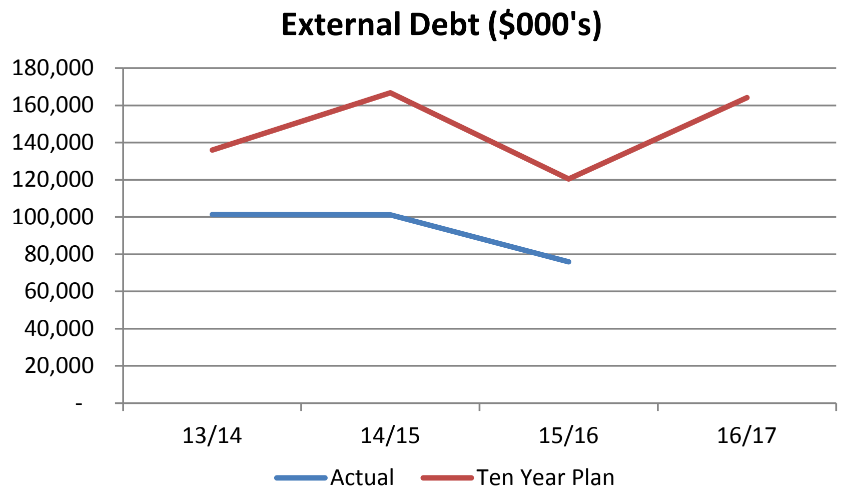
Interest Expense / Total Revenue



Net Debt / Equity



The following graph shows the forecast debt levels compared to actual debt levels up to 2015/16. As can be seen, actual debt levels are significantly reduced. The total debt as at 30 June 2016 is $76m, which is $44.5m less than forecast in the 2015 10-Year Plan.



This is due to reduced capital spending as previously explained; increased debt repayments and the recent sale of Scurr Heights development land.

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

CAPITAL WORKS 2014/15

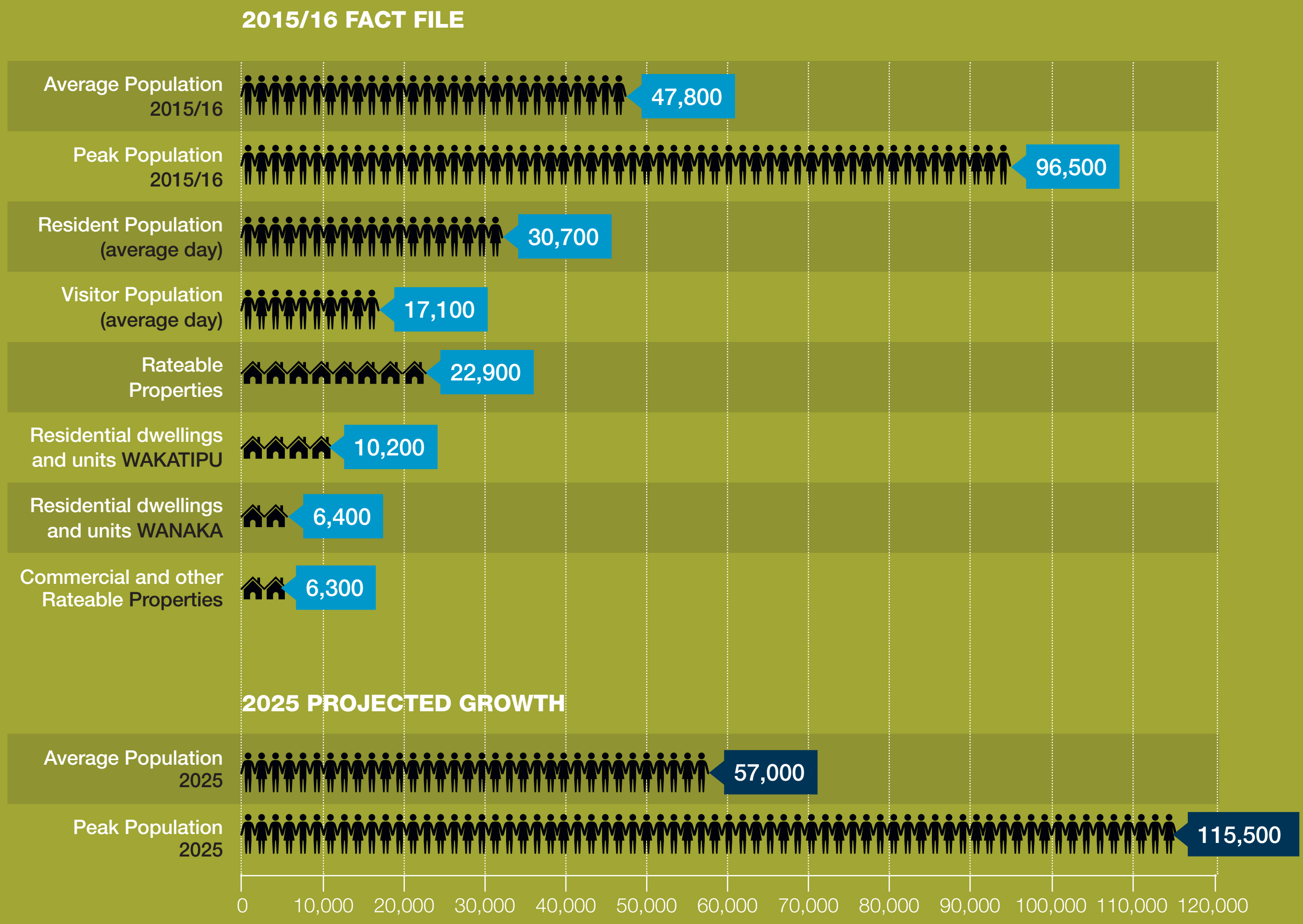
Notable infrastructure projects that have been substantially advanced or completed during the 2015/16 financial year:

Project	Cost at Year End 2016 ($)
Project Shotover (2015/16 Costs)	16,536,559
Wanaka Recreation Centre (2015/16 Costs)	8,829,415
Frankton Flats / Glenda Drive (2015/16 Costs)	1,610,051
Wanaka Aquatic Centre	1,419,028
Hawthorne Drive / Eastern Access Rd (2015/16 Costs)	1,245,553
Frankton Flats Stormwater - Construction (2015/16 Costs)	867,213
Wakatipu - Sealed road resurfacing	730,317
Land Purchase - Wanaka - Reserve	706,811
Albert Town Ring Main	696,206
Wanaka - Sealed road resurfacing	684,652
Wanaka Wastewater - Aubrey Road East	620,828
Wakatipu - Unsealed road metalling	584,091
Wanaka - Unsealed road metalling	570,086
Glenorchy - Sealed road resurfacing	451,162
Frankton Flats Water Supply - Construction (2015/16 Costs)	399,407

The following carry-forward projects (>$120k) are scheduled for completion in 2016/17 and were approved by Council in August 2016:

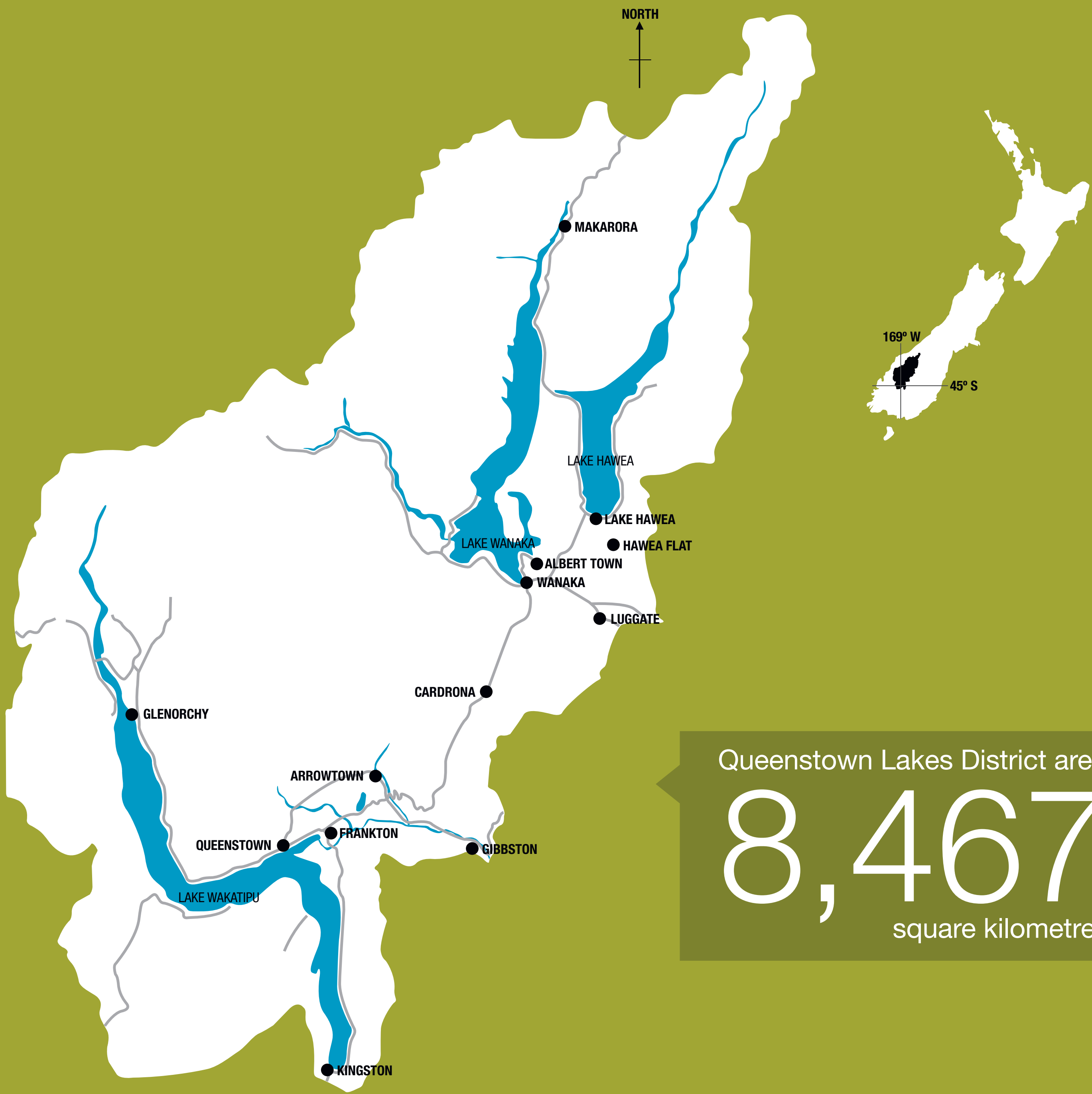
- Project Shotover ($4m)
- Eastern Access Road including 3 Waters ($2.9m)
- Wanaka Aquatic Centre ($5.4m)
- Wanaka Recreation Centre ($3.2m)
- Convention Centre ($2.8m)
- Andrews Road Safety Improvements ($270k)
- Albert Town Ring Main ($233k)
- Mt Aspiring Road booster to address firefighting capability ($229k)
- Wanaka Lakefront Reclamation ($209k)
- Atley Rd Extension ($205k)
- Arrowtown Athenaeum Hall Seismic Strengthening ($203k)
- Cardrona New Water Supply Scheme ($202k)

Fact file



Source: Queenstown Lakes District Growth Projections for 2015

DISTRICT MAP



Queenstown Lakes District area

8,467

square kilometres

Delegated Responsibilities as at 30 June 2016

Vanessa van Uden

MAYOR

Rachel Brown (Chair)

Bryan Lloyd (Deputy)

Lyal Cocks

Ella Lawton

Calum MacLeod

Ross McRobie

Mike O'Connor

WANAKA COMMUNITY BOARD

Audit and Risk Committee

District Licensing Committee

Property Subcommittee

Resource Consent Commissioner Appointment Subcommittee

Chief Executive Performance Review Committee

COUNCIL COMMITTEES

WAKATIPU WARD

Merv Aoake

Mel Gazzard

Craig (Ferg) Ferguson

Cath Gilmour

Alexa Forbes

Simon Stamers-Smith

ARROWTOWN WARD

Scott Stevens

WANAKA WARD

Lyal Cocks

Ella Lawton

Calum MacLeod

COUNCILLORS

MANAGEMENT GROUP

Adam Feeley was Chief Executive of QLDC until February 2016, when Mike Theelen began in the role.

Mike Theelen

CHIEF EXECUTIVE

Meaghan Miller

GM, CORPORATE SERVICES

Tony Avery

GM, PLANNING & DEVELOPMENT

Stewart Burns

CHIEF FINANCIAL OFFICER

Peter Hansby

GM, PROPERTY & INFRASTRUCTURE

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COUNCIL OFFICES

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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 on behalf of the office of the Auditor General

Dunedin

SISTER CITIES

> Aspen, Colorado, USA (Queenstown)

> Hikimi, Shimane, Japan (Wanaka)

> Hangzhou, China

Governance report

ROLE OF THE COUNCIL

The Council has overall responsibility and accountability for the proper direction and control of the district's activities. This responsibility includes areas of stewardship such as:

- Formulating the district's strategic direction.
- Managing principal risks facing Queenstown Lakes District.
- Administering various regulations and upholding the law.
- Ensuring the integrity of management control systems.
- Safeguarding the public interest.
- Ensuring effective succession of elected members.
- Reporting to ratepayers.

COUNCIL OPERATIONS

The Council (elected members) appoints a Chief Executive to manage its operations under the provisions of s42 of the Local Government Act 2002. The Chief Executive has in turn appointed divisional managers to manage the Council's significant activities.

COUNCIL COMMITTEES

In addition to the full Council which meets monthly, QLDC has one standing committee and one subcommittee and various other committees formed for specific tasks to monitor and assist in the effective delivery of the Council's specific responsibilities. The committees include:

- Audit and Risk Committee
- Property Subcommittee
- District Licensing Committee
- Resource Consent Commissioner Appointment Committee
- Chief Executive Performance Review Committee

The following committees are convened as required:

- Dog Control Committee
- QLDC/CODC Coronet Forest Joint Committee

Each committee is responsible for providing additional assurance on the integrity of information being presented and the operation of the activity.

The Wanaka Community Board is QLDC's only Community Board.

DIVISION OF RESPONSIBILITY BETWEEN COUNCIL AND MANAGEMENT

Key to the efficient running of the Queenstown Lakes District Council is the clear division between the role of elected members and that of management. The Council concentrates on setting policy and strategy, while management is concerned with implementing policy and strategy and monitoring these approaches. While many of the Council's functions have been delegated, the overall responsibility for maintaining effective systems of internal control ultimately rests with the Council. Internal control includes the policies, systems and procedures established to provide measurable assurance that specific objectives of the Council will be achieved. Both Council and management have indicated their responsibility with their signing of the Statement of Compliance and Responsibility on page 20 of this report.

AUDIT

The Council uses external auditors to evaluate the quality and reliability of financial information reported in the Annual Report.

RISK MANAGEMENT

Council established an Audit and Risk Committee in November 2013. Council adopted a Risk Management Framework in 2015.

LEGISLATIVE COMPLIANCE

As a regulatory body the Council administers various regulations and laws. Legislative compliance is a major concern of the Queenstown Lakes District Council. QLDC makes use of staff members with legal backgrounds and external consultants to ensure that it complies with applicable legislation. The Council now employs two staff solicitors.

RELATIONSHIP WITH MAORI

An important component of the Council's consultation is the on-going development of relationships with Māori.

QLDC has developed a good working relationship with Ngāi Tahu, which holds strong cultural and business interests in our community. The Council has in place a Resource Consent protocol with KTKO Limited and a MOU with Te Ao Marama Incorporated to facilitate the involvement of iwi in the resource consent process.

The Council is mindful of the wider issue of Māori consultation and how the Council can assist the iwi to become more involved and informed about the Council and its communities and in turn how the Council can learn more about Māori culture and protocols.

In the 2015/16 year Council held a hui with iwi and consulted over a number of projects including the District Plan and continues to constructively interact with iwi in relation to water and waste issues.

Statement of compliance and responsibility

COMPLIANCE

The Council and management of Queenstown Lakes District Council confirm that all the statutory requirements of Schedule 10 Part 3 the Local Government Act 2002 have been complied with.

RESPONSIBILITY

The Council and management of Queenstown Lakes District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them. The Council and management of Queenstown Lakes District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. In the opinion of the Council and management of Queenstown Lakes District Council, the annual Financial Statements for the year ended 30 June 2016 fairly present the financial position and operations of Queenstown Lakes District Council.

Vanessa van Uden
Mayor
6 October 2016

Mike Theelen
Chief Executive
6 October 2016

Section 02: Statement of Service Performance

Community Outcomes and Objectives

OUR PLAN

Our long term aspirations for the district

COMMUNITY OUTCOMES

- Sustainable growth management
- Quality landscapes and natural environment with enhanced public access
- A safe and healthy community that is strong, diverse and inclusive for people of all age groups and incomes
- Effective and efficient infrastructure that meets the needs of growth
- High quality urban environments, respectful of the character of individual communities
- A strong and diverse economy
- Preservation and celebration of the district's local cultural heritage

OUR LONG TERM COUNCIL OUTCOMES (What we want to achieve in the next ten years)		OUR SHORT TERM COUNCIL PRIORITIES (What we want to achieve in the next three years)	OUR ACTIVITIES (How we will deliver our priorities)
CORE INFRASTRUCTURE AND SERVICES	High performing infrastructure and services that: > meet current and future user needs and are fit for purpose; > are cost-effectively & efficiently managed on a full life-cycle basis; > are affordable for the District.	Improving long-term asset management planning and project delivery.	> Water supply > Sewerage > Stormwater > Transport > Waste management
COMMUNITY SERVICES AND FACILITIES	The District's parks, libraries, recreational and other community facilities and services are highly valued by the community.	Increasing levels of community use and participation.	> Sports and recreation facilities (pools and gym) > Community venues and facilities > Libraries > Parks and trails
REGULATORY FUNCTIONS AND SERVICES	Regulatory requirements and services delivered by the Council: > encourage compliance; > are user friendly; > protect the interests of the District; > are cost effective; and achieve the regulatory objectives.	Improving the cost-effectiveness and efficiency of core services and processes.	> Planning and building services > Regulatory services
ENVIRONMENT	The District's natural and built environment is high quality and makes the District a place of choice to live, work and visit.	Improving the quality and safety of CBDs. Delivering a new District Plan that enables economic growth and enhances the use, development and protection of the District's natural and physical resources.	> District Plan
ECONOMY	The District has a resilient and diverse economy.	Implementing an economic development framework that facilitates a stronger and more diverse economy, and avoids unnecessary compliance costs.	> Economic development > Events > Emergency management
LOCAL DEMOCRACY	The community is well informed and engaged in the activities of Council.	Modernising the way the community engages with the Council and accesses Council services.	> Governance
FINANCIAL SUPPORT AND SERVICES	Council expenditure is cost-effective and sustainable. The Council is trusted and respected for its customer service and stewardship of the District.	Enhancing the quality of our financial reporting and management. Developing the internal skills, resources and service ethic to deliver the core services more effectively.	> Financial services > Customer services

DEFINED LEVELS OF SERVICE FOR OUR ACTIVITIES

What you can expect from the Council

KEY PERFORMANCE INDICATORS

HOW WE WILL REPORT OUR SUCCESS

The Key Performance Indicators contained in the report were consulted on in the 10 Year Plan 2015-25 and now include an additional set of Department of Internal Affairs (DIA) measures

RISK MITIGATION

HOW WE WILL MANAGE THE EVENTS THAT COULD STOP US DELIVERING

OTAGO PERFORMANCE IMPROVEMENT FRAMEWORK

THE OTAGO PERFORMANCE IMPROVEMENT FRAMEWORK, AS APPENDED TO THIS REPORT, BENCHMARKS QLDC'S PERFORMANCE AGAINST OTHER LOCAL TERRITORIAL AUTHORITIES

HEALTH, SAFETY AND WELLBEING

ENSURING THAT ALL QLDC ACTIVITIES FOCUS UPON THE HEALTH, SAFETY AND WELLBEING OF THE COMMUNITY AT ALL TIMES

What's new?

SATISFACTION SURVEY - CHANGE TO DEMOGRAPHIC MODEL

This year we have reviewed the balance of demographic feedback, in order to have a more representative lens on satisfaction within our community. A greater number of the 18-25s were included in the survey than in previous years, providing stronger representation from the younger demographic. This does however mean that our results this year are not directly comparable with previous years.

This year's results reflect a detectable shift to a more neutral response, which translates to a slight but reasonably consistent downturn in satisfaction. Notably, there are several areas where the level of service is entirely unchanged from last year but a shift to a neutral response has translated to a decrease in satisfaction. This provides an important insight into opportunities for QLDC to grow engagement with our younger demographic, a challenge faced by local government nationally and globally.

The impact of these changes are seen in the satisfaction results across all areas of council operation, including water supply, wastewater, roads and footpaths, community services and facilities, regulatory services, environment, economy and financial management.

DEPARTMENT OF INTERNAL AFFAIRS - NEW MEASURES

This year, QLDC is reporting against a number of new measures that are being introduced for the first time. The Department of Internal Affairs (DIA) has outlined a range of new benchmarking measures for inclusion in the Annual Report. The measures focus on the performance of QLDC's Infrastructure and add further detail to reporting related to water supply, wastewater, stormwater, waste management and transport and roading.

These measures are summarised at the end of each relevant section within Section 02.

THE OTAGO REGIONAL PERFORMANCE FRAMEWORK REPORT

In 2015 the District Councils in Otago, inclusive of the Regional Council, agreed to benchmark their performance annually against a set of seven Key Performance Indicators (KPIs). The purpose of this benchmarking is to provide a better basis for comparison, as well as enable Councils to work together to identify best practice and efficiencies. The Otago Performance Improvement Framework (OPIF) was developed to cover five key areas of interest: Infrastructure Asset Management, Resident and Ratepayer satisfaction, Planning services, Affordability and Corporate services.

The report can be found in full at Section 04.

INFRASTRUCTURE

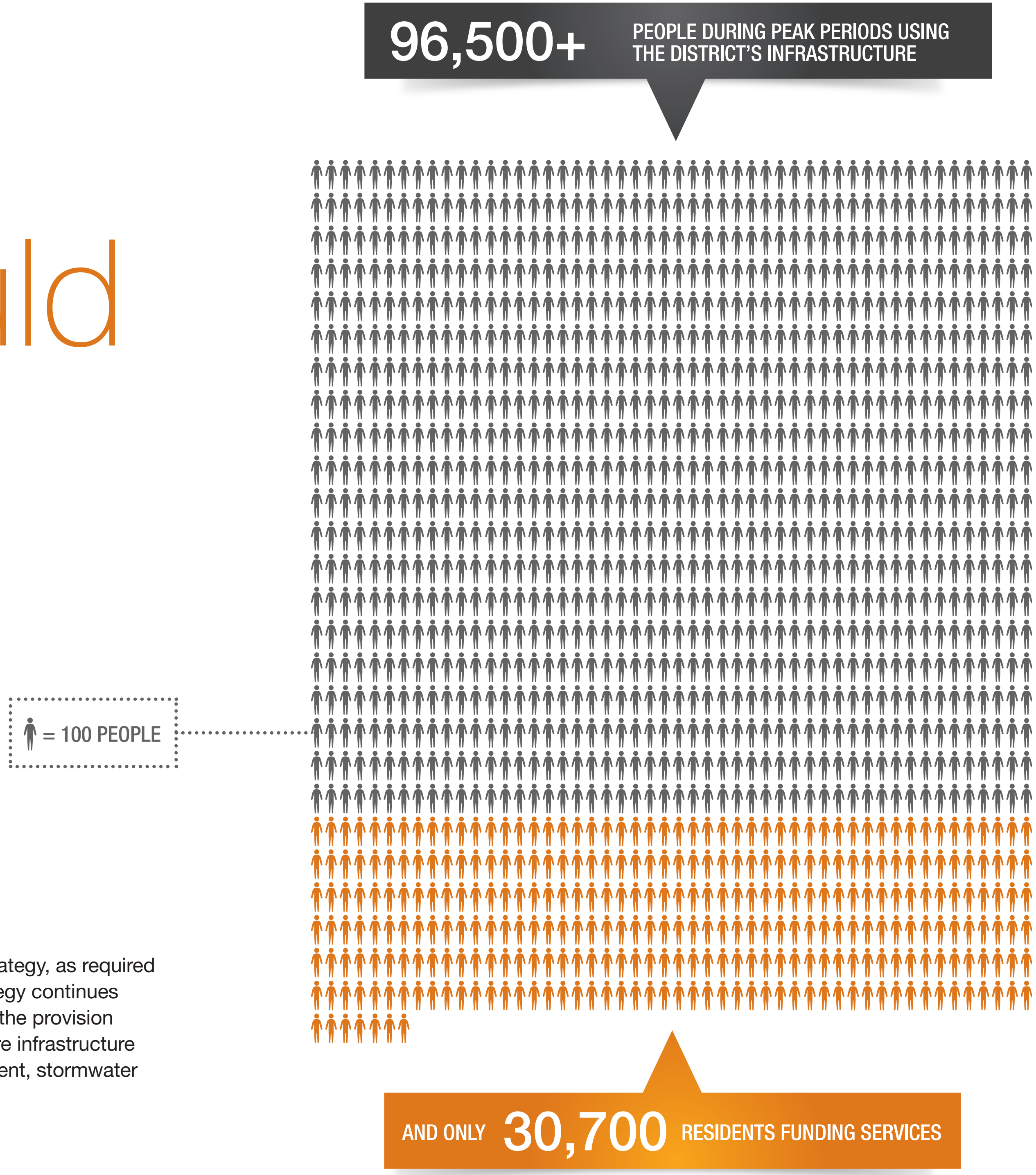
OUR LONG TERM COUNCIL OUTCOME IS:

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?

SMALL TOWN FUNDING, WITH BIG CITY DEMAND



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 continues to be 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.

What we deliver

We will deliver this outcome through the following activities:

1. Water Supply
2. Stormwater
3. Wastewater
4. Waste Management
5. Transport, including roading, parking and footpaths

Collectively known as 3 Waters

How we performed

HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIS)

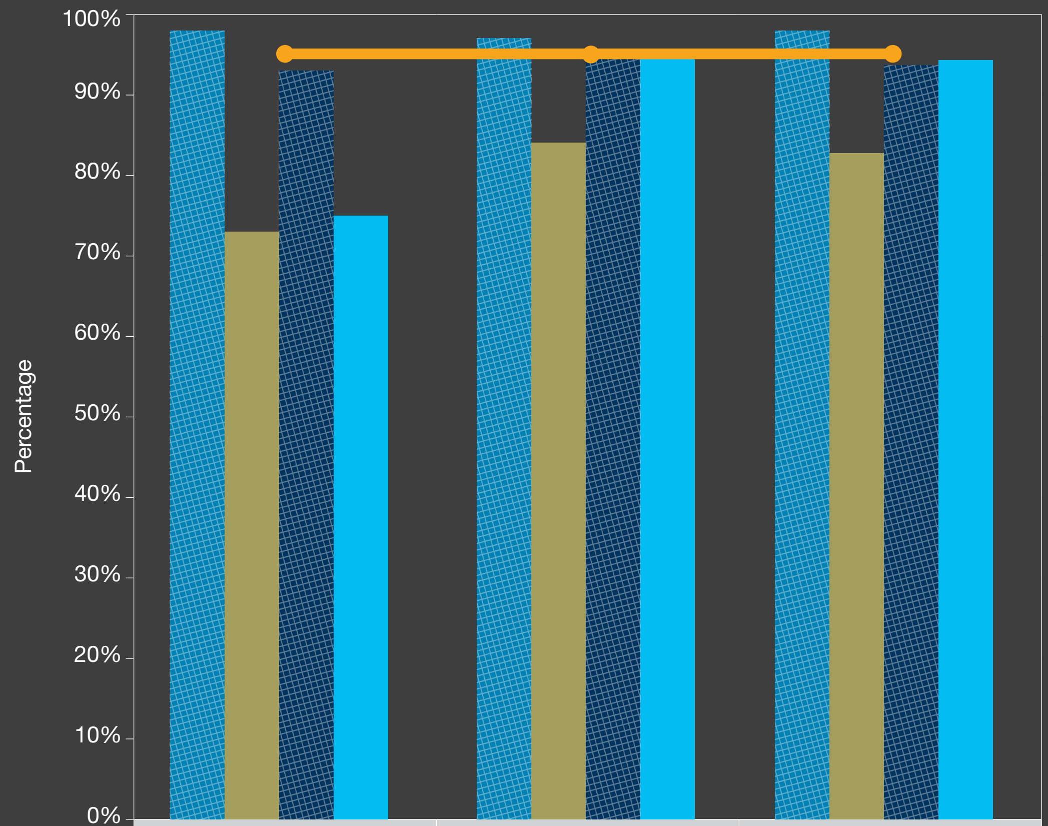
Affordability

KPI: Percentage variance from original budget for a) operational expenditure and b) capital expenditure

Year	Result	Target	Commentary
A) OPERATIONAL EXPENDITURE			
2014/15	-10.2%	Range of 0% and -5%.	The negative variance is due to $2.1m in roading and $1.0m in waste management. The roading variance is due to larger than forecast snow clearing during winter 2015, the majority of which has been offset by increased New Zealand Transport Agency subsidy and increased depreciation. The waste management variance has been offset in full by additional revenue obtained for waste collection, transfer station recovery and subsidies. All figures are inclusive of depreciation.
2015/16	-3.7%		
B) CAPITAL EXPENDITURE			
2014/15	62.9%	Range of 0% and -10%	The majority of this variance can be attributed to the timing for the Eastern Access Road project ($3.75m for roading and $1.7m on stormwater). This underspend has been offset by the increased costs for Project Shotover which have been carried forward from 16/17 of $1.1m.
2015/16	10.2%		

RESPONSE TIMES

KPI: Percentage of Requests for Service (RFS) resolved within specified timeframe

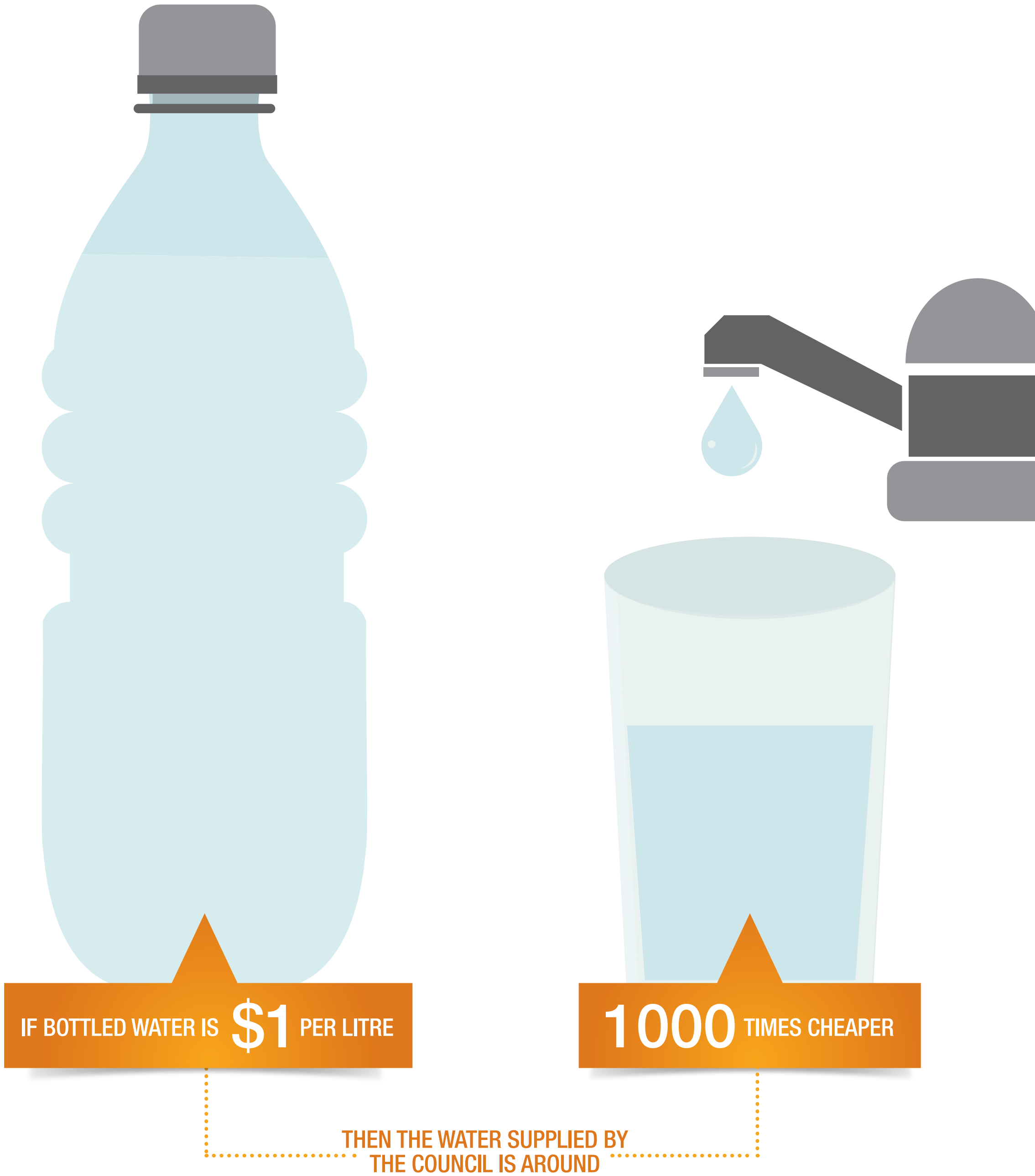


	2013/2014	2014/2015	2015/2016
3 Waters	98%	97%	96%
Solid waste	72%	84%	79%
Roading	93%	95%	94%
Pollution	75%	95%	95%
Target	95%	95%	95%

While further focus is needed to meet the 95% target across all areas, it should be noted the majority of RFS were resolved within the specified timeframe or within a day of deadline. Whilst further focus is needed to meet the 95% target, it should be noted that in 2015/16 QLDC experienced a 20% increase in the number of RFS placed.

WATER SUPPLY

Why should you care?



About water supply

QLDC is responsible for approximately 419km of water mains and 12 treatment plants serving approximately 25,045 connections that between them use a total of approximately 26,500 cubic metres of water per day.

The Council adopted the 3 Waters Strategy in June 2011. The strategy recognised that the key to the management of its infrastructure is balancing the affordability of maintaining the existing networks and creating additional capacity with a reduction in risk, aging networks, a demand for growth, and an improved level of service. Key strategic priorities are also addressed in the 2015-45 Infrastructure Strategy.

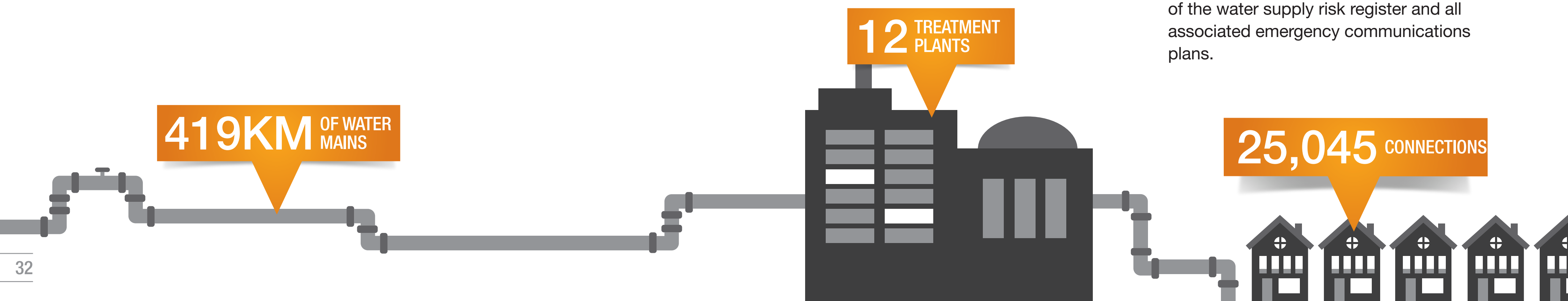
PROGRESS AGAINST THE 10 YEAR PLAN 2015-2025

In April 2015, the first of 970 water meters was installed across the district as part of a water meter trial. This included 343 automatic and 627 manually read meters. Analysis of the findings is currently underway and a report will be presented to the Council in October 2016.

The report will address:

- water use behaviours
- technical issues related to meter installations
- cost of meter installations, particularly at complex sites
- water losses on private property
- costs and benefits of metering

In light of the recent water supply contamination crisis in Havelock North, QLDC is undertaking a significant review of the water supply risk register and all associated emergency communications plans.



HOW MUCH IT COST

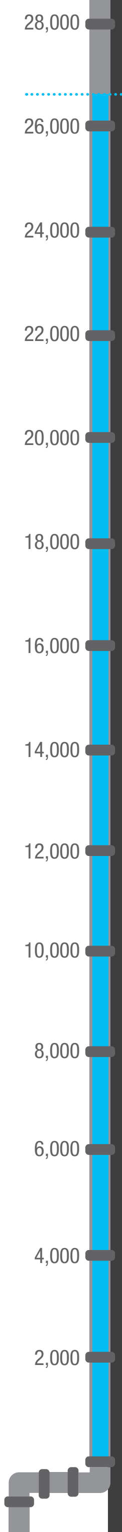
Breakdown of service cost

WATER SUPPLY	2015 LTP $000	2016 LTP $000	2016 Actual $000
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	28	-	-
Targeted Rates	7,930	7,105	7,169
Subsidies & Grants for Operating expenditure	-	-	-
Fees & Charges	-	59	26
Internal Charges Recovered	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	62	-	-
Total Sources of Operating Funding	**8,020**	**7,164**	**7,195**
Applications of Operating Funding			
Payments to Staff and Suppliers	5,044	4,142	3,771
Finance Costs	1,109	950	695
Internal Charges Applied	771	758	795
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	**6,924**	**5,850**	**5,261**
Surplus/(Deficit) of Operating Funding	**1,096**	**1,314**	**1,934**
Sources of Capital Funding			
Subsidies & Grants for Capital expenditure	-	-	-
Development and Financial Contributions	985	907	899
Increase/(Decrease) in Debt	2,457	(44)	523
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contributions	-	-	-
Other Dedicated Capital Funding	-	-	-
Total Sources of Capital Funding	**3,442**	**863**	**1,422**
Applications of Capital Funding			
Capital Expenditure			
- to meet additional demand	772	797	1,435
- to replace existing assets	1,577	1,025	1,158
- to improve the level of service	1,825	864	734
Increase/(Decrease) in Reserves	364	(509)	29
Increase/(Decrease) of Investments	-	-	-
Total Applications of Capital Funding	**4,538**	**2,177**	**3,356**
Surplus/(Deficit) of Capital Funding	**(1,096)**	**(1,314)**	**(1,934)**
Funding Balance	**-**	**-**	**-**

Significant Cost Of Services Variance	Significant Capital Expenditure	Significant Capital Expenditure Variances
Not applicable	The largest capital project for 15/16 was the Albert Town ring main at $0.7m	Not applicable

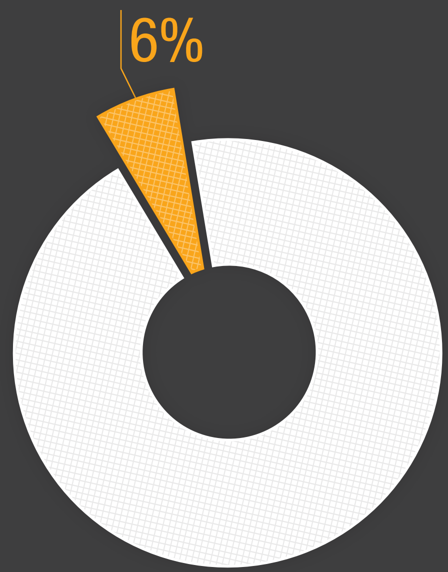
Summary of internal borrowings

Activity	30 June 2016 Internal loan balance $000	Total funds repaid in the year $000	Total funds borrowed during the year $000	Interest paid in the year $000
Water supply	6,290	545	736	136



26,500 CUBIC METRES OF WATER PER DAY

AS A PERCENTAGE OF TOTAL EXPENDITURE



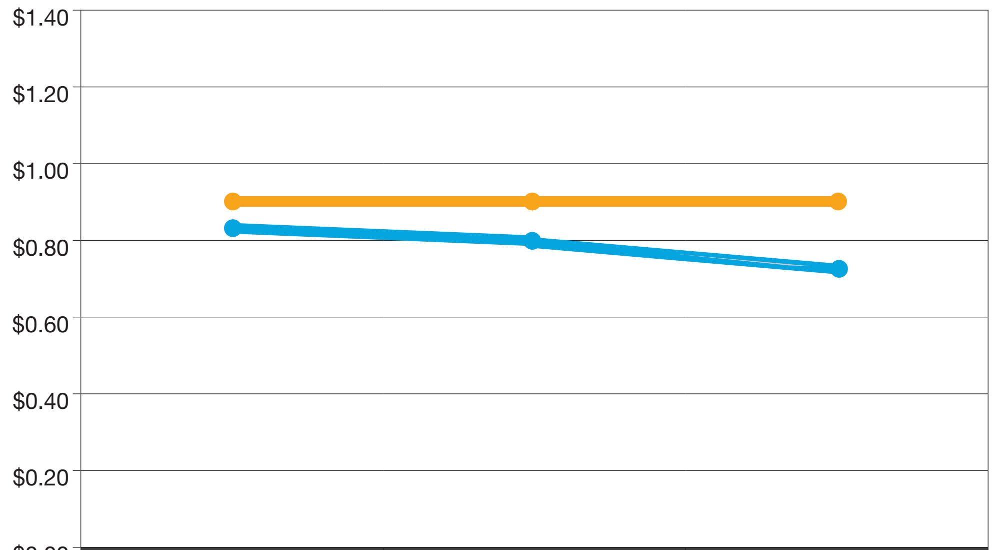
Total operating expenditure of **$81,930,000** (excluding depreciation)

Water supply expenditure of **$5,261,000**

How we performed

HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIS)

KPI: Annual cost of water supplied per cubic metre

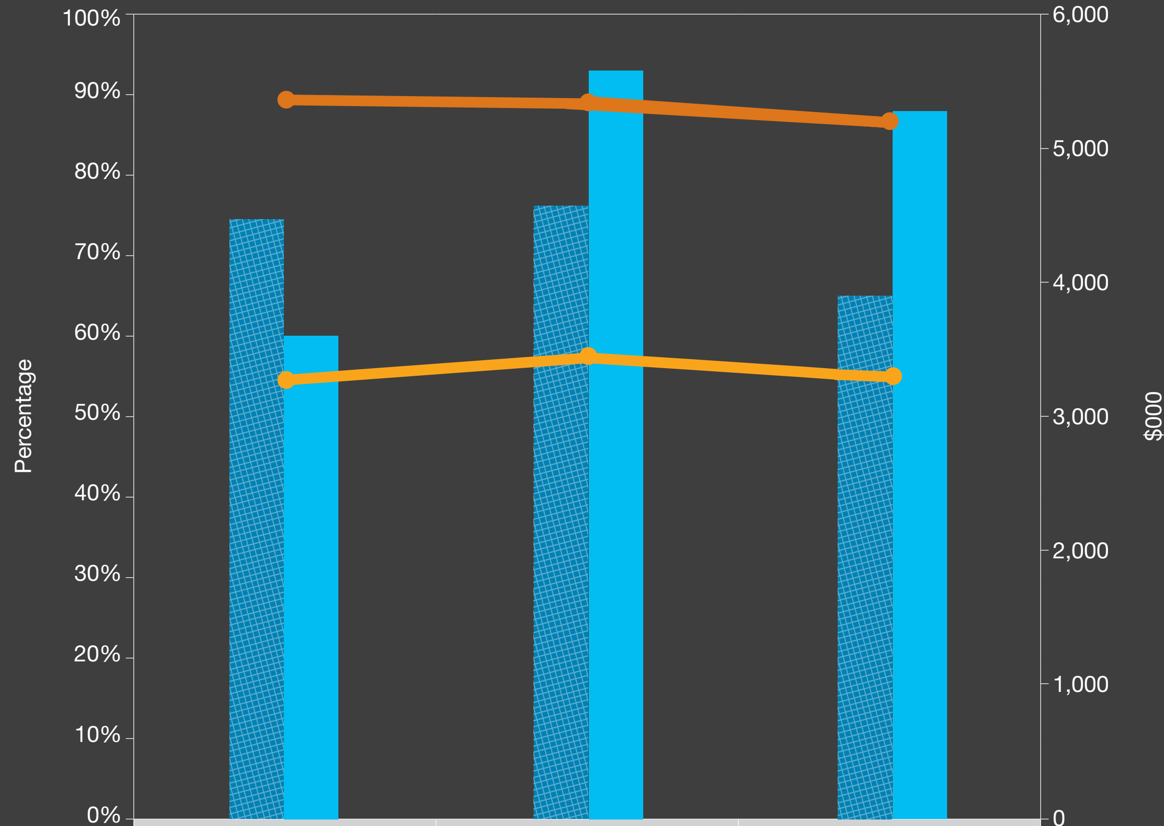


	2013/2014	2014/2015	2015/2016
Cost per cubic metre	$0.83	$0.80	$0.73
Target	$0.90	$0.90	$0.90

The cost of water per cubic metre was down this year compared to previous years due to a slight reduction in interest rates, reduction in our capital programme and a slight increase in total water demand met.

OVERALL PERFORMANCE OF WATER SUPPLY

Impact of expenditure on service performance



	2013/2014	2014/2015	2015/2016
Satisfaction with water supply	74%	76%	65%
Urgent requests responded to within specified timeframe	60%	92%	88%
Opex	5,371	5,306	5,261
Capex	3,368	3,572	3,327

Satisfaction with water supply is consistent with findings in other areas, having reduced from 76% satisfaction to 65% this year. The level of urgent requests responded to within the specified timeframe has fallen slightly, but this is within the context of a 10.5% increase in the volume of water being supplied. This increase is due to population and visitor growth in the district.

Refer to page 25 for further detail about the survey model used.

NEW ADDITIONAL MEASURES

This year, the Department of Internal Affairs (DIA) has outlined a range of new benchmarking measures for inclusion in the Annual Report. The following measures relate to our performance for water supply:

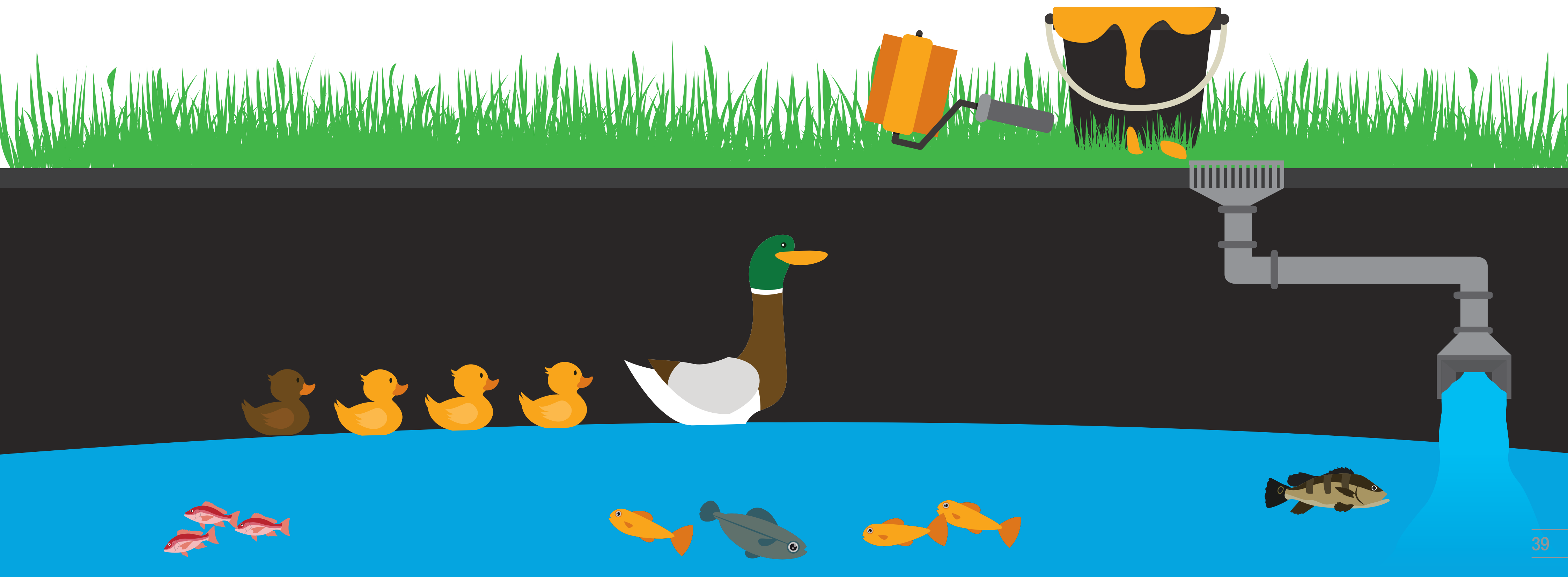
Water Supply	2015/16 Target	2015/16 Result	Commentary
Percentage of water lost from each municipal water reticulation network.	<40%	28%	The District is significantly below the benchmark set, demonstrating a commitment to water reticulation network management efficiency.
Median response time to attend to urgent and non urgent issues resulting from municipal water reticulation network faults and unplanned interruptions: **A)** between the time of notification and the time when service personnel reach the site; and **B)** between the time of notification and resolution of the fault or interruption	**A)** <60mins **B)** <4 hours	**A)** 15 minutes **B)** 2.08 hours	Both median response times have met the benchmark levels set, reflecting a responsive approach to issues resulting from municipal water reticulation network faults and unplanned interruptions.
Number of complaints per 1000 connections to a public water reticulation network about: **A)** the clarity of drinking water; **B)** the taste of drinking water; **C)** the odour of drinking water; **D)** the pressure or flow of drinking water; **E)** the continuity of supply of drinking water; **F)** the way in which a local government organisation responds to issues with a water supply.	<5 per 1000 connections	17.68 per 1000 connections	Focus will be required over the next year to reduce the number of complaints relating to the public water reticulation network. However, it should be noted that the majority of complaints can be related to a number of specific, localised incidents at Lake Hawea and Wanaka that QLDC worked hard with the local community to resolve.
Average consumption of water per person per day.	<590L/person/day	543.50	The District is significantly below the benchmark set, demonstrating a commitment to water supply efficiency.
Compliance of each municipal water supply with the New Zealand Drinking Water Standards for protecting public health, specifically: **A)** bacteriological compliance; and **B)** protozoal compliance.	Full compliance by 2018	Result for 2015/16 not yet available. 2014/15 - Not yet fully compliant	The Ministry of Health publishes a report relating to drinking water compliance every year in September. Compliance with the standard set may require considerable investment in existing systems and as such, is being approached in a controlled fashion, in order to achieve compliance by 2018. All supplies met chemical, cyanotoxin and plumbosolvency notification compliance where applicable.

				2014/15	2014/15	
Scheme	Treatment Plant	Distribution System	Current Treatment	Result - Bacteria	Result - Protozoa	
Queenstown	Two Mile			Not Compliant	Not Compliant	UV treatment planned for installation 2016/17
	Kelvin Heights			Not Compliant	Not Compliant	UV treatment installed, but high turbidity events lead to periods of non-compliance. Cryptosporidium monitoring to be installed in 2016/17.
	Shotover Country (planned)			N/A	N/A	Bore and treatment planned for construction 2017/18
		Two Mile	Chlorination	Compliant	Compliant	
		Kelvin Heights	UV and chlorination	Compliant	Compliant	
Arrowtown			UV emergency chlorination	Not Compliant	Not Compliant	No planned upgrades in the 10 Year Plan, but preparation of a business case for a new, more secure bore is underway. Not bacteriologically compliant due to an E. Coli transgression, but was subject to emergency chlorination until contaminant was removed.
		Arrowtown		Not Compliant	Compliant	
Arthurs Point				Not Compliant	Not Compliant	Capital investment required to comply with Protozoa monitoring. Monitoring improvements being made to address bacterial compliance issue.
			UV emergency chlorination	Compliant	Compliant	
Corbridge Downs			None	Compliant	Not Compliant	Capital investment required to comply. Future investment needs for all water supply schemes will be investigated as part of the Annual Plan 2017-18 and 10 Year Plan 2018 process.
		Corbridge Downs		Compliant	Compliant	
Glenorchy			None	Compliant	Not Compliant	Capital investment required to comply. Future investment needs for all water supply schemes will be investigated as part of the Annual Plan 2017-18 and 10 Year Plan 2018 process.
		Glenorchy		Compliant	Compliant	Reservoir and treatment upgrade scheduled for 2018/19.
Glendhu Bay Motor Camp			UV	Compliant	Not Compliant	Responsibility of camp owner - no known planned upgrades. Capital investment required to comply.
		Glendhu Bay Motor Camp		Compliant	Compliant	
Hawea			UV emergency chlorination	Compliant	Not Compliant	Compliance issues experienced within 2014/15 have been resolved and will be reflected in the 2015/16 report.
		Hawea		Compliant	Compliant	
Luggate			None	Not Compliant	Not Compliant	A Treatment Plant upgrade is planned for 2021/22. Monitoring improvements being made to address bacterial compliance issue.
		Luggate		Compliant	Compliant	
Lake Hayes				Compliant	Compliant	
		Lake Hayes	UV and chlorination	Compliant	Compliant	
Lake Hayes Estate				Compliant	Compliant	
		Lake Hayes Estate	UV and chlorination	Compliant	Compliant	This Plant is currently inactive, but was compliant when active in 2014/15.
Wanaka Airport				Compliant	Not Compliant	Capital investment required to comply.
		Wanaka Airport	None	Not Compliant	Compliant	Not bacteriologically compliant due to an E. Coli transgression. Subsequent samples comply.
Wanaka	Wanaka Western		Chlorination	Not Compliant	Not Compliant	No upgrades scheduled in the 10 Year Plan.
	Wanaka Beacon		Chlorination	Not Compliant	Not Compliant	No upgrades scheduled in the 10 Year Plan.
		Wanaka		Compliant	Compliant	
		Albert Town		Not Compliant	Compliant	No upgrades scheduled in the 10 Year Plan.

STORMWATER

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.

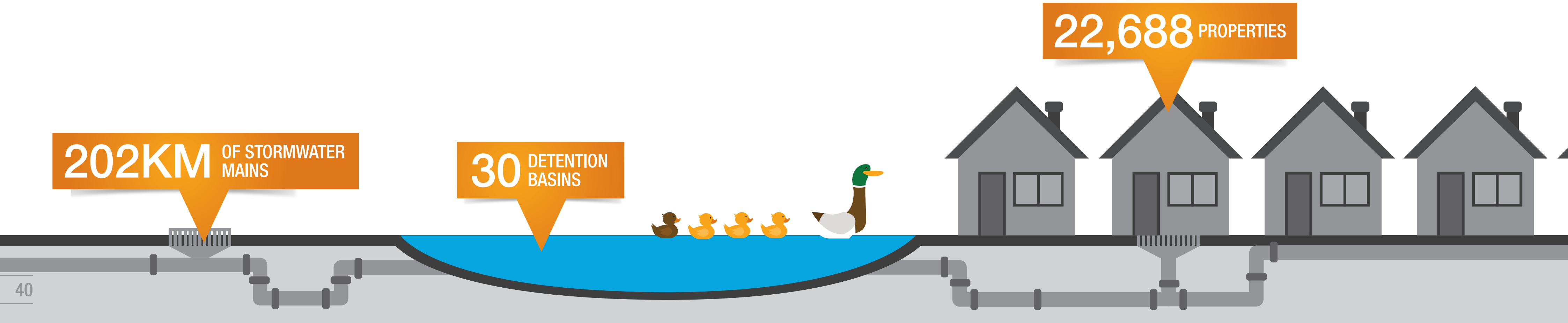


About stormwater

The Queenstown Lakes District Council (QLDC) is responsible for approximately 202km of stormwater mains, 30 detention basins and a number of interceptors (basic stormwater separators) serving around 22,688 properties. The system caters for an average 10-year flood event.

PROGRESS AGAINST THE 10 YEAR PLAN 2015-2025

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.



HOW MUCH IT COST

Breakdown of service cost

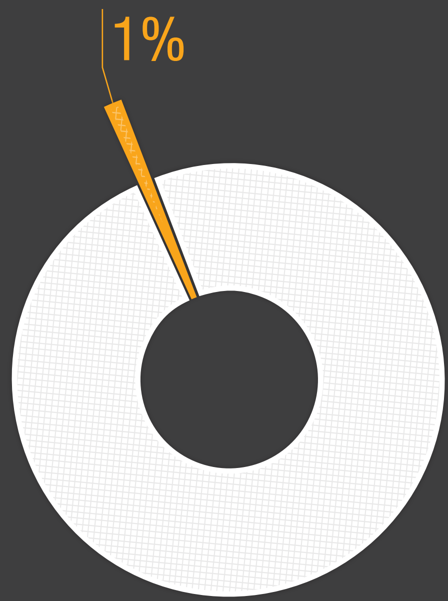
STORMWATER	2015 LTP $000	2016 LTP $000	2016 Actual $000
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	-	-	-
Targeted Rates	1,555	1,345	1,344
Subsidies & Grants for Operating expenditure	-	-	-
Fees & Charges	-	-	-
Internal Charges Recovered	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	301	377	639
Total Sources of Operating Funding	**1,856**	**1,722**	**1,983**
Applications of Operating Funding			
Payments to Staff and Suppliers	550	347	264
Finance Costs	278	296	170
Internal Charges Applied	249	274	288
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	**1,077**	**917**	**722**
Surplus/(Deficit) of Operating Funding	**779**	**805**	**1,261**
Sources of Capital Funding			
Subsidies & Grants for Capital expenditure	-	-	-
Development and Financial Contributions	280	313	110
Increase/(Decrease) in Debt	(709)	1,497	(206)
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contributions	-	-	-
Other Dedicated Capital Funding	-	-	-
Total Sources of Capital Funding	**(429)**	**1,810**	**(96)**
Applications of Capital Funding			
Capital Expenditure			
- to meet additional demand	275	2,596	873
- to replace existing assets	303	82	80
- to improve the level of service	299	55	7
Increase/(Decrease) in Reserves	(527)	(118)	205
Increase/(Decrease) of Investments	-	-	-
Total Applications of Capital Funding	**350**	**2,615**	**1,165**
Surplus/(Deficit) of Capital Funding	**(779)**	**(805)**	**(1,261)**
Funding Balance	**-**	**-**	**-**

Significant Cost Of Services Variance	Significant Capital Expenditure	Significant Capital Expenditure Variances
Not applicable	90% of the capital expenditure was for Frankton Flats ($0.9m)	The variance to budget was a result of timing for the Frankton Flats project and has been carried forward to 16/17

Summary of internal borrowings

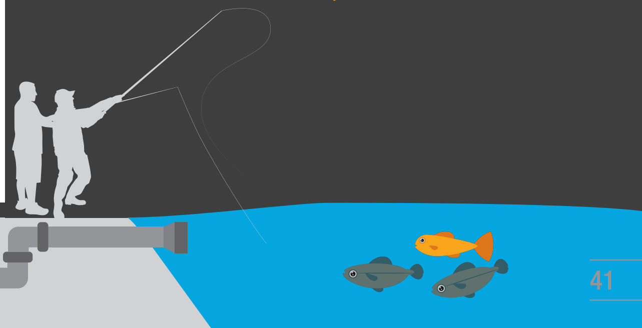
Activity	30 June 2016 Internal loan balance $000	Total funds repaid in the year $000	Total funds borrowed during the year $000	Interest paid in the year $000
Stormwater	1,416	396	321	33

AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of **$81,930,000** (excluding depreciation)

Stormwater expenditure of **$722,000**



How we performed

HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIS)

KPI: Number of flooding events each year to habitable floors per 1000 properties resulting from overflows from a municipal storm water system

Year	No. of flood events	Target <2 per year	Commentary
2013/2014	0	<2 per year	There were no flooding events to habitable floors this year.
2014/2015	0.1	<2 per year	There were two flooding events to habitable floors during the year. These were due to stormwater overflows during periods of heavy rain. The contractor has now increased stormwater maintenance when periods of heavy rain are anticipated.
2015/2016	0	<2 per year	There were no flooding events to habitable floors this year.

NEW ADDITIONAL MEASURES

This year, the Department of Internal Affairs (DIA) has outlined a range of new benchmarking measures for inclusion in the Annual Report. The following measures relate to our performance for stormwater:

Stormwater	2015/16 Target	2015/2016 Result	Commentary
Compliance with resource consents for discharge from a municipal storm water system, measured by the number of: **A)** abatement notices; **B)** infringement notices; **C)** enforcement orders; **D)** successful prosecutions.	100%	100%	The District meets the benchmark set, demonstrating good monitoring and enforcement practice.
Median response time between the time of notification and the time when service personnel reach the site when habitable floors are affected by flooding resulting from faults in a municipal stormwater system.	<3 hours	Not applicable	There were no flooding events to habitable floors this year.
The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	<5 per 1000 properties	3.17	The District is below the benchmark set, demonstrating a commitment to planned, preventative maintenance and a pro-active approach to issue resolution.

WASTEWATER

Why should you care?

About wastewater

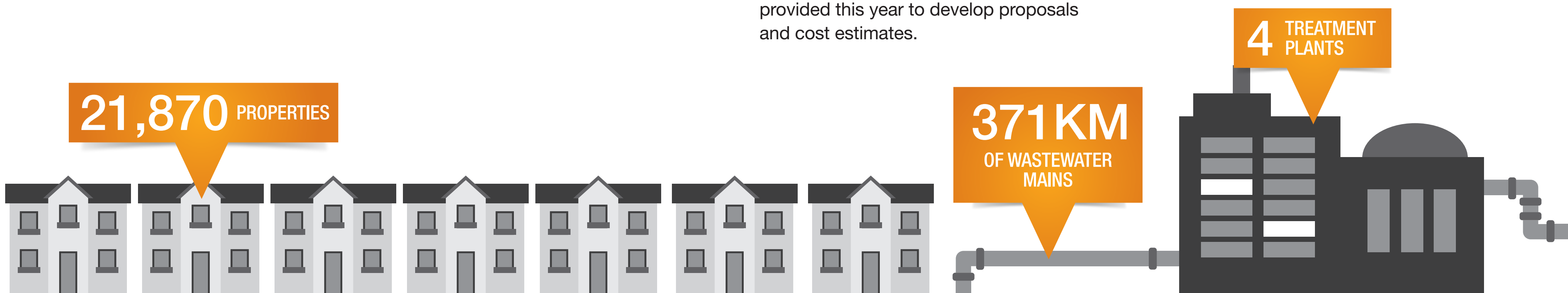
The Council is responsible for approximately 371km of wastewater mains, 59 pump stations and 4 treatment plants serving approximately 21,870 properties that between them discharge a total of approximately 11,000 cubic metres of wastewater per day. This includes the larger plants, namely Project Pure (wastewater treatment plant and disposal to land at Wanaka) and the Shotover Ponds (wastewater treatment and disposal to the Shotover River).

PROGRESS AGAINST THE 10 YEAR PLAN 2015-2025

Work has been ongoing this year with several communities, keen to assess options for managing wastewater in future. Cardrona and Glenorchy currently have private wastewater systems in place and both are looking to understand options for replacement with a Council reticulated scheme. Funding of $200k (Cardrona) and $250k (Glenorchy) was provided this year to develop proposals and cost estimates.

Stage one of the Project Shotover upgrade is on schedule and progressing well. Downer New Zealand was awarded a $23.6m contract to design, build and operate the new wastewater plant for five years. The plant is due to be operational by December 2016 and will deliver higher standards of wastewater treatment for Queenstown, Arrowtown, Frankton, Quail Rise, Arthur's Point, Lake Hayes and Shotover Country. In reducing nitrate and ammonia being discharged into the Shotover River, the plant offers significant environmental benefits to the district.

Work continues alongside the Otago Regional Council, to improve education and understanding of the effect that inappropriate materials in the system (i.e. fat, construction debris and foreign objects) have upon the environment and infrastructure.



HOW MUCH IT COST

Breakdown of service cost

WASTEWATER	2015 LTP $000	2016 LTP $000	2016 Actual $000
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	332	315	313
Targeted Rates	7,625	7,490	7,443
Subsidies & Grants for Operating expenditure	-	-	-
Fees & Charges	-	63	43
Internal Charges Recovered	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	38	-	4
Total Sources of Operating Funding	**7,995**	**7,868**	**7,803**
Applications of Operating Funding			
Payments to Staff and Suppliers	3,914	3,629	3,711
Finance Costs	2,394	2,106	1,053
Internal Charges Applied	763	843	885
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	**7,071**	**6,578**	**5,649**
Surplus/(Deficit) of Operating Funding	**924**	**1,290**	**2,154**
Sources of Capital Funding			
Subsidies & Grants for Capital expenditure	-	-	-
Development and Financial Contributions	1,419	1,865	2,706
Increase/(Decrease) in Debt	18,640	12,689	14,187
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contributions	-	-	-
Other Dedicated Capital Funding	-	-	-
Total Sources of Capital Funding	**20,059**	**14,554**	**16,893**
Applications of Capital Funding			
Capital Expenditure			
- to meet additional demand	4,577	3,707	4,652
- to replace existing assets	3,742	1,720	3,507
- to improve the level of service	12,867	11,431	11,082
Increase/(Decrease) in Reserves	(203)	(1,014)	(194)
Increase/(Decrease) of Investments	-	-	-
Total Applications of Capital Funding	**20,983**	**15,844**	**19,047**
Surplus/(Deficit) of Capital Funding	**(924)**	**(1,290)**	**(2,154)**
Funding Balance	**-**	**-**	**-**

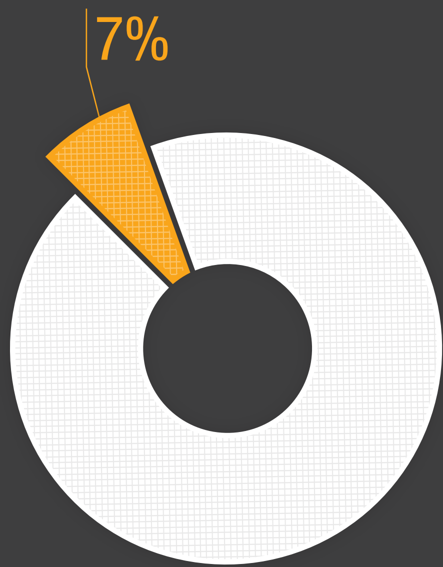
Significant Cost Of Services Variance	Significant Capital Expenditure	Significant Capital Expenditure Variances
The majority of the positive variance is derived from reduced financing costs.	There is $19.2m of capital work for wastewater - with $16.5m spent on Project Shotover	The major variance relates to Project Shotover with $1.2m brought forward from 16/17 to align with the shortened construction timeframe.

Summary of internal borrowings

Activity	30 June 2016 Internal loan balance $000	Total funds repaid in the year $000	Total funds borrowed during the year $000	Interest paid in the year $000
Wastewater	14,449	1,007	6,209	206

59 PUMP STATIONS

AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of **$81,930,000** (excluding depreciation)

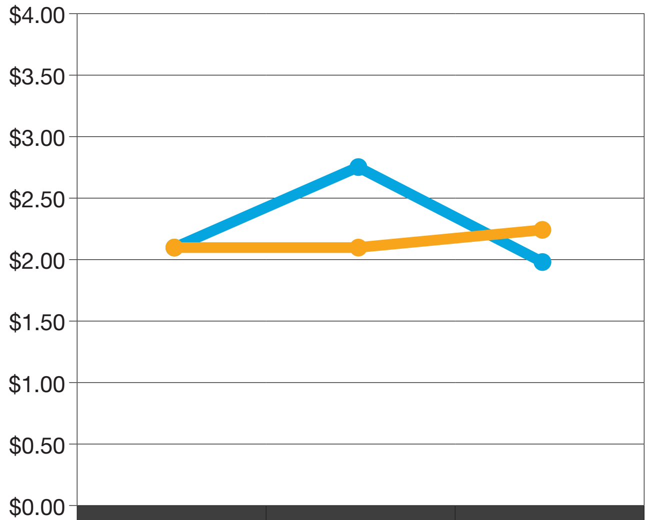
Wastewater expenditure of **$5,649,000**

11,000 CUBIC METRES OF SEWAGE PER DAY

How we performed

HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIS)

KPI: Annual cost of wastewater



	2013/2014	2014/2015	2015/2016
Cost per cubic metre	$2.15	$2.76	$1.96
Target	$2.15	<$2.15	<$2.25

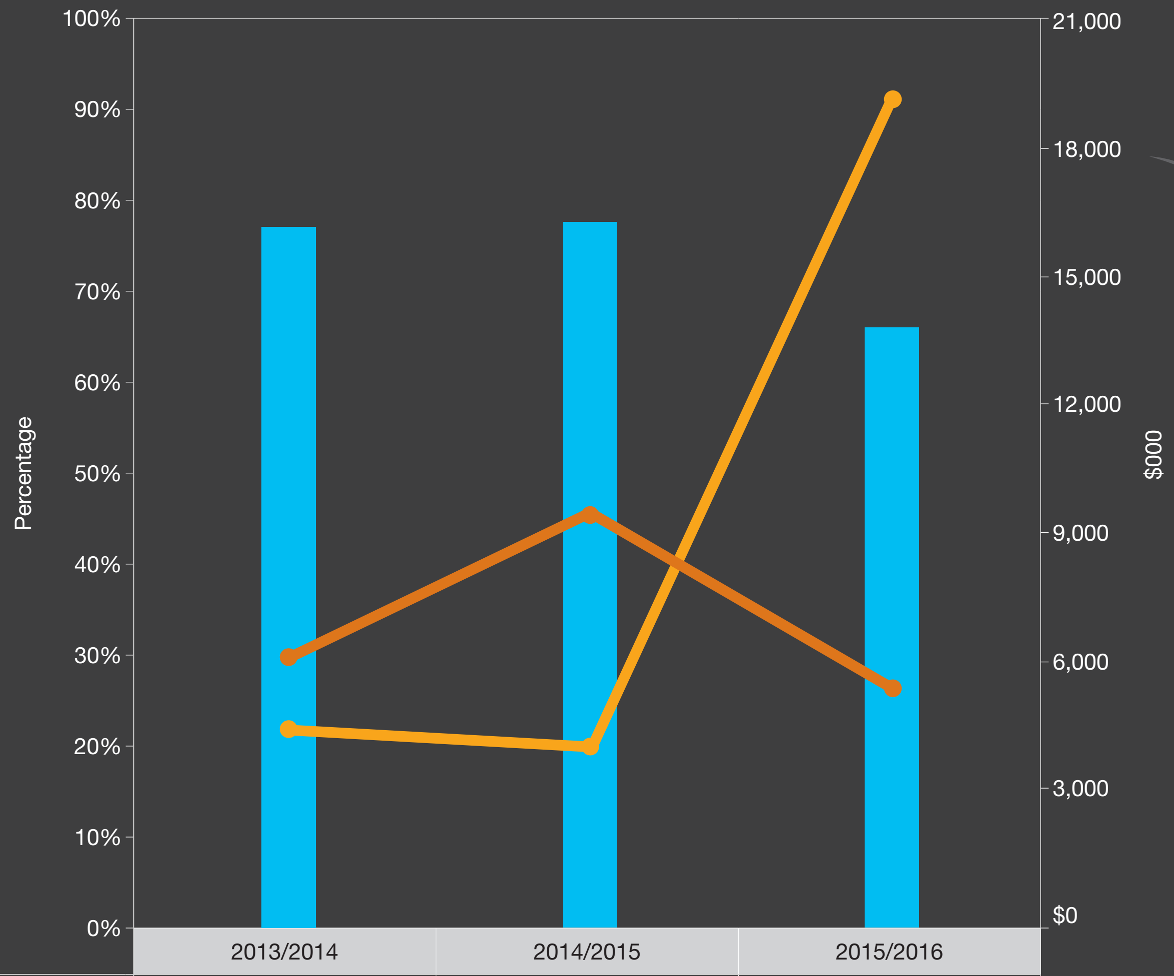
The cost of wastewater is below the target this year due to the timing of expenditure for Project Shotover. It is anticipated that the cost of wastewater per m^3 will increase next year as the project is completed.

KPI: Median response time to attend to sewage overflows resulting from blockages or other faults of a municipal sewerage system:
a) between the time of notification and the time when service personnel reach the site; and
b) between the time of notification and resolution of the blockage or other fault.

	Year	Result	Target	Commentary
A)	2014/15	16.6 minutes	60 minutes	QLDC continues to achieve the targets set by a considerable margin.
B)		109.4 minutes	240 minutes	
A)	2015/16	7.73 minutes	60 minutess	
B)		165.25 minutes	240 minutes	

OVERALL PERFORMANCE OF WASTEWATER

Impact of expenditure on service performance



	2013/2014	2014/2015	2015/2016
Satisfaction with wastewater	77%	78%	66%
Opex	6,096	9,118	5,649
Capex	4,349	3,865	19,241

Satisfaction with wastewater is consistent with findings in other areas, having reduced from 78% satisfaction to 66% this year. Capital expenditure (Capex) has increased this year as a result of the Project Shotover treatment plant project.

Refer to page 25 for further detail about the survey model used.

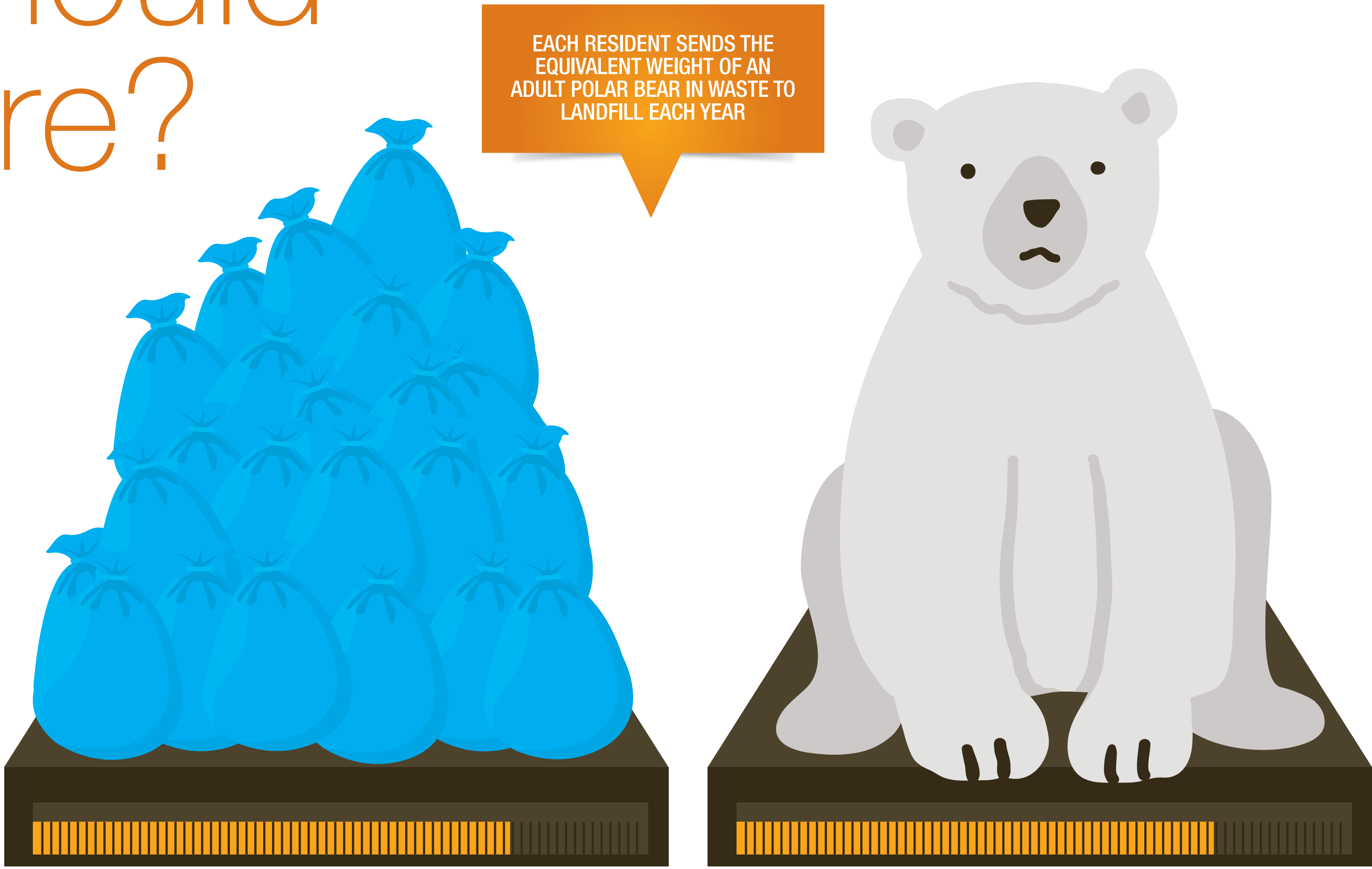
NEW ADDITIONAL MEASURES

This year, the Department of Internal Affairs (DIA) has outlined a range of new benchmarking measures for inclusion in the Annual Report. The following measures relate to our performance for wastewater:

Wastewater	2015/16 Target	2015/2016 Result	Commentary
Annual number of dry weather overflows from a municipal sewerage system per 1000 sewerage connections.	<3 per 1000 connections	1.8	The District is significantly below the benchmark set, demonstrating a commitment to wastewater management.
Compliance with resource consents for discharge to air, land, or water from a municipal sewerage system, measured by the number of: **A)** abatement notices; **B)** infringement notices; **C)** enforcement orders; **D)** successful prosecutions.	100%	100%	The District meets the benchmark set, demonstrating good monitoring and enforcement practice.
Number of complaints per 1000 properties connected to a municipal sewerage system about: **A)** odour **B)** faults **C)** blockages **D)** the territorial authority's response to issues with its sewerage system	<5 per 1000 properties	10.29 per 1000 properties	QLDC does not currently distinguish between complaints from customers and issues raised by contractors through scheduled preventative maintenance. Therefore, the figure of 10.29 is not representative of issues raised as complaints from customers only. This has been investigated and will be considered for adjustment in the coming year to ensure accurate reporting for 2016/2017.

WASTE MANAGEMENT

Why should you care?



About waste management

Waste management and recycling services include weekly kerbside refuse and recycling collection, recycling litterbins, resource recovery parks, green waste drop off sites, composting facilities and promoting waste minimisation initiatives. Rural areas are serviced by rural drop off points where economically viable. A landfill facility at Victoria Flats, and transfer stations in Queenstown and Wanaka, process waste and manage the safe disposal of hazardous materials. The Council contracts waste and recycling to third parties.

PROGRESS AGAINST THE 10 YEAR PLAN 2015-2025

QLDC has continued to deliver planned waste management services in a safe and scheduled fashion. A strong emphasis has been placed upon the effective management of waste when events are held. Refuse and recycling practices within the CBD areas of both Queenstown and Wanaka have been reviewed to enhance the appearance and tidiness of these areas.

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.

HOW MUCH IT COST

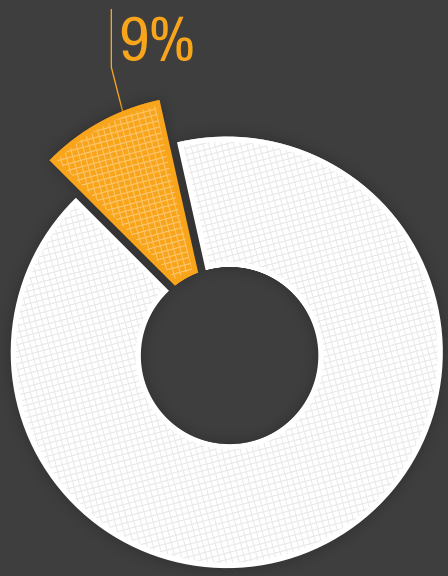
Breakdown of service cost

WASTE MANAGEMENT	2015 LTP $000	2016 LTP $000	2016 Actual $000
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	104	-	-
Targeted Rates	2,733	2,481	2,491
Subsidies & Grants for Operating expenditure	86	40	108
Fees & Charges	4,091	4,255	5,214
Internal Charges Recovered	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	28	-	-
Total Sources of Operating Funding	**7,042**	**6,776**	**7,813**
Applications of Operating Funding			
Payments to Staff and Suppliers	6,102	5,785	6,845
Finance Costs	303	248	185
Internal Charges Applied	330	623	654
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	**6,735**	**6,656**	**7,684**
Surplus/(Deficit) of Operating Funding	**307**	**120**	**129**
Sources of Capital Funding			
Subsidies & Grants for Capital expenditure	-	-	-
Development and Financial Contributions	-	-	-
Increase/(Decrease) in Debt	(165)	(673)	(713)
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contributions	-	-	-
Other Dedicated Capital Funding	-	-	-
Total Sources of Capital Funding	**(165)**	**(673)**	**(713)**
Applications of Capital Funding			
Capital Expenditure			
- to meet additional demand	55	10	-
- to replace existing assets	-	-	-
- to improve the level of service	60	60	30
Increase/(Decrease) in Reserves	27	(623)	(614)
Increase/(Decrease) of Investments	-	-	-
Total Applications of Capital Funding	**142**	**(553)**	**(584)**
Surplus/(Deficit) of Capital Funding	**(307)**	**(120)**	**(129)**
Funding Balance	**-**	**-**	**-**

Significant Cost Of Services Variance	Significant Capital Expenditure	Significant Capital Expenditure Variances
Increased costs are due to volume increases and have been recovered via increased income from transfer stations and subsidies	Not applicable	Not applicable

Summary of internal borrowings				
Activity	30 June 2016 Internal loan balance $000	Total funds repaid in the year $000	Total funds borrowed during the year $000	Interest paid in the year $000
Sewerage	1,366	272	11	36

AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of **$81,930,000** (excluding depreciation)

Waste Management expenditure of **$7,684,000**

How we performed

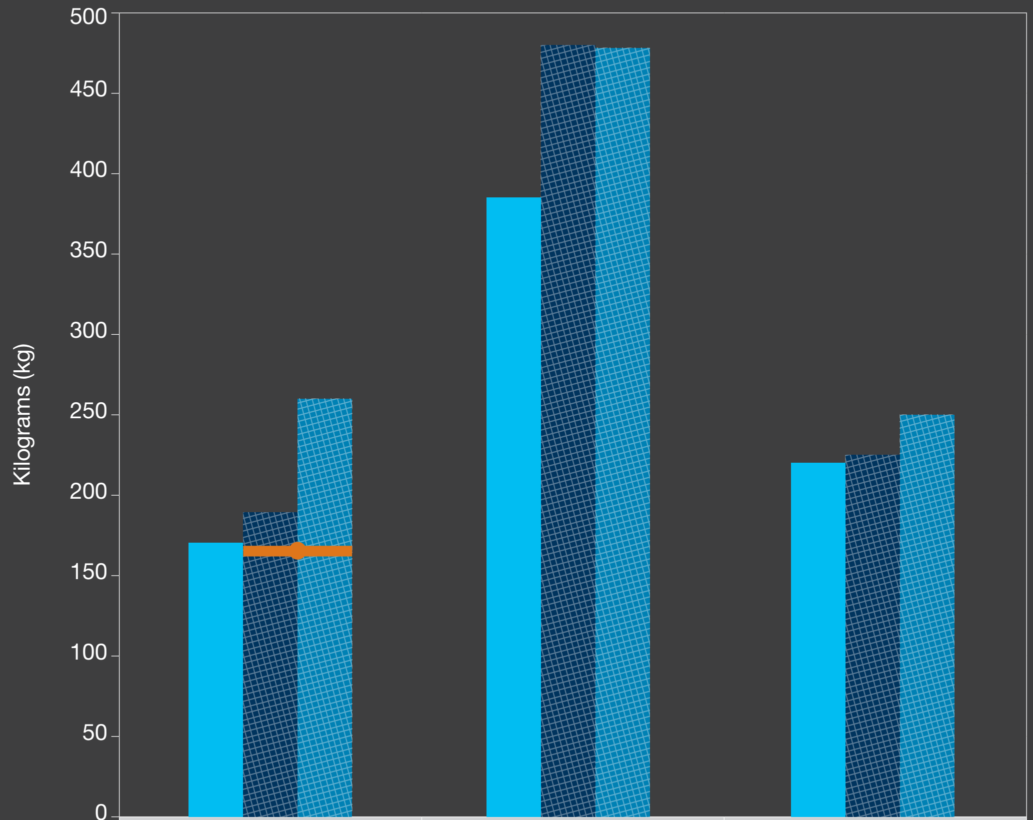
HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIS)

KPI: Satisfaction with street cleaning

Year	Result	Target	Commentary
2013/2014	75%	Not applicable	During this period, satisfaction increased and was based upon results from a comparable survey.
2014/2015	76%	>75%	
2015/2016	66%	>75%	Satisfaction appears to have dropped this year and focus will be required to understand areas of dissatisfaction. Refer to page 25 for further detail about the survey model used.

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
2013/2014	169.70	386.00	220.90
2014/2015	186.60	458.05	226.65
2015/2016	258.63	424.18	260.54
Target for residential waste (as of 2014/15)	165kg	-	-

The target applicable to this KPI is for residential waste only, and applies from 2014/15. A specific target was not provided within the 10 year plan.

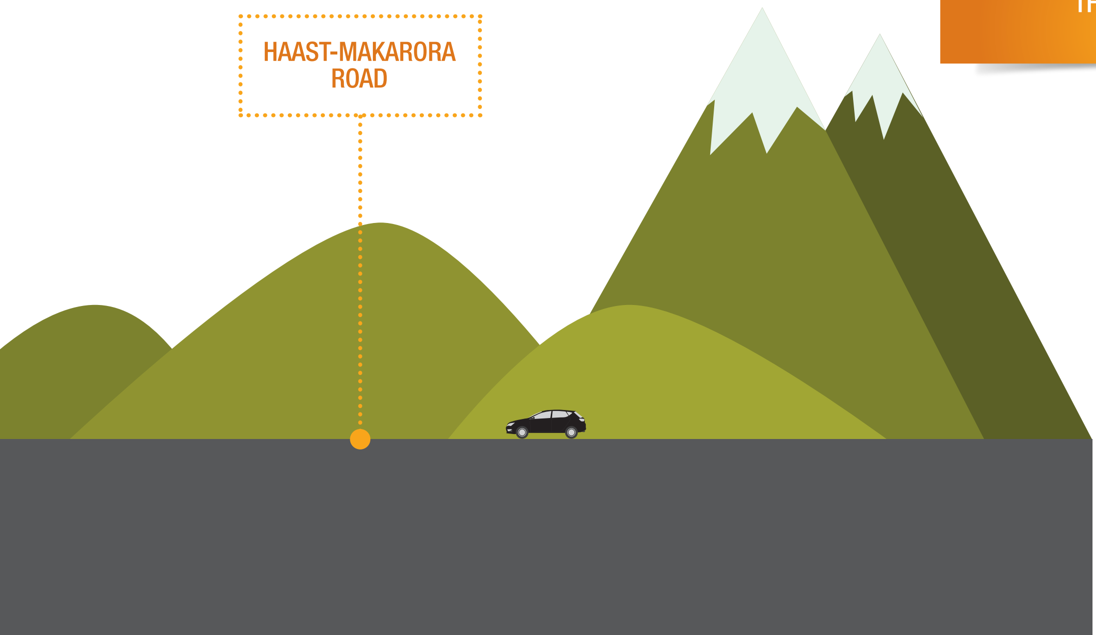
Levels of residential waste sent to landfill have increased this year, which in part could be due to the issues experienced in recycling glass over a two month period.

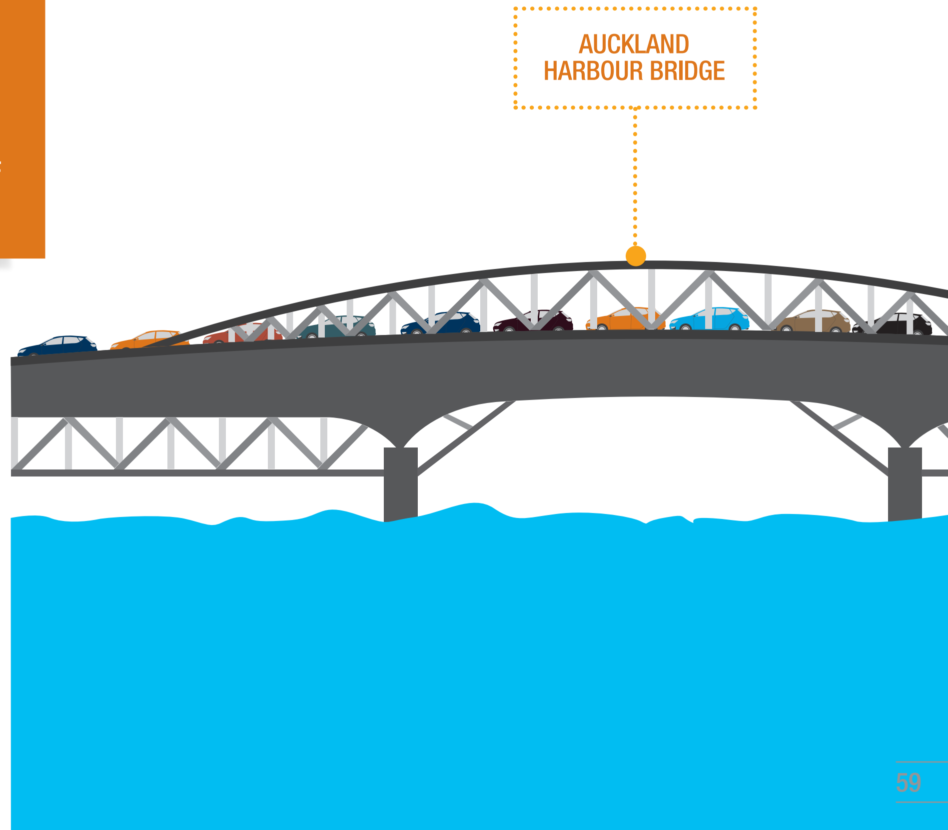
Commercial waste to landfill levels have slightly fallen and increased volumes of waste have been diverted from landfill. These results have been achieved despite increased growth in the district.

TRANSPORT, INCLUDING ROADING, PARKING AND FOOTPATHS

Why should you care?

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.





About transport, including roading, parking and footpaths

The Council is accountable for just over 800km of local roading and public carparks located in Arrowtown, Queenstown, and Wanaka. This includes maintaining street lights and signage. In addition, there are 232km of state highways within the district and these are managed by New Zealand Transport Agency (NZTA). The Council's transport activities are funded from a combination of local and central government funding sources.

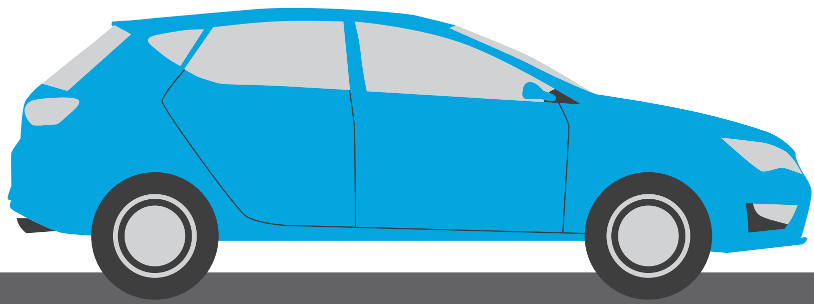
PROGRESS AGAINST THE 10 YEAR PLAN 2015-2025

Our District's population growth and national and international reputation as a visitor destination are putting pressure on our roading network. Highways, local roads and suburban streets are becoming more congested, with several obvious pinchpoints in and around Frankton as well as in central Queenstown. Significant steps have been taken this year to improve traffic flow and congestion, working towards a frustration-free district that can be enjoyed by residents and visitors alike.

Over the past 12 months, Queenstown has opened a series of new roundabouts at Ladies Mile through to Frankton and two sets of traffic lights have been installed in the CBD. The final design review of the Eastern Access Road has also been completed and peer reviewed, with funding from NZTA having been secured.

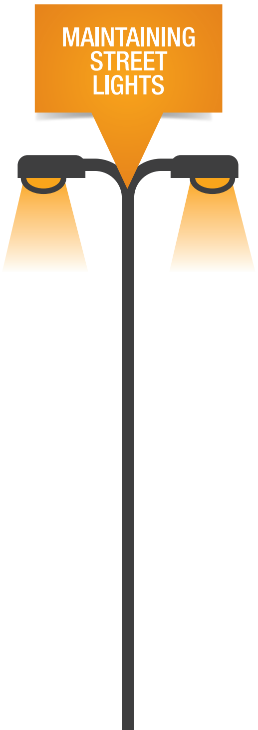
QLDC has also undertaken a thorough review of parking within CBD areas and made adjustments to parking permissions in order to reduce pressure points. Considerable planning has also been undertaken in relation to the over-arching Transport Strategy for the district, which aims to make public transport affordable, reliable and accessible. Initial steps have also been undertaken to investigate Park and Ride options for Queenstown.

800KM OF LOCAL ROADS



HOW MUCH IT COST

Breakdown of service cost



ROADING AND FOOTPATHS	2015 LTP $000	2016 LTP $000	2016 Actual $000
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	-	-	-
Targeted Rates	12,755	11,219	11,207
Subsidies & Grants for Operating expenditure	3,763	3,420	3,884
Fees & Charges	993	649	1,548
Internal Charges Recovered	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	434	847	317
Total Sources of Operating Funding	**17,945**	**16,135**	**16,956**
Applications of Operating Funding			
Payments to Staff and Suppliers	8,313	6,793	8,176
Finance Costs	1,839	1,018	723
Internal Charges Applied	1,040	621	652
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	**11,192**	**8,432**	**9,551**
Surplus/(Deficit) of Operating Funding	**6,753**	**7,703**	**7,405**
Sources of Capital Funding			
Subsidies & Grants for Capital expenditure	5,460	9,523	3,221
Development and Financial Contributions	1,339	1,619	2,141
Increase/(Decrease) in Debt	(3,817)	(6,178)	(6,597)
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contributions	-	-	-
Other Dedicated Capital Funding	-	-	-
Total Sources of Capital Funding	**2,982**	**4,964**	**(1,235)**
Applications of Capital Funding			
Capital Expenditure			
- to meet additional demand	4,332	5,536	3,492
- to replace existing assets	3,826	2,355	3,069
- to improve the level of service	3,916	5,577	1,714
Increase/(Decrease) in Reserves	(2,339)	(801)	(2,105)
Increase/(Decrease) of Investments	-	-	-
Total Applications of Capital Funding	**9,735**	**12,667**	**6,170**
Surplus/(Deficit) of Capital Funding	**(6,753)**	**(7,703)**	**(7,405)**
Funding Balance	**-**	**-**	**-**

Significant Cost Of Services Variance

Costs are $1.4m higher than budget due to high winter maintenance expenditure $1.7m, which was offset by NZTA subsidy of $1.5m.

This has been offset by $295k of positive variance for interest costs.

Significant Capital Expenditure

There is $8.2m of capital work for roading - with $1.4m spent on the Eastern Arterial Road (Frankton Flats).

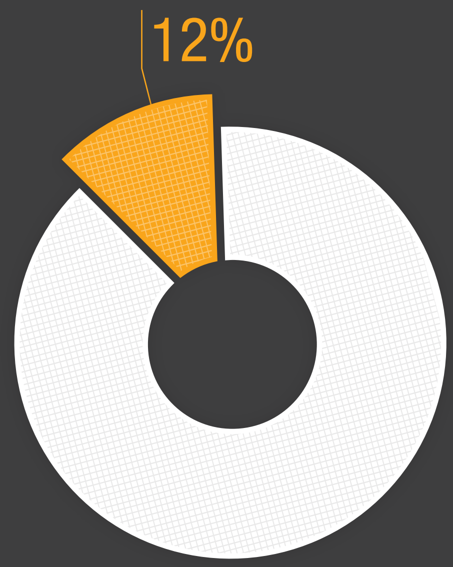
Significant Capital Expenditure Variances

The major variance relates to the Eastern Arterial Road (Frankton Flats) with $1.1m of the budget for the year carried forward to 2016/17.

Summary of internal borrowings

Activity	30 June 2016 Internal loan balance $000	Total funds repaid in the year $000	Total funds borrowed during the year $000	Interest paid in the year $000
Roading and footpaths	3,927	2,771	353	142

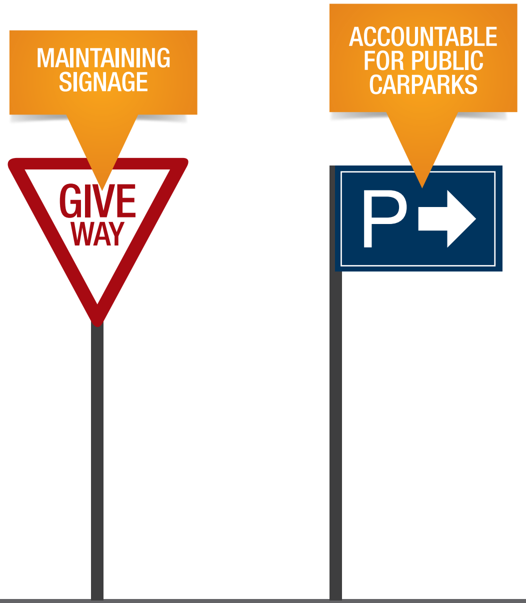
AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of **$81,930,000** (excluding depreciation)

Transport expenditure of **$9,551,000**

How we performed



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

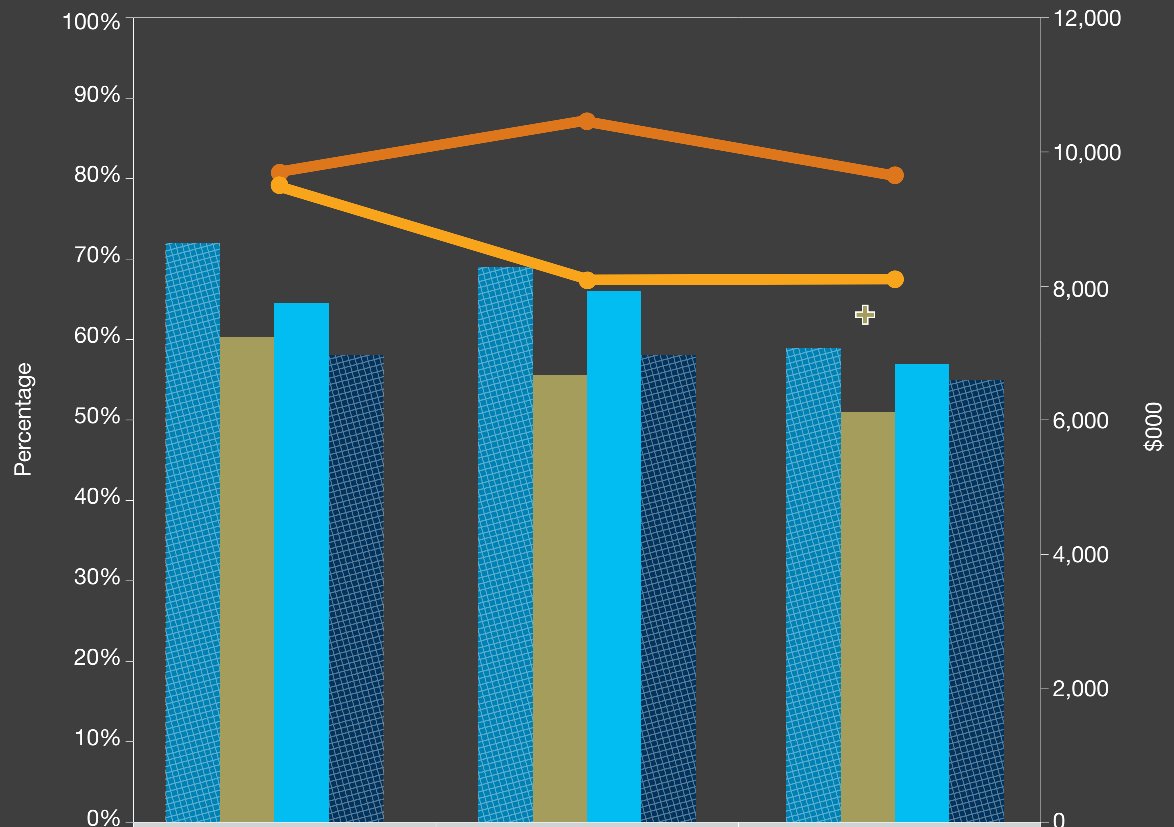
Year	Result	Target	Commentary
A) SEALED ROADS			
2014/15	$165.5	$129 per km	The New Zealand Transport Agency has made available additional budget. Whilst the target set was not achieved, all activity was undertaken within budget.
2015/16	$214.55		
B) UNSEALED ROADS			
2014/15	$84.44	$85 per km	The target was not achieved for unsealed roads and focus is required in 2016/17.
2015/16	$98.37		

KPI: Sealed road closures (planned and unplanned) that exceed the Council's service standard (one per month, no longer than 8 hours and not during peak demand times)

Year	Result	Target	Commentary
2014/15	0.25	Average of 1 per month	In 2015/16 QLDC made three unplanned sealed road closures. These were all due to a high wind weather event in November 2015 that resulted in the necessary closure of a number of roads. This achieved the target set.
2015/16	0.25		

OVERALL PERFORMANCE OF ROADS AND FOOTPATHS

Impact of expenditure on service performance



	2013/2014	2014/2015	2015/2016
Satisfaction with sealed roads	72%	69%	59%
Satisfaction with unsealed roads	60%	56%	51%
Target (as shown in 10YP) unsealed roads	-	-	63%
Satisfaction with footpaths	65%	66%	57%
Satisfaction with street lighting	58%	58%	55%
Opex	9,639	10,606	9,551
Capex	9,356	8,252	8,275

Satisfaction with roads and footpaths is consistent with findings in other areas, having reduced from 69% satisfaction to 59% this year. It is likely that traffic issues surrounding the new Queenstown traffic lights and roundabouts are negatively influencing perception of performance in this field.

Refer to page 25 for further detail about the survey model used.

NEW ADDITIONAL MEASURES

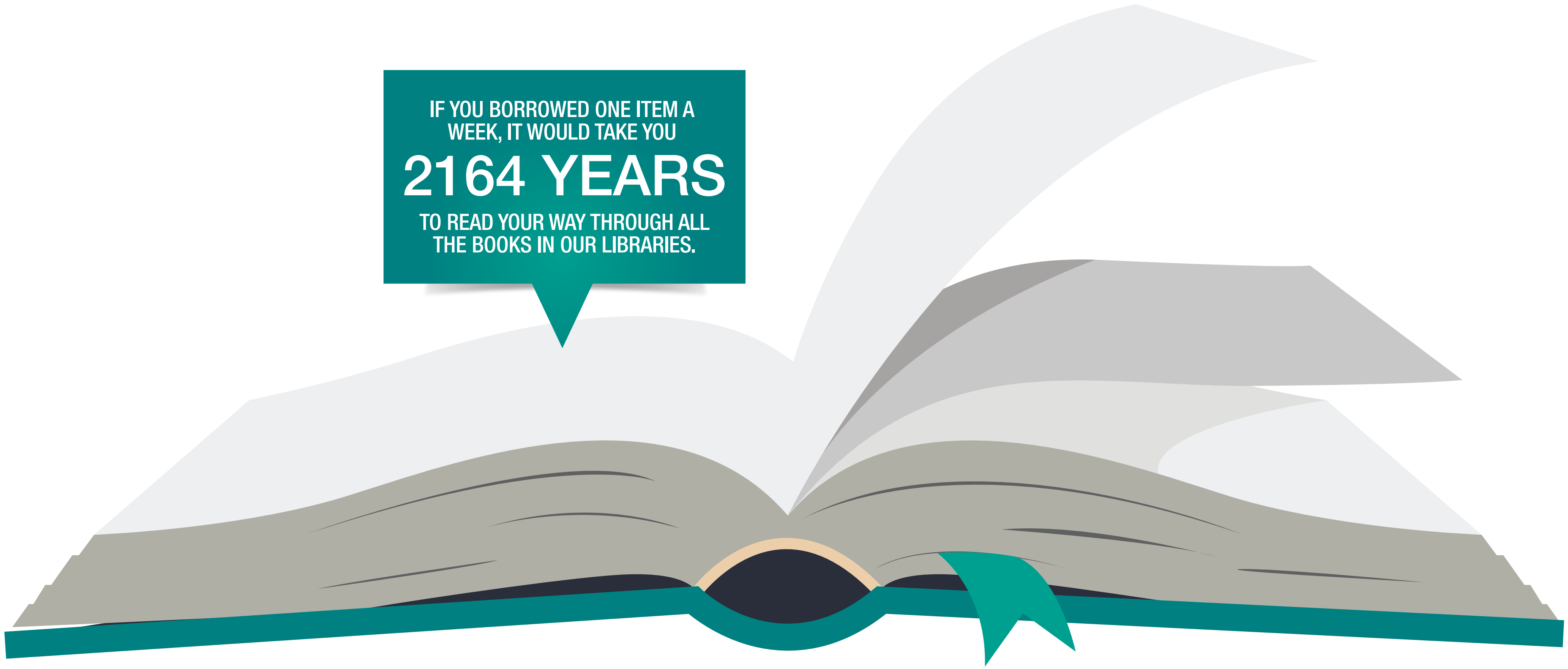
This year, the Department of Internal Affairs (DIA) has outlined a range of new benchmarking measures for inclusion in the Annual Report. The following measures relate to our performance for roads and footpaths:

Roads and footpaths	2015/16 Target	2015/2016 Result	Commentary
The annual change in the number of fatalities and serious injury crashes on the local road network, or the number of deaths and serious injuries per million vehicle km travelled on local roads	<12 (the total number reported in 2014/15)	9	The District has experienced a 25% decrease in the number of fatalities and serious injury crashes on the local road network. This is an excellent result, given the growth in visitors to the area who may be unfamiliar with local roads and driving conditions.
The average quality of ride on a sealed local road network, as measured by the Smooth Travel Exposure Index.	>80%	97%	The District is significantly above the benchmark set, demonstrating the high quality of the local road network.
Percentage of a sealed local road network that is resurfaced annually.	<10%	8%	The District is within the benchmark set, demonstrating an effective, controlled and well-managed resurfacing programme.
Percentage of a local footpath network that is part of a local road network that falls within a local government organisation's level of service or service standard for the condition of footpaths.	95%	Not reported	QLDC does not currently have a Level of Service defined for the condition of footpaths. Therefore, this measure cannot be reported against for 2015/16. A full review of the condition and monitoring of the footpath network is underway, in order to enable effective reporting in 2016/17.

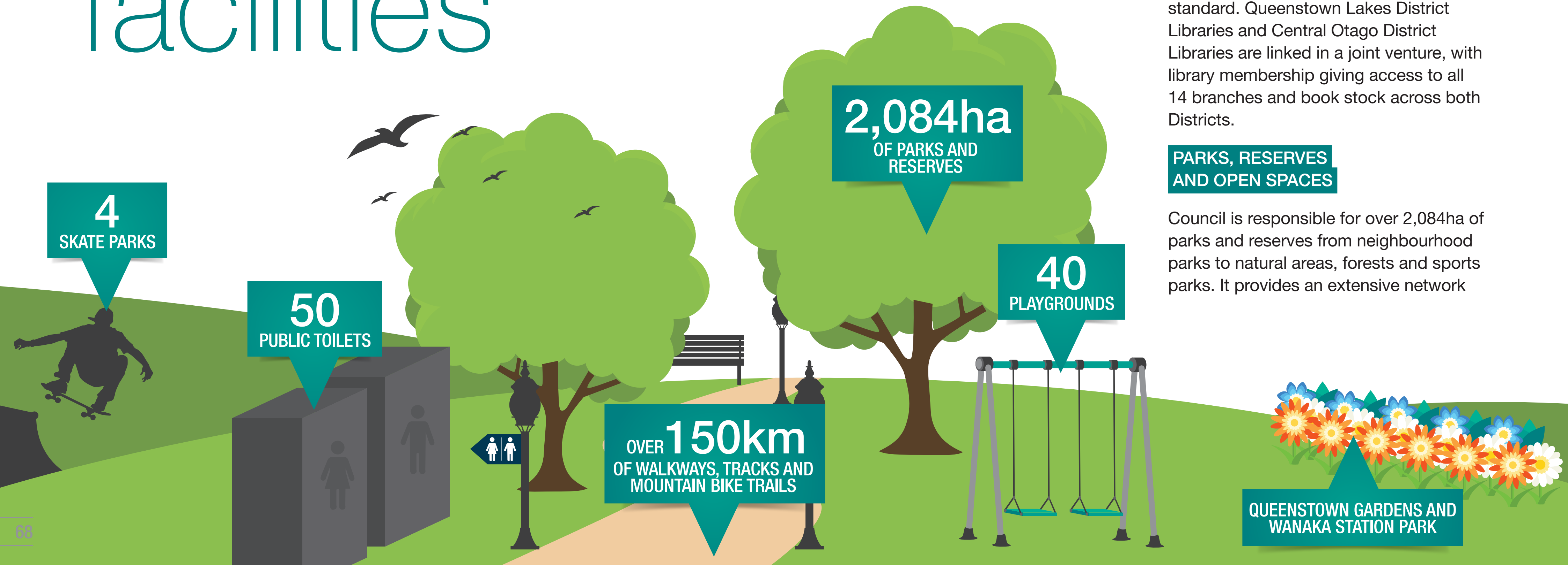
COMMUNITY SERVICES AND FACILITIES

The District's parks, libraries, recreational and other community facilities and services are highly valued by the community.

Why should you care?



About community services and facilities



WHAT WE DELIVER

LIBRARY SERVICES

There are seven libraries in the Queenstown Lakes District. These are Queenstown, Wanaka, Arrowtown, Kingston, Glenorchy, Lake Hawea and Makarora. The Council considers libraries to be an important part of the community's resource, providing high-quality library services to a national standard. Queenstown Lakes District Libraries and Central Otago District Libraries are linked in a joint venture, with library membership giving access to all 14 branches and book stock across both Districts.

PARKS, RESERVES AND OPEN SPACES

Council is responsible for over 2,084ha of parks and reserves from neighbourhood parks to natural areas, forests and sports parks. It provides an extensive network

of modern playgrounds and facilitates a wide range of activity including golf, bowls, specialised mountain biking parks, skateparks, cross country skiing and other sporting activities.

This activity provides and maintains a network of walking and cycle trails across the District including the New Zealand Cycleway and Te Araroa Walkway.

The Council undertakes maintenance of the Queenstown Gardens and all amenity horticulture work with its own staff, while mowing, tree maintenance and building maintenance is undertaken under contract.

Some of the facilities the Council supports and/or maintains include:

- Queenstown Gardens and Wanaka Station Park;
- 40 playgrounds and four skate parks;
- three BMX jump parks in association with local mountain bike clubs;

- 32 ha of sports fields in Queenstown, Arrowtown and Wanaka and Hawea; and
- over 150km of walkways, tracks and mountain bike trails.

FORESTS

QLDC owns three forests: Ben Lomond Reserve, Queenstown Hill Reserve and part of the Coronet Forest, shared with Central Otago District Council (CODC), in a 75:25 split.

Forests are designated under the QLDC Operative District Plan. This means that the land can be used primarily for the purpose of planting, tending, managing and harvesting of trees for timber and wood production. As QLDC's forests are production forests the Council can take advantage of spikes in export and domestic log markets by obtaining a profitable return for the valuable timber resource.

Most of the QLDC forests have been classified as Pre-1990 forests under the New Zealand Emissions Trading Scheme. QLDC must replant if the forests are felled under this scheme. QLDC has been allocated carbon credits for the restriction on land use.

All forests have a forestry plan and are managed in line with these plans.

The reserve forests of Ben Lomond and Queenstown Hill need to be managed for a number of reasons:

- Exotic species are spreading, smothering indigenous vegetation within the reserves and spreading well beyond the reserve boundaries. There is a need to contain the forest and remove it from areas where native forest can be restored.
- The forests form the backdrop to Queenstown, providing both a recreation resource and a unique scenic landscape. There is a need to protect Queenstown's scenic appeal and enhance recreation opportunities.
- The forest protects the town from rock fall but also pose a significant fire risk, particularly if wood volumes are left unchecked.
- The forests contain some of the fastest growing Douglas fir in New Zealand so there is an opportunity to harvest timber in a sustainable manner to generate revenue for the management of the District's parks and reserves and wilding conifer control.

Forestry Management objectives are to:

- manage exotic forest to recover merchantable timber where amenity can be improved and recreational opportunities and indigenous vegetation enhanced;
- ensure the logging operations minimise impacts on landscape and recreation values and existing facilities; and
- ensure the safety of the public and other facilities on the reserve.

Coronet Forest is a production forest and needs to be managed so that maximum return is realised at harvest.

The management objectives for the Coronet Forest are to grow a crop of Douglas fir for maximum profitability within the constraints of:

- good forestry practice;
- sustainable land use; and
- respecting the wider social objectives (of landscape and public use) of QLDC as contained within the District Plan.

Coronet Forest contains only one recreational licence holder.

VENUES AND FACILITIES

The purpose of this function is to provide a range of aquatic facilities, halls and similar multiuse indoor facilities throughout the District. Major facilities such as the Queenstown Event Centre, Queenstown

Memorial Centre, Lake Hayes Pavilion, Athenaeum Hall and Lake Wanaka Centre are multi-purpose recreation and community venues.

Community halls such as Kingston, Glenorchy, Hawea Flat, Cardrona and Luggate support local needs and are generally managed in association with hall committees supported by the Council.

Aquatic facilities include Alpine Aqualand, Arrowtown Memorial Pool and the Wanaka Community Pool. The Council also supports the operation of the Glenorchy and Hawea community pools via annual operating grants.

PUBLIC TOILETS

The Council provides 50 public toilets in order to enhance the public's experience of our outdoor places and to protect the public environment. The goal is to provide clean, accessible and conveniently located toilets.

The introduction of usage counters to new toilet facilities and radio frequency tags for maintenance monitoring has enabled the Council to consistently improve toilet facilities available to the community.

CEMETERIES

This activity assists the community by enabling healthy grieving and memorialisation. There are 12 designated cemeteries under QLDC ownership.There are operating cemeteries at Makarora, Queenstown, Glenorchy, Frankton, Kingston, Cardrona, Wanaka, Lake Hawea, Skippers and Arrowtown.

All cemeteries in the District are of major historical importance, including Skippers and Macetown Cemeteries. Of these only Macetown is 'closed'. A cemetery has been provided at Lower Shotover to meet future demand. Its development will continue dependent on need.

COMMUNITY PROPERTY (HOUSING)

The Council manages and maintains nine, one-bedroom elderly person's flats. It further manages and maintains five residential houses and six residential apartments. Council continues to implement ongoing actions and supports the Queenstown Lakes District Housing Trust in the provision of affordable housing in the District.

WANAKA AIRPORT

Wanaka Airport is located off the Wanaka-Luggate Highway (SH6) approximately 13km to the southeast of Wanaka and 2.5km west of the township of Luggate. The Airport occupies approximately 38ha of land.

The airport has two parallel runways. The main runway is sealed and is 1,200m long and 30m wide. The secondary grass runway is 840m long and 40m wide and is primarily used by smaller and vintage aircraft.

The airport has a number of established commercial and private facilities on leased sites, including a range of aviation maintenance businesses, a skydive facility and a helicopter training establishment.

Wanaka Airport is also the location for the Warbirds Over Wanaka Community Trust tourist attraction, featuring Warbirds aircraft, vintage cars, other museum attractions and a diner-style café.

COMMUNITY GRANTS

The Council is involved in this activity as a way of providing financial support to various community groups. Currently the Council funds a total of $685,571 to 19 groups and activities in the region with a further $228,500 (in 2015/16) approved through the consultation process for one-off amounts towards specific projects and activities.

The majority of groups supported are either set up as trusts or registered incorporated societies. These groups applied for and use their grant to cover operational costs such as rent or for specific projects each year i.e. track maintenance.

The Council also works to ensure that community groups can access funding available through other agencies.

PROGRESS AGAINST THE 10 YEAR PLAN 2015-2025

- The Wanaka Recreation Centre was opened ahead of schedule, offering the local community the opportunity to exercise and meet in a modern, well-designed facility. The centre provides a sports hall with two full size indoor courts, changing rooms, meeting space, office space and multi-sport artificial turf.
- All library members now have the opportunity to use the self-check facilities at our larger branches. Self-check counters are now available in Wanaka, Queenstown and Arrowtown libraries.
- Community grants continue to be administered through the Council's annual funding structure and are available to all Community Associations throughout the District.
- As outlined in the Wanaka Lakefront Reserve Management Plan, activity zone development plans continue to be progressed, in order to establish in more detail what the community would like to see in these areas.

HOW MUCH IT COST

Breakdown of service cost

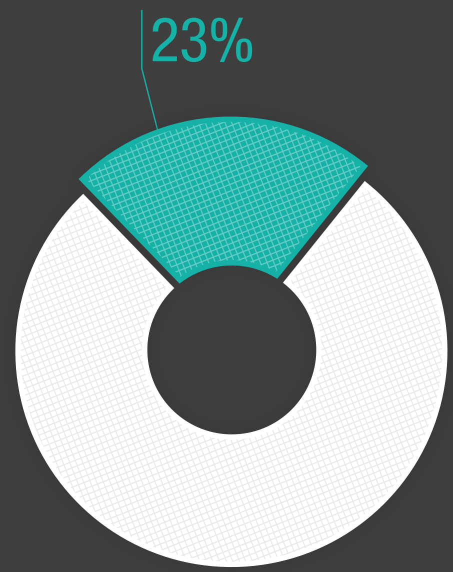
COMMUNITY	2015 LTP $000	2016 LTP $000	2016 Actual $000
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	558	1,653	1,640
Targeted Rates	12,617	13,948	13,948
Subsidies & Grants for Operating expenditure	84	93	688
Fees & Charges	1,541	3,836	4,597
Internal Charges Recovered	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	199	1,972	2,524
Total Sources of Operating Funding	**14,999**	**21,502**	**23,397**
Applications of Operating Funding			
Payments to Staff and Suppliers	9,701	12,819	15,321
Finance Costs	1,590	1,802	862
Internal Charges Applied	2,363	4,379	2,723
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	**13,654**	**19,002**	**18,906**
Surplus/(Deficit) of Operating Funding	**1,345**	**2,502**	**4,491**
Sources of Capital Funding			
Subsidies & Grants for Capital expenditure	2,462	1,755	-
Development and Financial Contributions	3,217	2,255	2,309
Increase/(Decrease) in Debt	8,939	7,281	4,840
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contributions	-	-	-
Other Dedicated Capital Funding	-	-	-
Total Sources of Capital Funding	**14,618**	**11,291**	**7,149**
Applications of Capital Funding			
Capital Expenditure			
- to meet additional demand	10,482	5,498	4,243
- to replace existing assets	1,026	1,248	1,031
- to improve the level of service	10,908	9,337	7,111
Increase/(Decrease) in Reserves	(6,453)	(2,290)	(746)
Increase/(Decrease) of Investments	-	-	-
Total Applications of Capital Funding	**15,963**	**13,791**	**11,640**
Surplus/(Deficit) of Capital Funding	**(1,345)**	**(2,502)**	**(4,491)**
Funding Balance	**-**	**-**	**-**

Significant Cost Of Services Variance	Significant Capital Expenditure	Significant Capital Expenditure Variances
Not applicable	The major item is the Wanaka Recreation Centre ($8.9m)	The major variance item is the Wanaka Recreation Centre which was behind the original schedule (budget unspent for the year $2.87m) There was also $2.2m of budget relating to the Queenstown Convention Centre which was not spent.

Summary of internal borrowings

Activity	30 June 2016 Internal loan balance $000	Total funds repaid in the year $000	Total funds borrowed during the year $000	Interest paid in the year $000
Community	9,341	739	2,514	169

AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of **$81,930,000** (excluding depreciation)

Community expenditure of **$18,906,000**

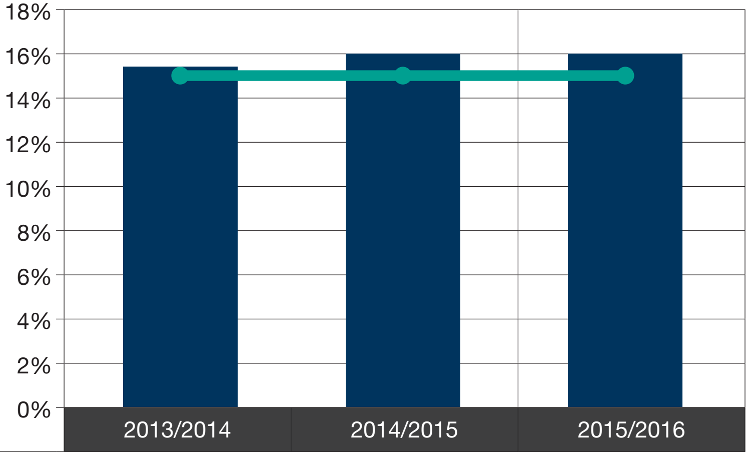
How we performed

HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIS)

SWIMMING POOLS

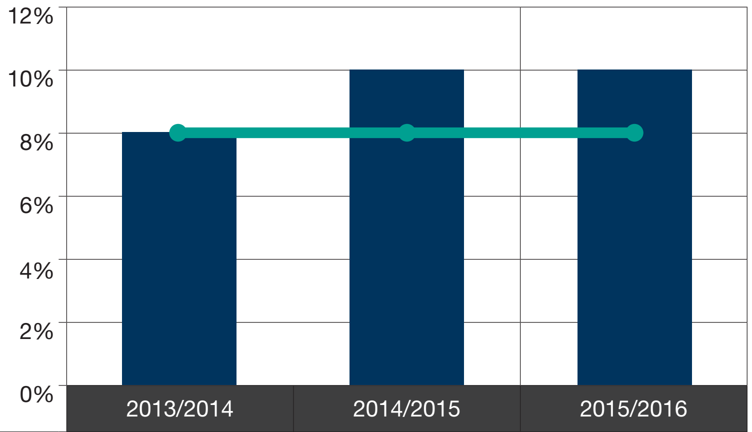
KPI: Percentage of residents who use their local pool at least once a month

ALPINE AQUALAND



	2013/2014	2014/2015	2015/2016
Result	15%	16%	16%
Target	15%	15%	15%

WANAKA POOL



	2013/2014	2014/2015	2015/2016
Result	8%	10%	10%
Target	8%	8%	8%

Targets were met for both Alpine Aqualand and Wanaka Pool this year and both locations demonstrated increased usage from 2014/15. This is due to a range of initiatives, including provision of a wider range of programmes, strong maintenance schedules and a renewed emphasis on creating a positive customer experience. At Alpine Aqualand there has been a focus on maintaining and improving the heating, ventilation and air conditioning systems in order to provide a comfortable environment at all times.

KPI: Net direct cost per pool admission

Year	Result	Target	Commentary
2013/2014	$2.12	no target set	Cost per pool admission has reduced this year, comfortably achieving the target. Significant focus has been given to the procurement of pool chemicals and customers continue to enjoy the benefit of the investment in water quality systems made last year.
2014/2015	$2.44	<$2.12 or within the top 50% of pools nationally (as measured by Yardstick)	
2015/2016	$1.49		

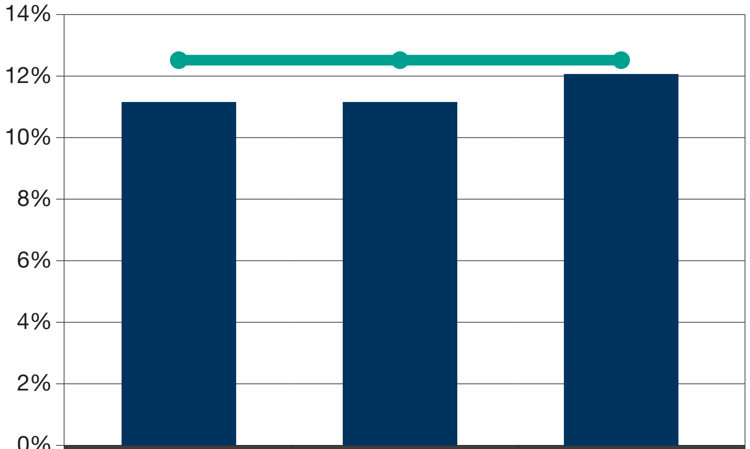
KPI: Number of serious incidents per 10,000 pool admissions (Alpine Aqualand and Wanaka Pool)

Year	Result	Target	Commentary
2013/2014	0.17	no target set	Two serious accidents, defined as incidents that required medical attention, were recorded this year. This equates to 0.1 incidents per 10,000 pool admissions. The continued decrease in incidents reflects QLDC's ongoing focus on health, safety and wellbeing. One incident was a broken leg sustained during a soccer game and one was a concussion during a rugby match. Both occurred at the QEC outdoor fields.
2014/2015	0.11	<0.17 or within the top 25% of pools nationally (as measured by Yardstick)	
2015/2016	0.10		

GYM

KPI: Percentage of residents who are gym members (based on the Wakatipu population within the age range of 15-69 years)

RESIDENTS WHO ARE GYM MEMBERS



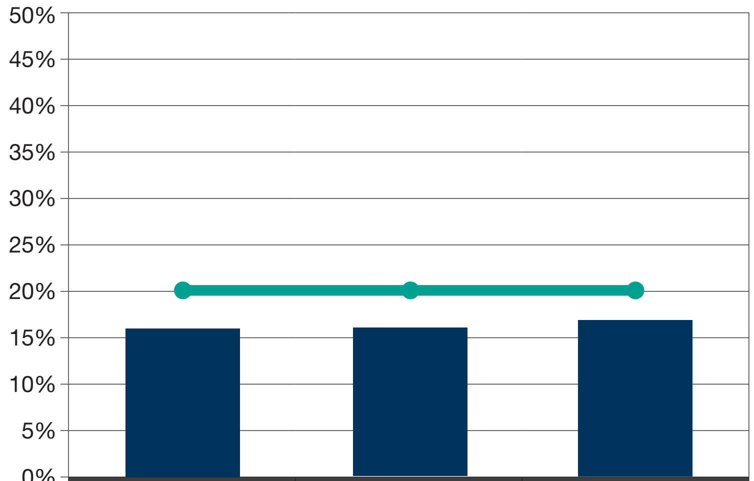
	2013/2014	2014/2015	2015/2016
Result	11%	11%	12%
Target	12.5%	12.5%	12.5%

Membership levels continue to rise and the target of 12.5% was nearly achieved this year, despite two new gyms having opened in Frankton, creating more competition. Alpine Health & Fitness has improved retention figures for members, provided a more varied programme and the option of an open term direct debit payment.

LIBRARIES

KPI: Percentage of residents who are library members and borrow at least once a month

RESIDENTS WHO ARE LIBRARY MEMBERS



	2013/2014	2014/2015	2015/2016
Result	16%	16%	17%
Target	20%	20%	20%

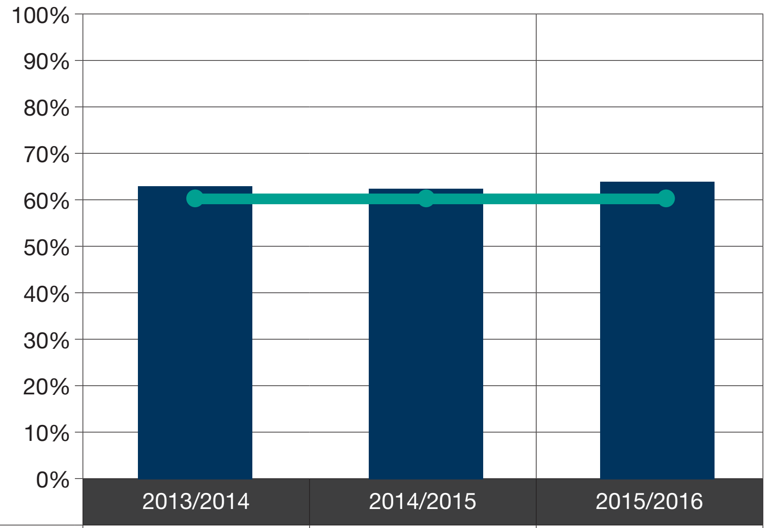
Library membership continues to grow and the team will continue to focus on achieving the 20% target. This year the Libraries welcomed 2984 new borrowers, a 15% increase on the number of new members in 2014/15.

Libraries continue to evolve with the needs of the community and have seen an increase in a range of services, including events, reading groups, wifi provision, e-book loans, printing, scanning, power packs and computer use.

COMMUNITY FACILITIES AND VENUES

KPI: Average occupancy rate of community facilities

AVERAGE OCCUPANCY RATE



	2013/2014	2014/2015	2015/2016
Result	63%	62%	64%
Target	60%	60%	60%

Venue use remains consistently high across the key venues in the District. Usage has improved this year and reflects the District's reputation as an event friendly destination.

PROPERTY

KPI: Variance from budget on property expenditure

Year	Result	Target	Commentary
COMMERCIAL PROPERTY			
2014/15	**Capex:** -158.2% **Opex:** -5.1%	**Capex:** Range of 0% to -10% **Opex:** Range of 0% and -5%	Operational costs were above budget due to the purchase of the Lakeview Cabins. Additional maintenance was incurred to improve the cabins to a rentable standard. This additional expense has been offset by additional rental income. Capex costs were under budget due to the timing delay for the Queenstown Convention Centre.
2015/16	**Capex:** 90.8% **Opex:** -4.6%		
COMMUNITY PROPERTY			
2014/15	**Capex:** 31.6% **Opex:** 3.9%	**Capex:** Range of 0% to -10% **Opex:** Range of 0% and -5%	Operational costs were below budget due to a change in structure resulting in reduced overheads across the community property assets. Interest costs have also been reduced. Capex costs were under budget due to timing of the construction of the Wanaka Recreation Centre. This budget has been carried forward to 2016/17.
2015/16	**Capex:** 10.7% **Opex:** 11.5%		

PARKS AND TRAILS

KPI: Average daily use of trails

Trail	Average number of counts
Frankton Track	685.11
Old Lower Shotover River Track	264.33
Kelvin Peninsula New	240.81
Riverside Road	139.92
Swain Bridge	135.55
Billies Bridge	276.17
Morven Ferry Road	86.13
Speargrass Flat Road	69.83

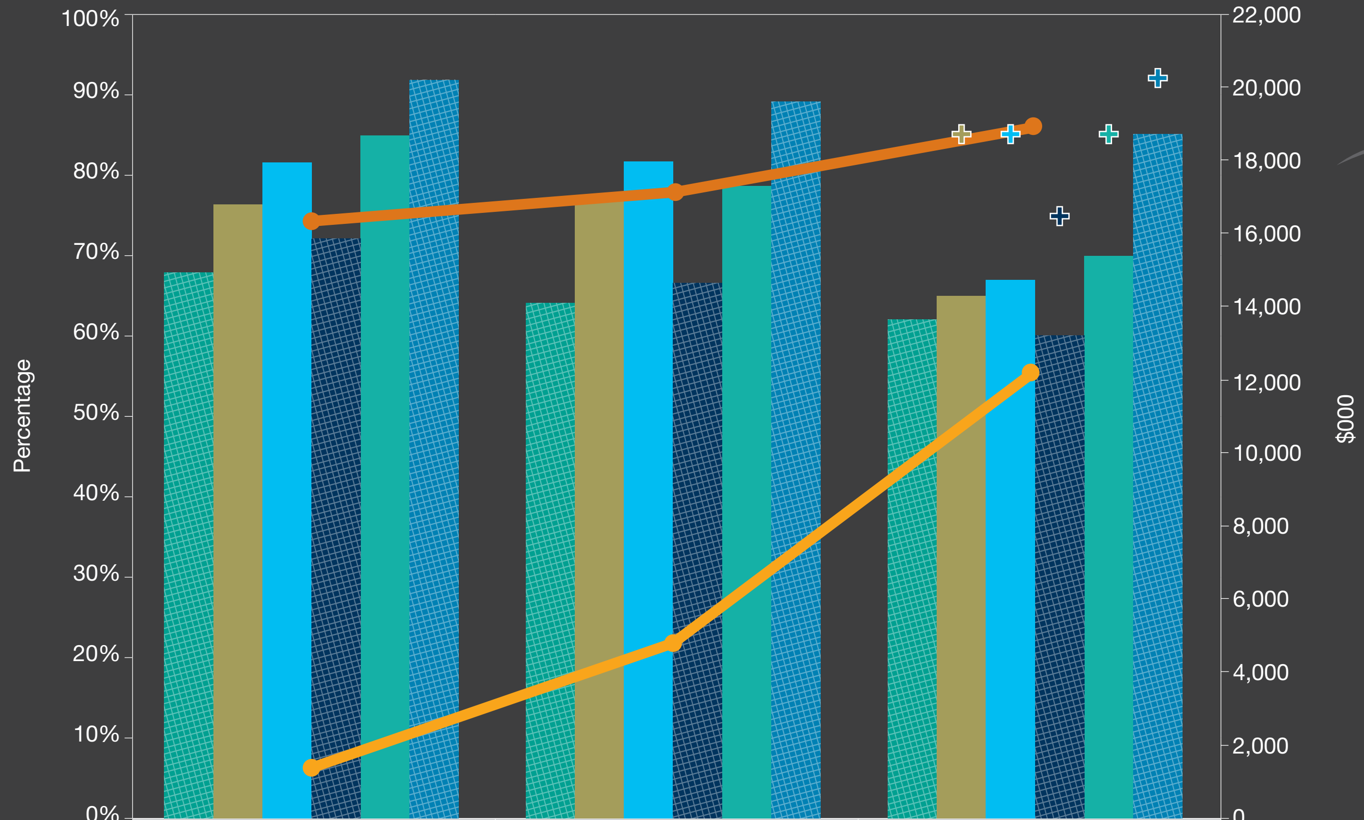
Trails data shows seasonal use and is not associated with a specific target. Trail usage has increased 20% in total compared to the total counts received for last year. This reflects the passion and enthusiasm residents and visitors alike have for the trails across the District.

KPI: Cost per hectare to maintain and manage the district's parks and reserves

Year	Result	Target	Commentary
2013/2014	$1,967 per hectare	no target set	Due to growth in the district over recent years and the increased use of parks and reserves, the cost of maintenance is higher than anticipated. As contracts will be reviewed in 2017, efforts will be made to reduce costs, maximise efficiencies, achieve the target set and obtain best value.
2014/2015	$2,421.70	<$1,967 per hectare	
2015/2016	$2,363.94		

OVERALL PERFORMANCE OF COMMUNITY SERVICES AND FACILITIES

Impact of expenditure on service performance



	2013/2014	2014/2015	2015/2016
Satisfaction with swimming pools	68%	64%	62%
Target (as shown in 10YP) swimming pools	-	-	Not specified
Satisfaction with community halls	76%	77%	65%
Target (as shown in 10YP) community halls	-	-	85%
Satisfaction with libraries	81%	82%	67%
Target (as shown in 10YP) libraries	-	-	85%
Satisfaction with toilets	72%	67%	60%
Target (as shown in 10YP) toilets	-	-	75%
Satisfaction with playgrounds	85%	79%	70%
Target (as shown in 10YP) playgrounds	-	-	85%
Satisfaction with trails	92%	89%	85%
Target (as shown in 10YP) trails	-	-	92%
Opex	16,333	17,120	18,906
Capex	1,394	4,807	12,386

This year's results reflect a detectable shift to a more neutral response, which translates to a slight but reasonably consistent downturn in satisfaction. The libraries are a strong example of where this has occurred, but the level of service has not changed. Capital expenditure (Capex) has increased this year as a result of the Wanaka Recreation Centre project.

Refer to page 25 for further detail about the survey model used.

REGULATORY FUNCTIONS AND SERVICES

REGULATORY REQUIREMENTS AND SERVICES UNDERTAKEN BY THE COUNCIL:

> encourage voluntary compliance;
> are user-friendly;
> protect the interests of the District; and
> are cost-effective and achieve the regulatory objectives.

Why should you care?

REGULATORY FUNCTIONS AND SERVICES ARE ABOUT KEEPING THE COMMUNITY SAFE. ENVIRONMENTAL HEALTH OFFICERS INVESTIGATE, MONITOR, AND ASSESS THE EFFECTS OF ENVIRONMENTAL HAZARDS, SUCH AS POLLUTION, UNSAFE FOOD AND INFECTIOUS DISEASES ON PEOPLE'S HEALTH AND WELLBEING. THEY ALSO ENSURE REGISTERED PREMISES COMPLY WITH REGULATIONS AND GRANT LICENCES TO THEM.

About regulatory functions and services

WHAT WE DELIVER

BUILDING CONSENTS

QLDC provides the necessary controls relating to building work and use of buildings, and ensuring buildings which are constructed are safe, sanitary and have adequate means of escape from fire. This activity primarily relates to the administration of the Building Act 2004 and Regulations. Activities include receiving, considering and (where appropriate) issuing building consents within the prescribed time limits, carrying out inspections of building work in progress and certifying buildings on completion. The Council works with the other design professionals, builders and owners to encourage them to provide their certification and documentation for their responsibilities. Other activities undertaken include issuing Project Information Memoranda (PIMs), Land Information Memoranda (LIMs), Compliance Schedules and receiving Building Warrants of Fitness from building owners on an annual basis.

ENFORCEMENT

Parking and Freedom Camping

Patrols are undertaken seven days a week across the District to ensure compliance with national legislation and local regulation.

Animal Control

QLDC provides enforcement of the Dog Control Act 1996 and Council Bylaws relating to Dog Control, and also enforcement of the Animal Welfare Act 1999 as it relates to dogs, so that residents are safe, annoyance factors are minimised and the welfare of animals is protected.

Alcohol

QLDC provides enforcement and monitoring of licensed premises and events to ensure compliance with the Sale and Supply of Alcohol Act 2012.

Noise

The Council provides a 24/7 noise complaint service in response to antisocial behaviour regarding noise.The majority of complaints relate to stereo noise and associated people noise.

Whilst people noise is Policing matter, Council works collaboratively in these situations and will seize stereos to abate the noise where necessary.

Littering

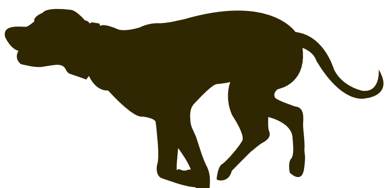
QLDC works with the community to reduce the level of littering and enforces the Litter Act 1979.

Waterways

The Council provides a range of recreational boating facilities so the community can safely utilise waterways for recreation and commercial activity. This includes a harbourmaster to administer bylaws and regulations and promote water safety.

QLDC provides a range of boat ramps, jetties and moorings to facilitate the use of waterways and maintains a register of waterway structures and foreshore licences. This includes the maintenance and development of Council owned waterways facilities including ramps and jetties. The Council maintains boat ramps and associated structures at Glenorchy, Sunshine Bay, St Omer Park, Bay View (Kelvin Peninsula), Frankton Marina, Kingston, Hawea foreshore and Roys Bay (Wanaka).

A programme of regular inspections is undertaken by qualified personnel to ensure waterway facilities are safe, that routine maintenance is being undertaken and that capital repairs are forecast and planned well ahead of time. The Council has also developed a Jetties and Moorings Policy which gives guidance to those who already own a jetty or mooring and those wishing to do so, on Frankton Arm, Queenstown Bay and Kingston Arm. It allows the Council to fully consider the cumulative effects of new applications and it sets out the issues of public access.



The purpose of this function is to control, by way of inspection, enforcement and promotion, the safe use of waterways and safety in waterways based activities in the District. It includes the provision of Harbourmaster services, which is contracted to Southern Lakes Monitoring Services. Harbourmaster services are provided 365 days a year.

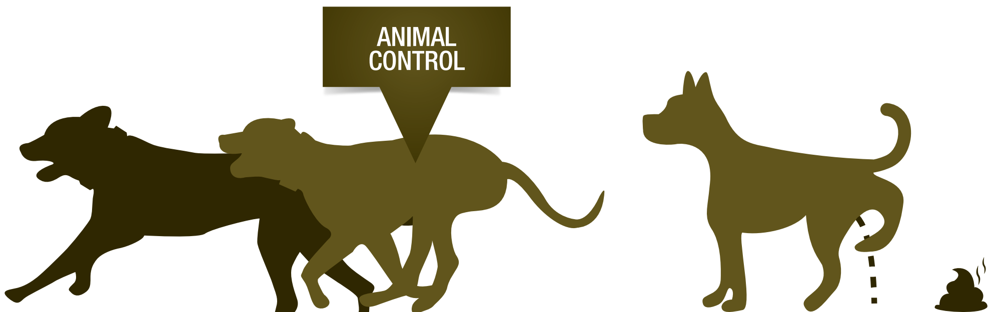
Environmental Health

Our Environmental Health Team's regulatory role is to promote, protect and improve the health of our community, through the application of various legislative requirements which include:

- food businesses;
- food premises grading;
- food safety training;
- suspected food poisoning;
- food stall permits;
- hairdressers;
- noise control; and
- viewing the location of Public Access Automated External Defibrillators (AEDs).

PROGRESS AGAINST THE 10 YEAR PLAN 2015-2025

- In response to the community, commitment was given to developing a consistent approach to freedom camping infringements in the District. Clamping was introduced in the summer and proved to be a compelling deterrent. Concurrently, a strong message was issued to camper van companies that lewd and suggestive messages would not be tolerated in the District, in compliance with District Plan signage rules.
- The Regulatory team has responded to the need for increased monitoring and enforcement for parking and animal control. The team has expanded in line with increasing numbers of Requests for Service (RFS) and with a focus on Key Performance Indicators (KPIs).
- Dog registration has been streamlined, with the launch of a new online payment facility in July 2016.
- The new Food Safety Act came into force on 1 March 2016 and the Environmental Health Team has been managing an education and engagement campaign to ensure that local businesses and vendors understand the new legislation.
- There is a continued focus on monitoring and enforcing the requirements of the Resource Management Act, due to the increased levels of construction and development in the District.
- A successful campaign across the district to promote the wearing of lifejackets has been conducted. Strong safety messaging and media presence will continue.
- A new litter collection regime was introduced in the Queenstown CBD, which proved successful in in reducing littering and improving the visual streetscape.
- IANZ (International Accreditation New Zealand) is the body that enables QLDC to retain its status as a building consenting authority. Following a full review of the building consenting process by IANZ in April 2016, ten corrective actions were issued. QLDC made strong progress in rectifying these actions during 2015/16 and continues to do so in 2016/17. Reassessment is scheduled for October 2016.



HOW MUCH IT COST

Breakdown of service cost

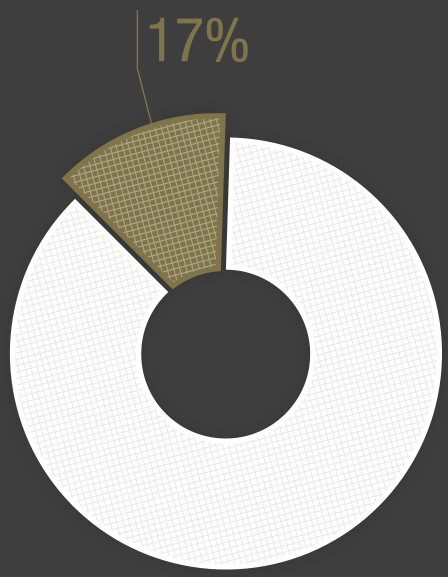
REGULATORY	2015 LTP $000	2016 LTP $000	2016 Actual $000
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	-	-	-
Targeted Rates	1,536	1,334	1,334
Subsidies & Grants for Operating expenditure	-	-	-
Fees & Charges	-	3,193	3,983
Internal Charges Recovered	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	764	1,198	1,839
Total Sources of Operating Funding	**2,300**	**5,725**	**7,156**
Applications of Operating Funding			
Payments to Staff and Suppliers	2,232	4,239	12,245
Finance Costs	5	7	5
Internal Charges Applied	169	1,534	2,005
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	**2,406**	**5,780**	**14,255**
Surplus/(Deficit) of Operating Funding	**(106)**	**(55)**	**(7,099)**
Sources of Capital Funding			
Subsidies & Grants for Capital expenditure	-	-	-
Development and Financial Contributions	-	-	-
Increase/(Decrease) in Debt	(11)	(11)	(5)
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contributions	-	-	-
Other Dedicated Capital Funding	-	-	-
Total Sources of Capital Funding	**(11)**	**(11)**	**(5)**
Applications of Capital Funding			
Capital Expenditure			
- to meet additional demand	-	2	2
- to replace existing assets	-	12	16
- to improve the level of service	-	15	9
Increase/(Decrease) in Reserves	(117)	(95)	(7,131)
Increase/(Decrease) of Investments	-	-	-
Total Applications of Capital Funding	**(117)**	**(66)**	**(7,104)**
Surplus/(Deficit) of Capital Funding	**106**	**55**	**7,099**
Funding Balance	**-**	**-**	**-**

Significant Cost Of Services Variance	Significant Capital Expenditure	Significant Capital Expenditure Variances
Revenue is above estimate by $1.4m mainly due to higher than expected income from building inspections ($0.6m), parking enforcement ($0.3m) and bylaw enforcement ($0.4m). Costs are $8.5m higher than budget due to $7.7m in defence and resolution of legal claims, additional wages for building inspections ($338k) and provision for unpaid parking fines ($332k).	Not applicable	Not applicable

Summary of internal borrowings

Activity	30 June 2016 Internal loan balance $000	Total funds repaid in the year $000	Total funds borrowed during the year $000	Interest paid in the year $000
Regulatory	38	4	2	1

AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of **$81,930,000** (excluding depreciation)

Regulatory expenditure of **$14,255,000**

How we performed

HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIS)

KPI: Percentage of building consents issued within statutory timeframe

Year	Result	Target	Commentary
2013/2014	92%	100%	2015/16 has been a challenging year, with a 26% increase in the number of building consent applications being made, compared with 2014/15. Following an audit by IANZ, a series of corrective measures have been put into action and further recruitment is underway to improve issue statistics into 2016/17.
2014/2015	96%		
2015/2016	73%		

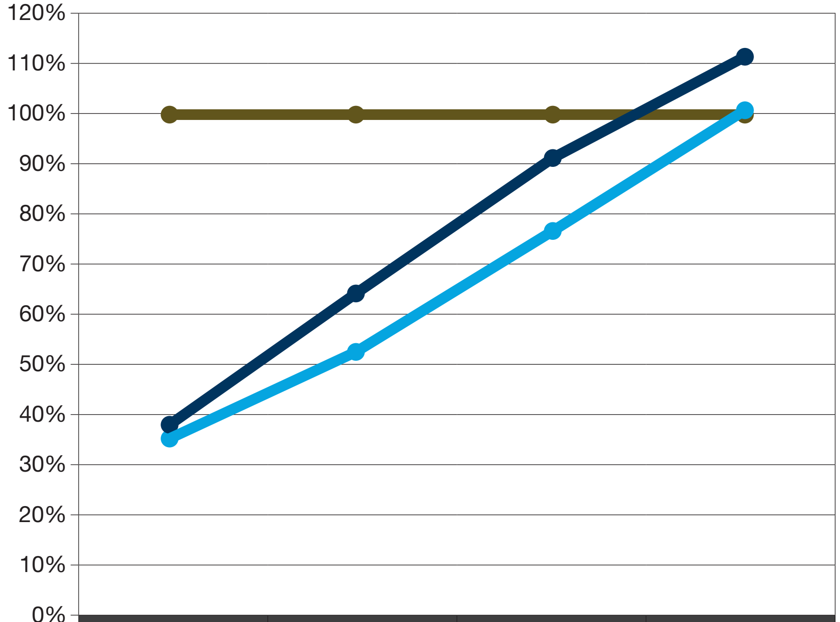
KPI: Percentage of urgent requests responded to within two hours a) animal control b) excessive noise c) water safety

Year	Result	Target	Commentary
ANIMAL CONTROL			
2014/2015	100%	100%	Urgent animal control requests are consistently responded to within two hours and the target has almost been reached. Renewed focus on the 100% target is required in 2016/17.
2015/2016	99%		
EXCESSIVE NOISE			
2014/2015	100%	100%	Noise requests are no longer assigned the urgent category and as such are not reportable within this measure.
2015/2016	NA		
WATER SAFETY			
2014/2015	100%	100%	Urgent safety matters remain the priority for waterways safety.
2015/2016	100%		

KPI: Percentage of very high and high risk liquor premises inspected at least quarterly

Year	Result	Target	Commentary
2014/2015	130%	100%	All high and very high risk liquor premises have been inspected at least quarterly this year.
2015/2016	100%		

KPI: Percentage of registered food premises that are grading inspected at least annually

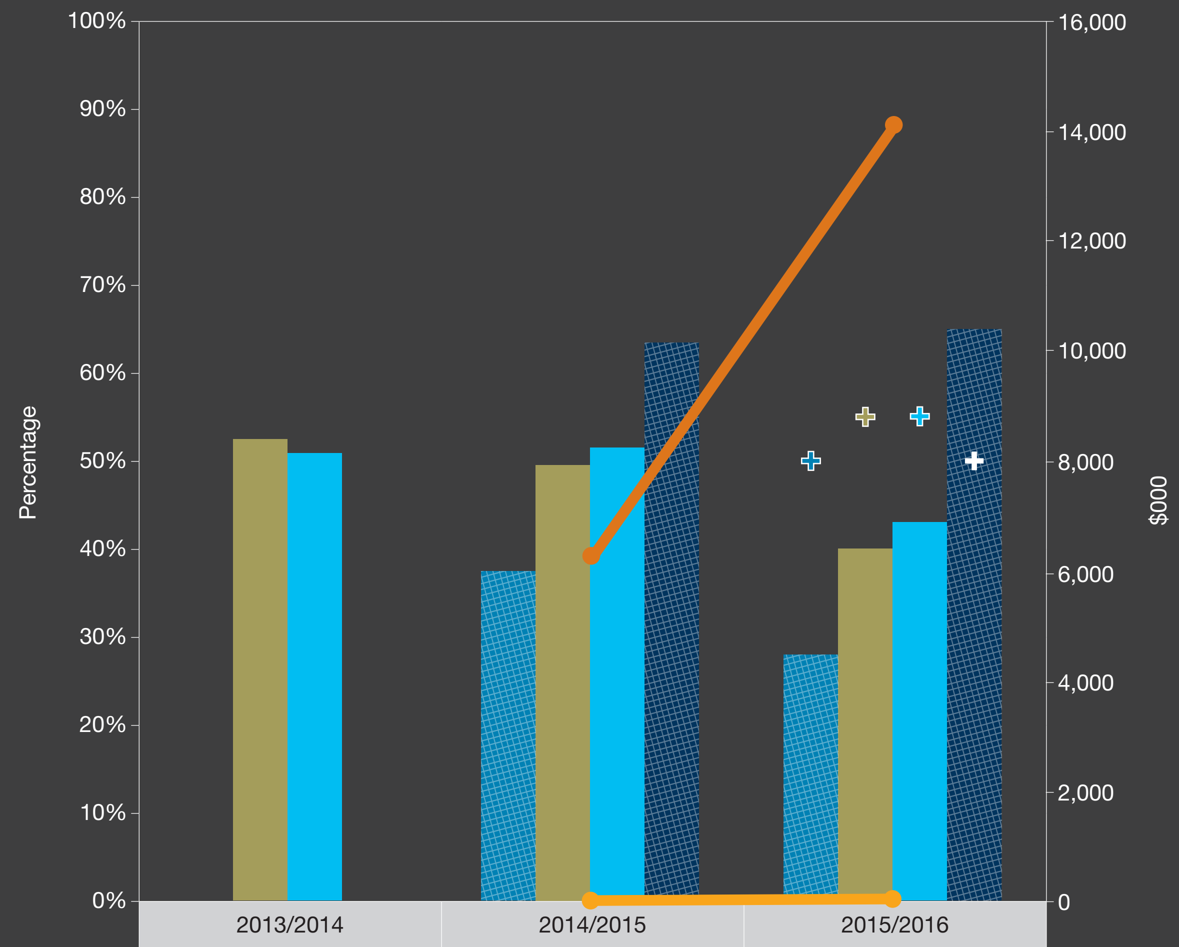


	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2014/2015	35%	52%	76%	102%
2015/2016	37%	63%	91%	111%
Target	100%	100%	100%	100%

The percentage of registered food premises that are grading inspected at least annually has increased in 2015/16, as compared to 2014/15. Due to changes in the Food Act, some premises were inspected twice during the period, providing a result over 100%.

OVERALL PERFORMANCE OF REGULATORY SERVICES

Impact of expenditure on service performance



	2013/2014	2014/2015	2015/2016
Satisfaction with freedom camping	-	37%	28%
Target (as shown in 10YP) freedom camping	-	-	50%
Satisfaction with noise complaints	52%	50%	40%
Target (as shown in 10YP) noise complaints	-	-	55%
Satisfaction with dog control	51%	52%	43%
Target (as shown in 10YP) dog control	-	-	55%
Satisfaction with harbourmaster	-	64%	65%
Target (as shown in 10YP) harbourmaster	-	-	50%
Opex	-	6,296	14,255
Capex	-	1	26

The Harbourmaster's services have demonstrated an increase in customer satisfaction, despite the changes to the survey model. Increased public visibility around safety initiatives will have contributed to this positive effect.

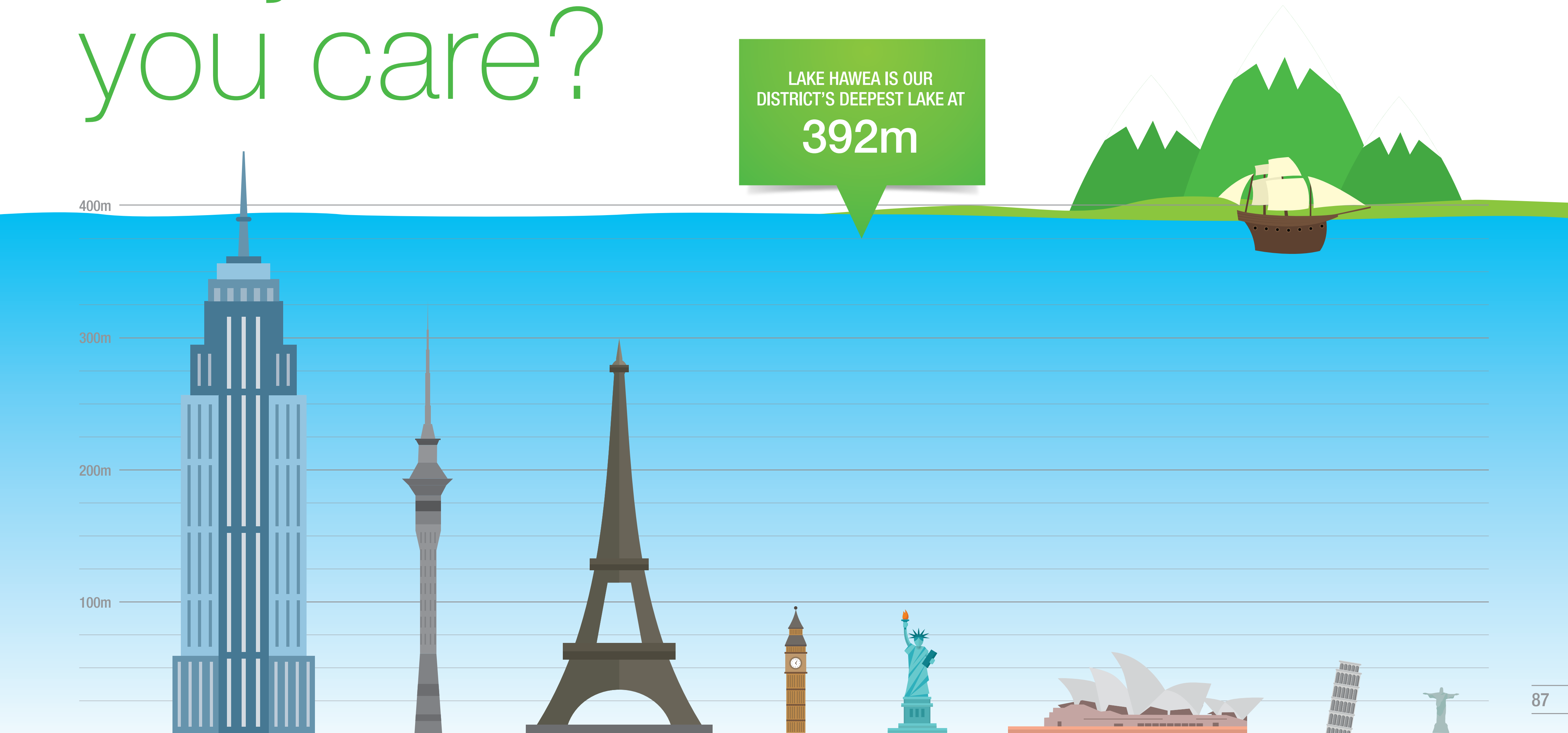
As a District, the management of the dramatic increase in freedom camping has presented challenges, but QLDC has taken strong steps to educate freedom campers, monitor infringements and collect fines. These practices are expected to continue to develop in 2016/17.

Refer to page 25 for further detail about the survey model used.

ENVIRONMENT

The District's natural and built environment is high quality and makes the District a place of choice to live, work and visit.

Why should you care?



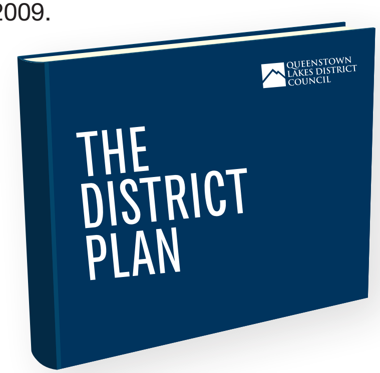
About environment

WHAT WE DELIVER

DISTRICT PLAN

The District Plan explains how Council will manage the environment, in accordance with the requirements of the Resource Management Act. It sets out what activities you can do as of right, what activities you need resource consent for, and how certain activities may be carried out. It also sets out a strategic direction for the District in terms of where and how development should occur.

The Queenstown Lakes District Plan was made fully operative on 10 December 2009.



RESOURCE CONSENTS

A Resource Consent is a written approval from the Council to undertake an activity that is not permitted as of right in the District Plan (a permitted activity). The process for granting a Resource Consent is governed by the Resource Management Act 1991 and the District Plan. The types of Resource Consent issued by QLDC include:

- Land use consents - this term applies to most resource consents and includes things like constructing a building, undertaking an activity, running an event, carrying out earthworks, clearance of large areas of vegetation, and commercial activities such as jet boat operating, fishing guiding, and kayak hire/guiding. etc.
- Subdivision consents - subdividing land to create one or more additional lots or Unit Titles or altering a boundary.

PROGRESS AGAINST THE 10 YEAR PLAN 2015-2025

- The first stage of the District Plan Review commenced this year, with hearings being held across the following strategic areas – town centres / commercial, residential and rural.
- The frequency of Resource Consent monitoring has been increased, to improve public confidence and promote self-compliance from consent holders.
- Considerable work has been undertaken with Resource Consent applicants to improve the quality of initial applications and to reduce processing time and costs from the Council.

HOW MUCH IT COST

Breakdown of service cost

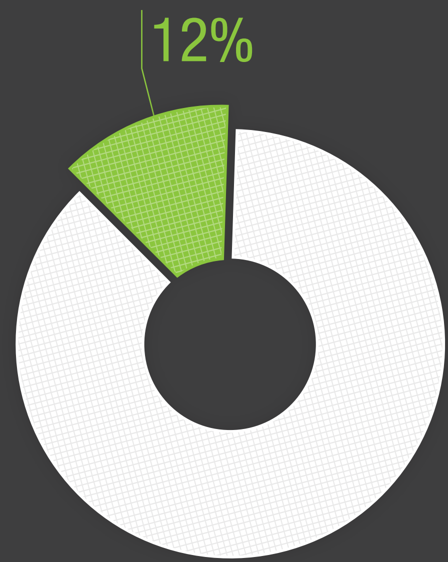
ENVIRONMENTAL MANAGEMENT	2015 LTP $000	2016 LTP $000	2016 Actual $000
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	-	-	-
Targeted Rates	3,892	3,841	3,841
Subsidies & Grants for Operating expenditure	-	-	1,305
Fees & Charges	62	3,171	3,785
Internal Charges Recovered	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	601	500	101
Total Sources of Operating Funding	**4,555**	**7,512**	**9,032**
Applications of Operating Funding			
Payments to Staff and Suppliers	3,075	5,698	8,572
Finance Costs	349	283	216
Internal Charges Applied	1,349	1,531	1,135
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	**4,773**	**7,512**	**9,923**
Surplus/(Deficit) of Operating Funding	**(218)**	**-**	**(891)**
Sources of Capital Funding			
Subsidies & Grants for Capital expenditure	-	-	-
Development and Financial Contributions	-	-	-
Increase/(Decrease) in Debt	(904)	(904)	(904)
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contributions	-	-	-
Other Dedicated Capital Funding	-	-	-
Total Sources of Capital Funding	**(904)**	**(904)**	**(904)**
Applications of Capital Funding			
Capital Expenditure			
- to meet additional demand	-	-	-
- to replace existing assets	-	-	-
- to improve the level of service	-	-	-
Increase/(Decrease) in Reserves	(1,122)	(904)	(1,795)
Increase/(Decrease) of Investments	-	-	-
Total Applications of Capital Funding	**(1,122)**	**(904)**	**(1,795)**
Surplus/(Deficit) of Capital Funding	**218**	**-**	**891**
Funding Balance	**-**	**-**	**-**

Significant Cost Of Services Variance	Significant Capital Expenditure	Significant Capital Expenditure Variances
Costs have increased to budget due to volume increases in resource consents generating a negative variance of $0.8m. This has been offset in income. $1.5m has also been recognised which is the passing on of the Affordable Housing developer contributions and offset in income.	Not applicable	Not applicable

Summary of internal borrowings

Activity	30 June 2016 Internal loan balance $000	Total funds repaid in the year $000	Total funds borrowed during the year $000	Interest paid in the year $000
Environment	$1,566	$332	-	$42

AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of **$81,930,000** (excluding depreciation)

Environment expenditure of **$9,923,000**

How we performed

HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIS)

KPI: Percentage of total resource consents made by the owner as applicant

Year	Result	Target	Commentary
2014/2015	31%	40%	The target of 40% was not achieved this year. This is in part due to changes in the Resource Management Act (specifically section 88) which has increased the complexity of consent applications before they can be accepted by the Council. This has caused many applicants to seek professional assistance in compiling and submitting applications. This has been compounded by a 36% increase in the number of resource consent applications made, indicative of the growth in the District.
2015/2016	22%		

KPI: Median charge per resource consent (including levied and incurred cost) by a) notified and b) non-notified

Year	Result	Target	Commentary
A) NOTIFIED			Non-notified resource consent charges have achieved the target set, but notified resource consents have not. This year several batch applications were received under a single resource consent application. These complex and expensive batch applications have disproportionately increased the median charge per notified resource consent.
2014/15	$16,000	<$12,000	
2015/16	$19,633.10		
B) NON-NOTIFIED			
2014/15	$1,279	<$1,500	
2015/16	$1,428.31		

KPI: Percentage of resource consents processed within statutory timeframes

Year	Result	Target	Commentary
2013/2014	100%	100%	Whilst the target of 100% was not achieved this year, it should be noted that there was a 36% increase in the number of resource consent applications made. Further efforts are required in 2016/17 to return to the target figure.
2014/2015	100%		
2015/2016	94%		

KPI: Percentage of applicants who are satisfied with the consenting process

This is not reported due to the low response rate to the survey sent with each resource consent decision. User surveys are currently under review.

KPI: Percentage of ratepayers who are satisfied with the steps Council is taking to protect the environment

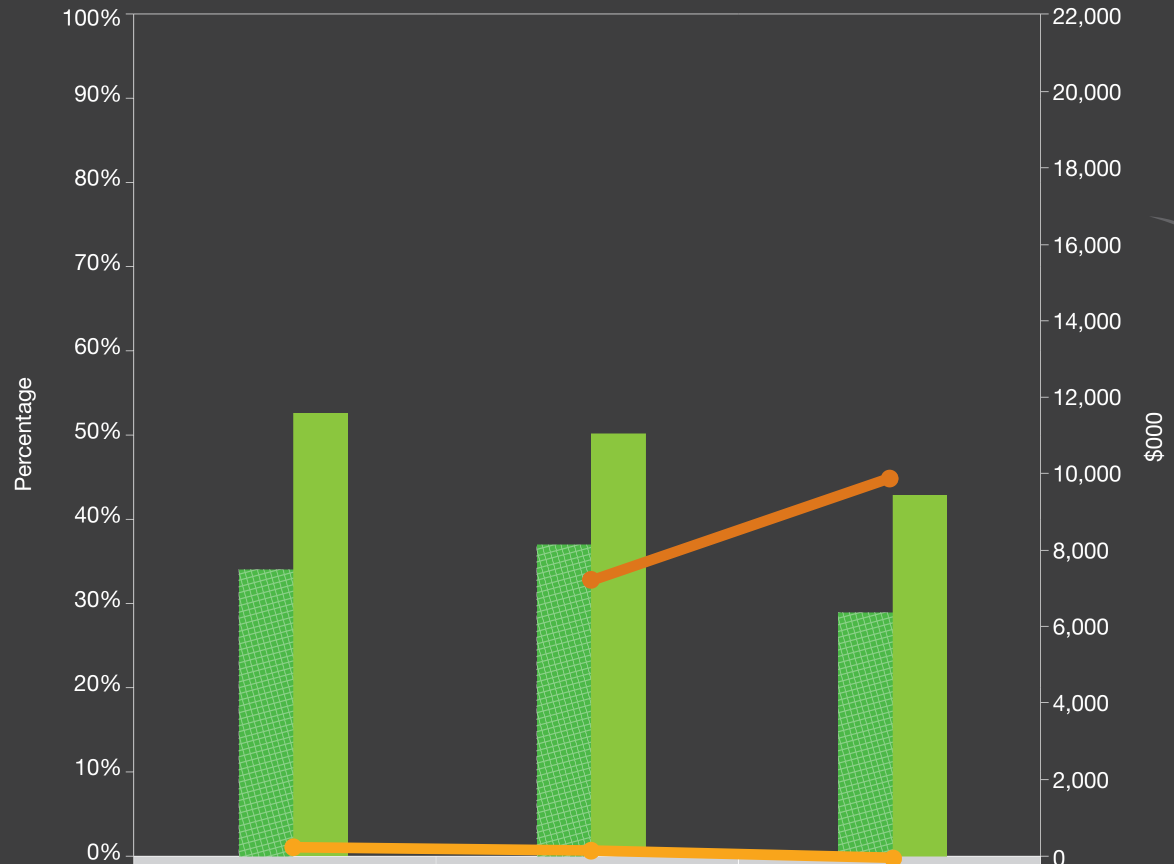
Year	Result	Target	Commentary
2014/2015	37%	50%	The results in 2015/16 were compiled on a qualitative, rather than quantitative basis. Feedback was solicited on the following key areas, in order to influence priorities in the 2016/17 work programme: **WASTE** The majority of waste/rubbish comments centre around five key themes: get rid of blue plastic bags; provide more rubbish bins in public spaces and greenspaces, in particular for dog owners and freedom campers; empty rubbish bins more frequently; clean up litter in the outskirts of the main centres; and, provide a recycling and greenwaste service to reduce rubbish into landfill. This year there were fewer comments about litter around streets and in parks, but still a number of concerns about roadside litter beyond the town centres. There were a handful of comments about builders rubbish blowing around near work sites, and torn blue rubbish bags making the streets messy. **PESTS AND WEEDS** Some residents expressed gratitude for Council's efforts to reduce pests and weeds like Wilding Pines, but many of the comments called for a long range view or strategy and more 'assertive/aggressive' measures to protect native flora and fauna from 'natural imposters'. **GROWTH / DEVELOPMENT** The majority of comments about growth/development are concerned with 'urban sprawl' and the large number of new properties that are detracting from the appeal of the Queenstown and Wanaka areas for both tourists and residents. There is the perception that the current rate of growth is not sustainable and will eventually come at a cost to the environment, to residents and to tourism. There is a desire for the Council to develop a plan/strategy to balance competing interests to enable growth without negative consequences over the long term. **FREEDOM CAMPING** Freedom camping continues to raise frustrations for locals with most comments expressing concerns about human waste, rubbish and the general negative environmental footprint left behind by these low cost travellers. Some comments suggest providing infrastructure like more public facilities, while other comments ask for a complete ban or stricter enforcement of rules.
2015/2016	Not compiled		

KPI: Percentage of pollution related Requests for Service (RFS) resolved within specified timeframes

Year	Result	Target	Commentary
2014/2015	95%	100%	This year, 87% of pollution-related RFS were resolved within specified timeframes. Of the 48 RFS that were received, five ran overdue due to specific circumstances and requirements. The aspirational target of 100% remains a focus for 2016/17.
2015/2016	87%		

OVERALL PERFORMANCE OF ENVIRONMENT

Impact of expenditure on service performance



	2013/2014	2014/2015	2015/2016
Satisfaction with resource consents	34%	37%	29%
Satisfaction with LIM reports	52%	50%	43%
Opex	-	7,071	9,923
Capex	80	1	-

The reduced levels of satisfaction with resource consents and LIM reports are consistent with changes to satisfaction levels across all departments. Refer to p25 for further detail about the survey model used.

Two factors have driven increased operational expenditure. Firstly, an increase in the volume of resource consents received this year has lead to increased contractor and staff expenses being incurred. 83% of this expenditure has been offset by additional revenue being obtained. The other factor that has caused additional cost has been the District Plan Review, which has been offset to an extent, but with income from fewer private plan changes than anticipated.

ECONOMY

The District has a resilient and diverse economy.

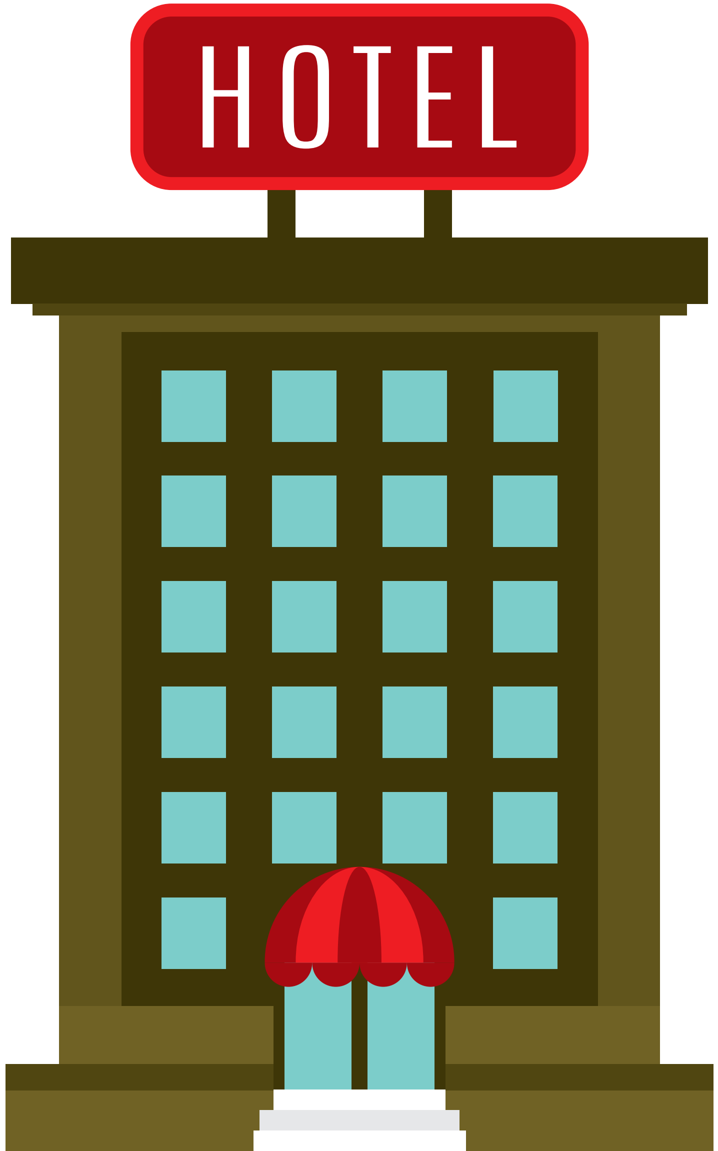
Why should you care?

OVER THE PEAK SUMMER PERIOD QUEENSTOWN RECORDED AN AVERAGE HOTEL OCCUPANCY RATE OF

93%

THIS IS HIGHER THAN THE RATES RECORDED IN AUCKLAND, WELLINGTON, CHRISTCHURCH AND ROTORUA

(Colliers International, New Zealand Hotel Market Snapshot, April 2016)



About the economy

WHAT WE DELIVER

TOURISM PROMOTION

The Council actively encourages tourist operations that not only share our natural environment with visitors from around the globe, but also treat it with the respect and care it deserves.

The Council supports Destination Queenstown, Lake Wanaka Tourism and the Arrowtown Promotion Board through a mixture of levies and rates. The Council collects levies from local businesses on behalf of each of these Regional Tourism Organisations (RTOs), and also contributes 5% of their total funding by way of rates, so all ratepayers contribute towards the international promotion of our district.

EVENTS STRATEGY

The Council has committed to provide significant investment to support both commercial and community events in the District. QLDC's vision of this strategy is to promote and support a balanced portfolio of sporting and cultural events that meet community objectives for the District as a whole in respect of recreational activities, community infrastructure and economic growth.

FILM

Regional Film Offices (RFOs) are what are referred to internationally as 'film offices' or 'film commissions'. Broadly speaking, they carry out activities alongside and in partnership with other stakeholders to stimulate economic growth for their region through screen production attraction and marketing, sector development initiatives for businesses and the internal sector and policy development, screen facilitation and permitting. RFOs successfully facilitate the relationship between the screen sector, government, community and others impacted or benefited by its activity.

The Council has undertaken a review of the Film Office and has approved funding to provide additional resources to increase the capacity of the team for 2016/17.

COMMERCIAL PROPERTY (INCLUDING CAMPGROUNDS)

The Council administers some recreation reserve land set aside for camping grounds. There are eight Council owned public camping grounds and holiday parks across the District which provide accommodation for holidaymakers. This type of quality short-term camping accommodation is available to support the District's economy and growth. All of the premises are managed for the Council by private operators under various commercial lease arrangements.

PROGRESS AGAINST THE 10 YEAR PLAN 2015-2025

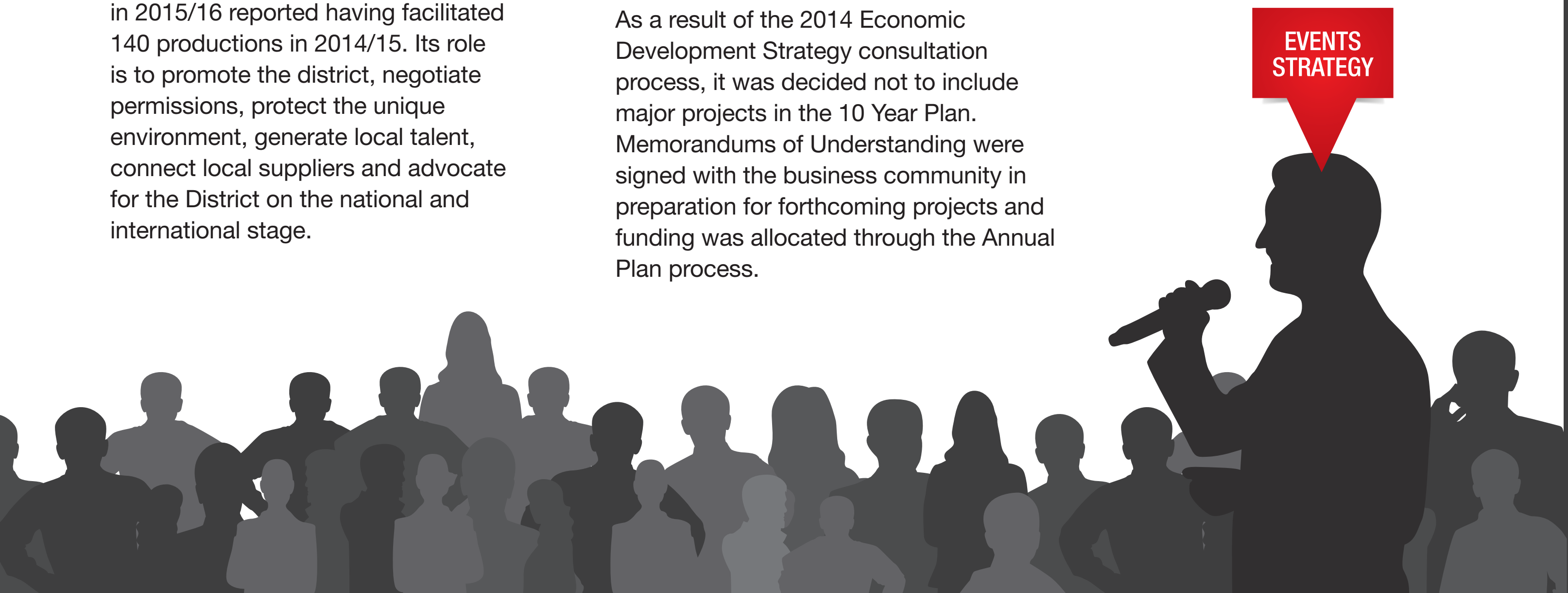
QLDC has continued to operate an Events Office, that funds and assists events in line with the Events Strategy. Review of this strategy is currently underway with input from forums held by 'Shaping our Futures'. $542,732 was allocated through the 2015/16 funding round for events across the District.

Film Otago Southland continues to build a strong reputation in the industry and in 2015/16 reported having facilitated 140 productions in 2014/15. Its role is to promote the district, negotiate permissions, protect the unique environment, generate local talent, connect local suppliers and advocate for the District on the national and international stage.

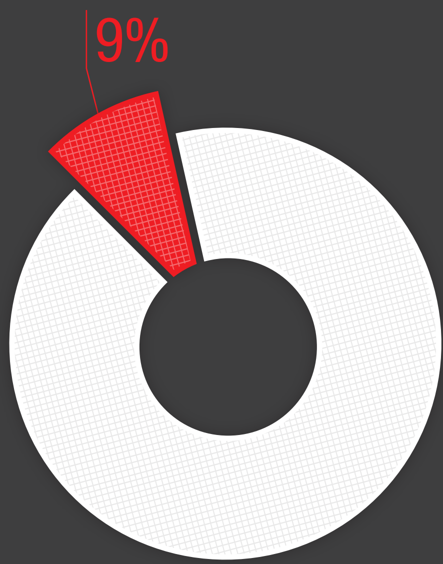
The economic focus of the Film Office is to:

- Increase Return on Investment – in a desirable, beneficial way
- Generate complementary collaboration between the film industry, Councils and Tourism
- Provide employment options and opportunities
- Retain control of film production activity and minimise impact on the community and the environment

As a result of the 2014 Economic Development Strategy consultation process, it was decided not to include major projects in the 10 Year Plan. Memorandums of Understanding were signed with the business community in preparation for forthcoming projects and funding was allocated through the Annual Plan process.



AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of **$81,930,000** (excluding depreciation)

Economy expenditure of **$7,548,000**

HOW MUCH IT COST

Breakdown of service cost

ECONOMY	2015 LTP $000	2016 LTP $000	2016 Actual $000
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	784	242	240
Targeted Rates	3,810	5,130	5,130
Subsidies & Grants for Operating expenditure	-	100	136
Fees & Charges	6,657	-	2,415
Internal Charges Recovered	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	-	2,561	413
Total Sources of Operating Funding	**11,251**	**8,033**	**8,334**
Applications of Operating Funding			
Payments to Staff and Suppliers	9,010	6,403	6,485
Finance Costs	1,091	773	628
Internal Charges Applied	256	294	435
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	**10,357**	**7,470**	**7,548**
Surplus/(Deficit) of Operating Funding	**894**	**563**	**786**
Sources of Capital Funding			
Subsidies & Grants for Capital expenditure	-	-	-
Development and Financial Contributions	-	-	-
Increase/(Decrease) in Debt	(258)	1,345	(1,489)
Gross Proceeds from Sale of Assets	-	-	15,356
Lump Sum Contributions	-	-	-
Other Dedicated Capital Funding	-	-	-
Total Sources of Capital Funding	**(258)**	**1,345**	**13,867**
Applications of Capital Funding			
Capital Expenditure			
- to meet additional demand	132	1,123	714
- to replace existing assets	276	153	71
- to improve the level of service	274	1,618	93
Increase/(Decrease) in Reserves	(46)	(986)	13,775
Increase/(Decrease) of Investments	-	-	-
Total Applications of Capital Funding	**636**	**1,908**	**14,653**
Surplus/(Deficit) of Capital Funding	**(894)**	**(563)**	**(786)**
Funding Balance	**-**	**-**	**-**

Significant Cost Of Services Variance	**Significant Capital Expenditure**	**Significant Capital Expenditure Variances**
Not applicable	Not applicable	Not applicable

Summary of internal borrowings

Activity	30 June 2016 Internal loan balance $000	Total funds repaid in the year $000	Total funds borrowed during the year $000	Interest paid in the year $000
Economy	4,962	550	4	123

How we performed

HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIS)

KPI: Percentage of commercial ratepayers satisfied with how the tourism promotion rate is being used to market the district

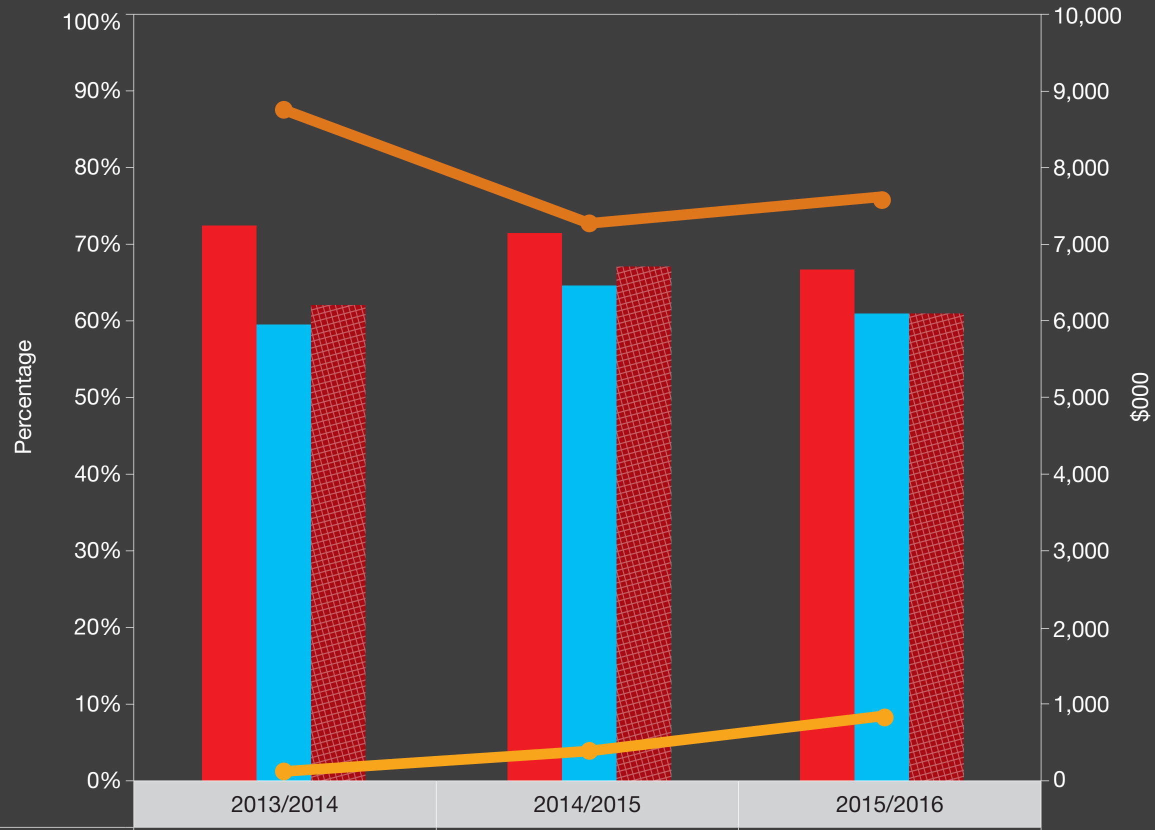
This measure is currently under development.

KPI: Growth in new and emerging sectors

According to the Regional Economic Activity Report 2015, published by the Ministry of Business, Innovation and Employment, 22% of employment is in accommodation and food services, compared to 6.4% for the rest of the country. The district has experienced employment growth above the national average in most industries, with growth in the past decade being particularly strong for professional, scientific and administrative services and construction.

OVERALL PERFORMANCE OF ECONOMY

Impact of expenditure on the level of service for economy



	2013/2014	2014/2015	2015/2016
Satisfaction with Destination Queenstown	73%	71%	67%
Satisfaction with Arrowtown Promotional Board	59%	65%	61%
Satisfaction with Lake Wanaka Tourism	62%	67%	61%
Opex	8,711	7,278	7,548
Capex	121	374	878

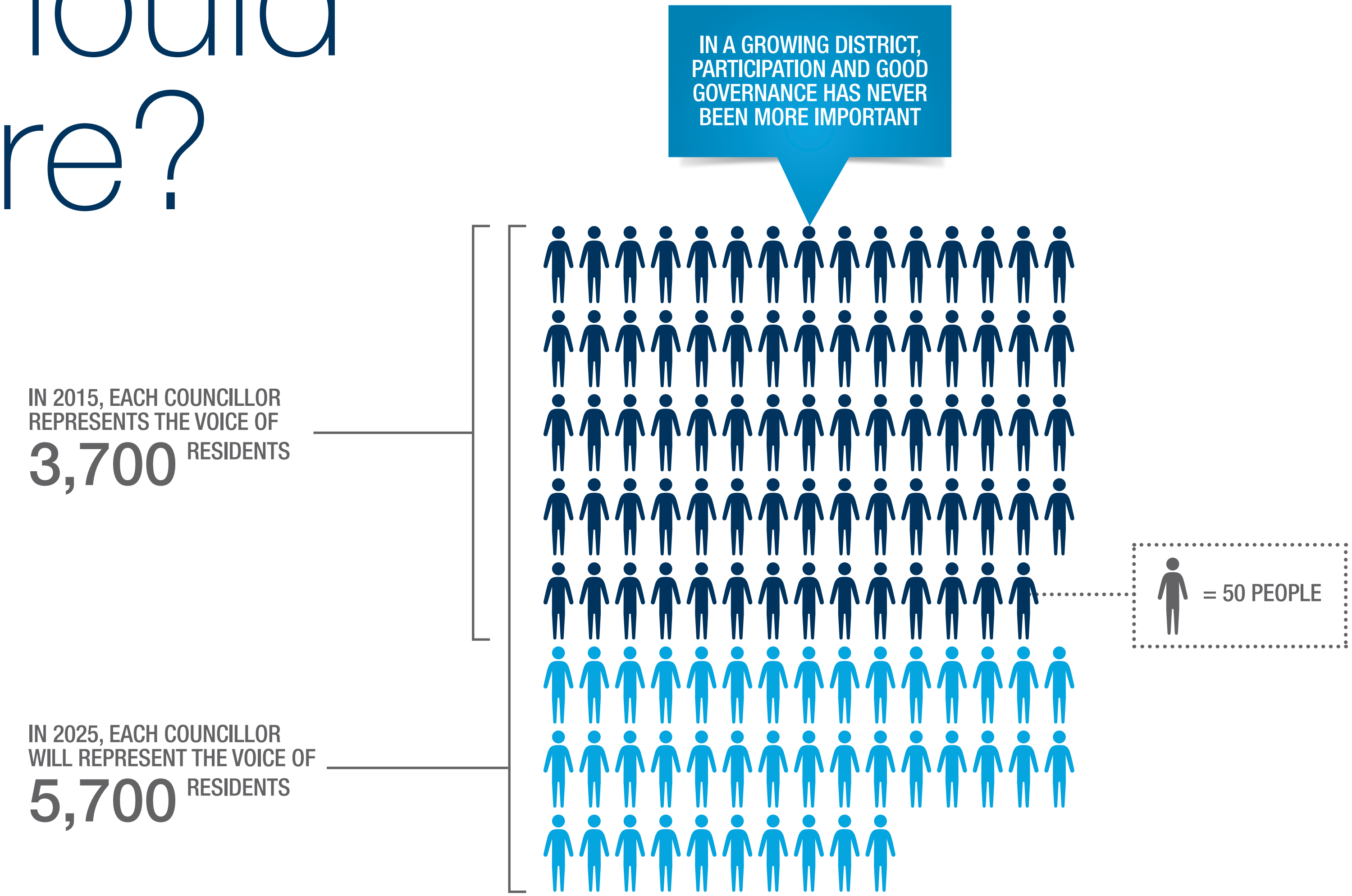
Satisfaction with our Regional Tourism Organisations (RTOs) is consistent with findings in other areas and highlights the need to grow engagement with our younger demographic and clearly outline the achievements of our RTOs.

Refer to page 25 for further detail about the survey model used.

LOCAL DEMOCRACY

The community is well informed of and engaged in the activities of Council.

Why should you care?



About local democracy

WHAT WE DELIVER

GOVERNANCE

Governance supports elected members (Council, its Committees and the Wanaka Community Board) in their leadership role, enabling them to make informed decisions and monitor the delivery of services. The activity enables community participation in strategic agenda setting.

The Local Government Act 2002 creates a model of participative democracy to enable decision making for the benefit and well-being of the community. Elected members lead the decision making process for the community. Decisions are made taking into consideration the views of the community, but the elected members are accountable for those decisions.

Council staff plan and prepare the agendas for these meetings, ensure the meetings follow the approved procedures (standing orders) and minute the record of each meeting. Agenda and minutes are available to the community through the Council website and all meetings are open to the community and provide for a period of public forum where Councillors can be directly addressed.

Governance is responsible for:

- developing strategic priorities for the activities that the Council will deliver;
- developing and approving the long-term strategic and financial plan for the Council (the 10-Year Plan);
- monitoring the Council's performance in the achievement of the plans;
- communicating priorities, plans and achievements to the community;
- ensuring the Council's obligations and responsibilities under more than sixty different laws and a large number of regulations are met on a continuing basis. Staff are responsible for advising the Council on pending and actual changes to legislation; and
- providing access to public information the Council holds, within the restrictions of the Privacy Act 1993 and complying with the Local Government Official Information and Meetings Act 1987.

Current Representation Arrangements

QLDC is made up of the Mayor and 10 Councillors with the District divided into three wards:

Mayor
Vanessa van Uden
Arrowtown Ward
Scott Stevens
Wakatipu Ward
Merv Aoake
Craig (Ferg) Ferguson
Alexa Forbes
Mel Gazzard
Cath Gilmour
Simon Stamers-Smith
Wanaka Ward
Lyal Cocks (Deputy Mayor)
Ella Lawton
Calum MacLeod

Wanaka Community Board

The Wanaka Community Board is not a committee of Council but a separate unincorporated body established under Section 49 of the Local Government Act 2002. The role of the Wanaka Community Board is to represent and act as an advocate for the Wanaka community. The Council has given extensive delegation to the Wanaka Community Board to make decisions on many of the facilities and services located within the Wanaka Ward. The membership of this Community Board is:

Wanaka Community Board
Rachel Brown (Chair)
Bryan Lloyd
Ross McRobie
Mike O'Connor

Committees

The Council reviews its committee structure after each triennial election. At the last review the Council resolved to no longer have standing committees but to meet on a monthly basis. The Council also established the following committees to oversee specific activities:

- Audit and Risk;
- District Licensing;
- Property; and
- Resource Consent Commissioner Appointment.

The Mayor may attend and vote at any meeting of Council or its committees, and Councillors are entitled to attend (but not vote at) any committee meeting of which they are not a member. The exception to this is the District Licensing Committee which has powers of a commission of enquiry under the Sale and Supply of Alcohol Act 2012.

The membership of these committees is:

Audit and Risk Committee
Mr Stuart McLauchlan (Chair)
Mayor Vanessa van Uden
Cr Calum MacLeod
Mr Ken Matthews

District Licensing Committee
Mr Bill Unwin (Chair)
Mr John Mann
Ms Malika Rose
Cr Lyal Cocks

Property Subcommittee
Mayor Vanessa van Uden (Chair)
Cr Merv Aoake
Cr Calum MacLeod
Cr Simon Stamers-Smith

Resource Consent Commissioner Appointment Committee
Mayor Vanessa van Uden (Chair)
Cr Merv Aoake
Cr Calum MacLeod
Cr Simon Stamers-Smith

COMMUNITY ENGAGEMENT

This activity aims to empower the communities of the Queenstown Lakes District to participate meaningfully in shaping the District's services, facilities and policies. This includes encouraging people to participate in democracy by being involved in making decisions about the community where they live.

COMMUNITY LEADERSHIP

This activity supports elected members (Council, Committees and Wanaka Community Board) in their leadership role, to make informed decisions and monitor the delivery of services.

The focus of the Council's contribution to the wider public interest will be to provide the activities of local democracy, infrastructure, local public services and performance of regulatory functions whilst ensuring these activities provide quality (efficient, effective and appropriate to present and future circumstances) and are economically sustainable (cost-effective for households and businesses).

LOCAL ELECTIONS

Council used the First Past the Post (FPP) electoral system for the 2013 triennial election. Electors vote by indicating their preferred candidates(s), and the candidate(s) that receives the most votes is declared the winner regardless of the proportion of votes that candidate(s) obtained.

The Queenstown Lakes District consists of three wards: Wakatipu, Arrowtown and Wanaka. The Mayor is elected at large throughout the District. Six Councillors are elected from the Wakatipu ward, one from the Arrowtown ward and three from the Wanaka ward.

Elections for the Queenstown Lakes District Council (Mayor and Councillors and Wanaka Community Board), Otago Regional Council, Southern District Health Board and Central Otago Health (Wanaka ward) are held every three years on the second Saturday in October.

The next election will occur on the 8th October 2016.

EMERGENCY MANAGEMENT

The Council has broad responsibilities under the Civil Defence Emergency Management (CDEM) Act 2002 to:

- identify the hazards and risks that the communities of the District face;
- reduce the likelihood and consequences of hazards, building resilience;
- enable communities, the Council, partner response organisations and infrastructure providers to be ready for emergencies;
- respond effectively to emergencies in partnership with communities, businesses and partner organisations;
- direct and coordinate response and recovery efforts when necessary; and
- support communities to recover holistically and sustainably from emergencies.

The Council is required to be an active member of the Otago CDEM Group. An Emergency Management Officer is employed by the Council to coordinate the delivery of its emergency management responsibilities within the Council and the District and with partner organisations in Queenstown, across the region and at a national level.

The Emergency Management Officer maintains the Local Emergency Management Plan and coordinates the efforts of the Council, local partner organisation and communities in achieving the intent of the CDEM Act, National CDEM Strategy, National CDEM Plan, and the Otago CDEM Group Plan.

PROGRESS AGAINST THE 10 YEAR PLAN 2015-2025

- We have made it easier to participate in consultations via our website and people can contact us at any time via traditional (in person, phone and email) and social media avenues, such as facebook and twitter.
- 771 submissions were made to the Annual Plan process for 2016/17, an increase of 42% on those received the previous year. The significant increase was due to the number of submissions made in relation to Sticky Forest and Ladies Mile Trees.
- Election services will be delivered independently by electionz.com. The next elections will be held on 8 October 2016 and the next Local Governance Statement will be produced following the elections.
- QLDC will continue work on a newly agreed Otago Improvement Performance Framework (OPIF), collaborating with other Councils to measure and report on a number of shared performance indicators. The OPIF Report for 2015/16 is included at Section 04.

HOW MUCH IT COST

Breakdown of service cost

LOCAL DEMOCRACY	2015 LTP $000	2016 LTP $000	2016 Actual $000
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	433	736	730
Targeted Rates	4,676	2,646	2,646
Subsidies & Grants for Operating expenditure	87	-	-
Fees & Charges	-	54	57
Interest and Dividends from Investments	3,618	3,238	3,868
Internal Charges Recovered	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	20	-	5
Total Sources of Operating Funding	**8,834**	**6,674**	**3,438**
Applications of Operating Funding			
Payments to Staff and Suppliers	2,345	2,047	1,803
Finance Costs	-	8	1
Internal Charges Applied	3,037	1,349	1,997
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	**5,382**	**3,404**	**3,801**
Surplus/(Deficit) of Operating Funding	**3,452**	**3,270**	**(363)**
Sources of Capital Funding			
Subsidies & Grants for Capital expenditure	-	-	-
Development and Financial Contributions	-	-	-
Increase/(Decrease) in Debt	-	87	(43)
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contributions	-	-	-
Other Dedicated Capital Funding	-	-	-
Total Sources of Capital Funding	**-**	**87**	**(43)**
Applications of Capital Funding			
Capital Expenditure			
- to meet additional demand	3	43	-
- to replace existing assets	47	85	-
- to improve the level of service	-	43	-
Increase/(Decrease) in Reserves	3,402	3186	(406)
Increase/(Decrease) of Investments	-	-	-
Total Applications of Capital Funding	**3,452**	**3357**	**(406)**
Surplus/(Deficit) of Capital Funding	**(3,452)**	**(3,270)**	**363**
Funding Balance	**-**	**-**	**-**

Significant Cost Of Services Variance
Not applicable

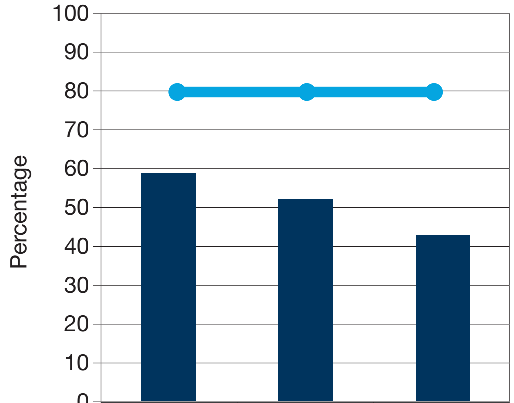
Significant Capital Expenditure
Not applicable

Significant Capital Expenditure Variances
Not applicable

How we performed

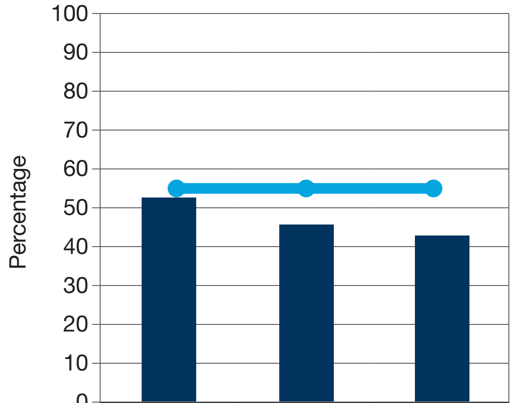
HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIS)

KPI: Percentage of ratepayers who are satisfied with Elected Member performance



	2013/2014	2014/2015	2015/2016
Result	59%	52%	43%
Target	80%	80%	80%

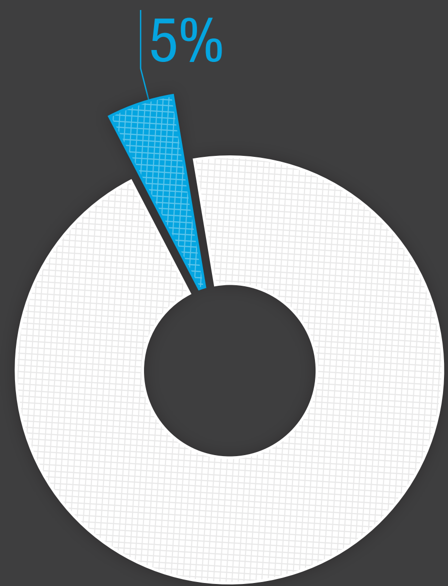
KPI: Percentage of ratepayers who are satisfied with Council consultation



	2013/2014	2014/2015	2015/2016
Result	54%	46%	43%
Target	55%	55%	55%

It is likely that both this result and the consultation result have been impacted by general dissatisfaction with transport, traffic, visitor management and freedom camping. Major consultation processes were held this year in relation to the Annual Plan, District Plan and the Arrowtown Design Guidelines. Refer to p25 for further detail about the survey model used.

AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of **$81,930,000** (excluding depreciation)

Local Democracy expenditure of **$3,801,000**

FINANCIAL MANAGEMENT

Council expenditure is cost effective and sustainable.

The Council is trusted and respected for its customer service and stewardship of the District.

Why should you care?

COUNCIL'S FINANCE TEAM PROCESSED

12,468 INVOICES

IN 2015/16, RANGING FROM RESOURCE AND BUILDING CONSENTS, VENUE HIRE, DEVELOPMENT CONTRIBUTIONS AND SUNDRY ITEMS.

About financial management

WHAT WE DELIVER

FINANCE

The finance team within QLDC:

- provides financial expertise, knowledge and tools required by QLDC's managers to make informed decisions
- provides finance services to other QLDC teams and activities
- ensures the finance function is structured in a way that provides flexibility to meet future demands and pressures
- ensures QLDC continues to appropriately manage its financial risk and fulfil its regulatory and statutory obligations
- ensures QLDC maintains a consistent culture of financial literacy and fiscal responsibility

HUMAN RESOURCES

The role of the Human Resources function is to ensure that QLDC has the right people, with the right skills and attitude, in the right place, at the right time in order to deliver on organisational objectives.

We proactively work with managers and team leaders, aligning our focus with both the business plan and needs.

Our key areas of responsibility are:

- Attraction, recruitment and selection;
- Organisational culture and employee engagement;
- Organisational and career development;
- Leadership and employment relations;
- Systems polices and processes; and
- Health, safety and wellbeing.

KNOWLEDGE MANAGEMENT

The Knowledge Management team manages the Information and Communication Technology (ICT) infrastructure, as well as providing mapping services, data and business analysis and records management.

CUSTOMER SERVICES

The Customer Services team provide the first point of contact for most of the community's interaction with QLDC. The Customer Services team provide face to face contact in our Gorge Road, Shotover Street and Ardmore Street offices. They are responsible for answering all phone enquiries and emails to the services@qldc inbox.

LEGAL COMPLIANCE

As a territorial authority, the Council has certain regulatory functions to administer. The Council is generally obliged to observe the wording of the relevant Act and must act as an impartial decision maker weighing the evidence placed in front of it by the parties. To the extent possible, the Council is required to separate its regulatory functions from the other activities it is involved with. The principle statutes that the Council is required to administer are the following:

- Reserves Act 1977;
- Resource Management Act 1991;
- Building Act 2004;
- Local Government Act 2002;
- Food Act 2014 (and associated Regulations);
- Health Act 1956;
- Sale and Supply of Alcohol Act 2012;
- Dog Control Act 1996;
- Litter Act 1979;
- Health and Safety at Work Act 2015.

The Council also makes bylaws to deal with specific issues of public health and safety.

PROCUREMENT

QLDC has adopted a procurement policy which sets out how goods and services should be purchased by the Council. This policy has been developed with reference to the guidance available to public entities on procurement, particularly the Office of the Auditor General's Procurement guidance for public entities (Controller and Auditor General, 2008) and the Queensland State Government's Developing 'Agency Purchasing Procedures' (Department of Public Works, 2000).

The policy is based on two complementary principles, value for money and open and effective competition. Those principles are equally applicable to the procurement of goods, civil construction and professional services.

PROGRESS AGAINST THE 10 YEAR PLAN 2015-2025

- Council continues to pursue efficiency and consistency of services through standardised and simplified processes. A project is well underway to map all business processes using specialist software. This is already offering training benefits, business continuity and operational improvements.
- Succession planning is developing well for key roles and risk areas.
- In October 2015, QLDC achieved tertiary status through ACC's Workplace Safety Management Practices (WSMP) audit programme. All QLDC health, safety and wellbeing practices align with the new Health and Safety at Work Act. A culture of best practice is developing well.
- A Strategic Risk Framework has been developed and is regularly reviewed at the Audit and Risk Committee. Operational risk management is underway and a culture of risk assessment is developing well.
- Information Communication and Technology (ICT) has lead significant developments and changes across the organisation, embedding the new enterprise system effectively and transitioning to a cloud based email solution in July 2016. This has decreased costs, improved security and minimised risk. ICT are currently leading a Business Continuity Planning project, that will interface with Emergency Management practices, Health, Safety & Wellbeing and the Strategic Risk Management Framework.
- All teams continue to focus on changes to legislative requirement, including the programmed review of all bylaws.
- A Property Manager has been appointed to manage the Council's portfolio in a scheduled, strategic fashion.
- Initial funds of $250k have been approved to investigate options to consolidate Queenstown-based office staff within one facility.

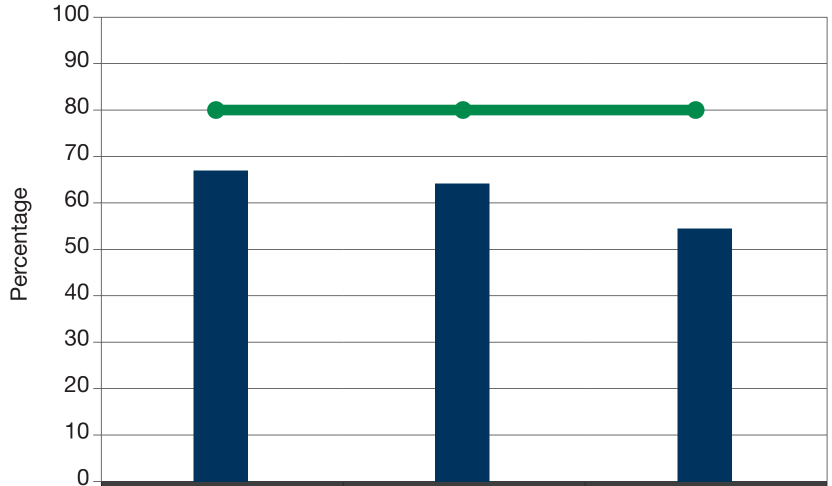
HOW MUCH IT COST

The cost of overheads are accounted for under each activity.

How we performed

HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIS) FOR FINANCIAL SUPPORT AND SERVICES

KPI: Percentage of ratepayers who are satisfied with dealings with Council staff



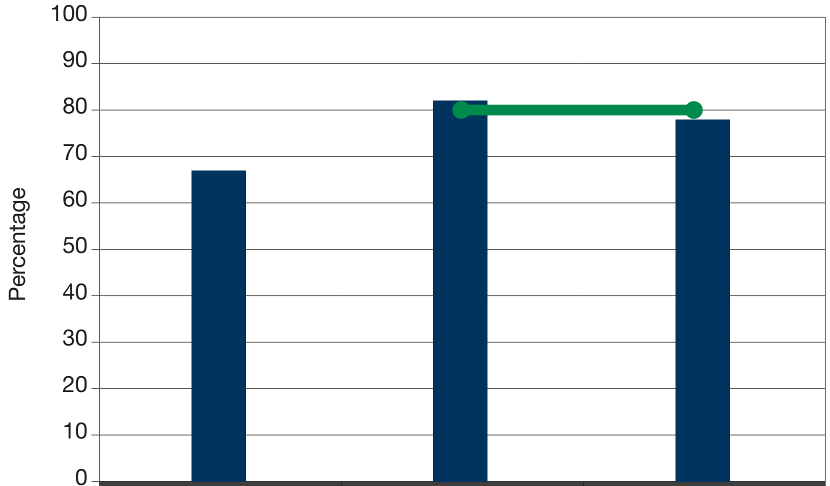
	2013/2014	2014/2015	2015/2016
Result	67%	64%	54%
Target	80%	80%	80%

The reduction in satisfaction with dealings with Council staff can be attributed to a number of factors. Significant growth in the district has lead 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.

Refer to page 25 for further detail about the survey model used.

KPI: Percentage of customer calls that meet the service level (answered within 20 seconds)

Year	Result	Target	Commentary
2013/2014	72%	Not set for this year	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. Work will continue into 2016/17 to achieve the narrowly-missed 80% target.
2014/2015	82%	80%	
2015/2016	78%		



	2013/2014	2014/2015	2015/2016
Result	72%	82%	78%
Target	-	80%	80%

KPI: Percentage of rates invoices that are sent via email

Year	Result	Target	Commentary
2013/2014	11%	100% (trend towards)	Whilst the Customer Services and Rates team continue to recommend rates invoices sent by email, this service will be actively promoted when the enterprise system can support an email service more effectively. This is anticipated within the next 12 months.
2014/2015	15%		
2015/2016	11%		

KPI: Percentage of communication that is responded to within specified timeframes

a) Official Information Act (OIA) Requests within 20 days

Year	Result	Target	Commentary
2013/2014	94%	100%	The total number of LGOIMA requests received this year was comparable with those received in 2014/15. The complexity of these requests meant that delays occurred where confirmation of scope, further consultation or a legal opinion was required. Communication was maintained with submitters throughout the process and in many cases where the 20 days was exceeded, the information was provided within a day of the deadline.
2014/2015	90%		
2015/2016	89%		

b) Councillor enquiries within 5 days

Year	Result	Target	Commentary
2013/2014	62%	95%	The total number of Councillor enquiries placed increased by 24% in 2015/16 and many raised complex issue that required more than five days to resolve. Communication was maintained with Councillors throughout the process.
2014/2015	93%		
2015/2016	85%		

KPI: Weighted average interest rate

Year	Result	Target	Commentary
2013/2014	5.8%	<6.50%	This target was achieved due to lower than forecast official cash rates and the maturity of a bond in June, which was refinanced at lower rates.
2014/2015	5.4%	<6%	
2015/2016	4.8%		

KPI: Debt servicing to rates revenue

Year	Result	Target	Commentary
2013/2014	10.5%	Not set	This target was achieved due to lower than expected borrowing costs and the timing of some capital works.
2014/2015	10.2%	<15%	
2015/2016	7.8%		

KPI: Percentage of debt owing 90 days plus (excluding rates)

Year	Result	Target	Commentary
2013/2014	24%	Not set	This target was achieved due to the high priority given to debt collection this year.
2014/2015	21%	<30%	
2015/2016	9%		

KPI: Rates as a percentage of household income

Year	Result	Target	Commentary
2013/2014	2.75%	<3%	Rates as a percentage of household income remain within the target set.
2014/2015	2.78%		
2015/2016	2.95%		

KPI: Capex to depreciation ratio

Year	Result	Target	Commentary
2013/2014	1.64	>1	Council continues to meet the target set for capex to depreciation ratio.
2014/2015	1.70		
2015/2016	2.68		

FUNDING IMPACT STATEMENT – WHOLE COUNCIL (QLDC ONLY)

Funding Impact Statement - Whole Council (QLDC only)

	2015 Annual Plan $000	2015 Actual $000	2016 LTP $000	2016 Actual $000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	2,838	2,757	3,379	3,552
Targeted rates	54,422	54,666	56,643	56,022
Subsidies & grants for operating expenditure	3,423	4,189	3,653	6,119
Fees & charges	17,823	18,897	15,281	21,676
Interest and dividends from investments	3,038	3,733	3,238	4,079
Fuel tax, fines, infringement fees & other receipts	3,430	7,624	7,455	5,876
Total sources of operating funding	**84,974**	**91,866**	**89,649**	**97,324**
Applications of operating funding				
Payments to staff and suppliers	59,061	66,249	63,510	77,365
Finance costs	7,566	5,819	7,253	4,565
Other operating funding applications	-	-	-	-
Total applications of operating funding	**66,627**	**72,068**	**70,763**	**81,930**
Surplus/(deficit) of operating funding	**18,347**	**19,798**	**18,886**	**15,394**
Sources of capital funding				
Subsidies & grants for capital expenditure	10,446	3,651	11,278	3,221
Development and financial contributions	10,563	7,853	6,959	8,165
Increase/(decrease) in debt	18,892	(294)	18,530	(25,490)
Gross proceeds from sale of assets	-	798	-	15,356
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	**39,901**	**12,008**	**36,767**	**1,252**
Applications of capital funding				
Capital expenditure				
- to meet additional demand	20,495	6,983	16,849	15,430
- to replace existing assets	11,238	8,881	6,962	9,442
- to improve the level of service	26,512	6,482	29,010	20,933
Increase/(decrease) in reserves	3	9,460	2,832	(29,158)
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	**58,248**	**31,806**	**55,653**	**16,646**
Surplus/(deficit) of capital funding	**(18,347)**	**(19,798)**	**(18,886)**	**(15,394)**
Funding balance	**-**	**-**	**-**	**-**

Reconciliation of Funding Impact Statement to Statement of Financial Performance

	2015 Annual Plan $000	2015 Actual $000	2016 LTP $000	2016 Actual $000
INCOME				
Statement of Comprehensive Revenue and Expense:				
Total operating income	**111,931**	**123,865**	**118,743**	**143,401**
Funding Impact Statement:				
Total sources of operating funding	84,974	91,866	89,649	97,324
Plus sources of capital funding:				
Subsidies & grants for capital expenditure	10,446	3,651	11,278	3,221
Development and financial contributions	10,563	7,853	6,959	8,165
Other dedicated capital funding	-	-	-	-
Plus non-cash items:				
Vested assets	5,948	12,992	10,240	11,648
Other gains/(losses)	-	7,503	617	23,043
Total income	**111,931**	**123,865**	**118,743**	**143,401**
EXPENDITURE				
Statement of Comprehensive Income:				
Total operating expenditure	**87,755**	**93,546**	**91,426**	**104,007**
Funding Impact Statement:				
Total applications of operating funding	66,627	72,068	70,763	81,930
Plus non-cash items:				
Depreciation & amortisation expense	21,128	21,478	20,663	22,077
Other	-	-	-	-
Total expenditure	**87,755**	**93,546**	**91,426**	**104,007**

Section 03: Financial statements

Statement of Financial Performance

For the financial year ended 30 June 2016	Notes	Council 2016 $'000	Council Budget $'000	Council 2015 $'000	Group 2016 $'000	Group 2015 $'000
Operating revenue						
Revenue from non-exchange transactions						
Rates revenue	2 (a)	58,877	58,726	56,808	58,582	56,526
Other revenue	2 (a)	36,850	38,061	34,901	36,571	34,901
Revenue from exchange transactions						
Other revenue	2 (b)	24,631	20,543	24,653	52,139	46,087
Other gains/(losses)	2 (b)	23,043	-	7,503	22,899	7,461
Total revenue	**2 (g)**	**143,401**	**117,330**	**123,865**	**170,191**	**144,975**
Operating expenditure						
Employee benefits expense	2 (c)	18,384	17,903	16,374	21,576	18,750
Depreciation and amortisation expense	2 (d)	22,077	20,663	21,478	27,626	25,709
Borrowing costs	2 (e)	4,565	7,253	5,819	5,698	6,696
Other expenses	2 (f)	58,981	44,811	49,875	64,902	55,214
Total operating expenditure	**2 (g)**	**104,007**	**90,630**	**93,546**	**119,802**	**106,369**
Operating surplus before income tax		39,394	26,700	30,319	50,389	38,606
Income tax expense	3	-	-	-	7,050	3,194
Operating surplus for the year		**39,394**	**26,700**	**30,319**	**43,339**	**35,412**
Operating surplus attributable to:						
- Council	20	39,394	26,700	30,319	41,349	33,316
- Non-controlling interest	21	-	-	-	1,990	2,096
		39,394	**26,700**	**30,319**	**43,339**	**35,412**

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

Statement of Other Comprehensive Revenue and Expense

For the financial year ended 30 June 2016	Notes	Council 2016 $'000	Council Budget $'000	Council 2015 $'000	Group 2016 $'000	Group 2015 $'000
Surplus for the year		39,394	26,700	30,319	43,339	35,412
Other comprehensive revenue and expense						
May be reclassified subsequently to revenue or expense when specific conditions are met						
Gain/(loss) on revaluation	19 (a)	-	617	-	38,371	-
Income tax relating to revaluation	19 (a)	-	-	-	(2,774)	-
Gain/(loss) on cash flow hedging	19 (d)	-	-	-	(864)	(900)
Realised losses transferred to the statement of financial performance	19 (a)	-	-	-	(20)	-
Income tax relating to cash flow hedging	19 (d)	-	-	-	242	252
Total comprehensive income		**39,394**	**27,317**	**30,319**	**78,294**	**34,764**
Attributable to:						
- Council		39,394	27,317	30,319	67,568	32,830
- Non-controlling interest		-	-	-	10,726	1,934
		39,394	**27,317**	**30,319**	**78,294**	**34,764**

Statement of Financial Position

As at 30 June 2016	Notes	Council 2016 $'000	Council Budget $'000	Council 2015 $'000	Group 2016 $'000	Group 2015 $'000
Current assets						
Cash and cash equivalents	28	5,009	336	17,207	5,930	17,478
Trade and other receivables from non-exchange transactions	6	4,193	8,408	8,674	4,193	8,674
Trade and other receivables from exchange transactions	6	5,787	1,838	4,308	8,449	6,187
Inventories		47	24	27	47	27
Current tax refundable	3	1	-	-	1	-
Other financial assets	7	13	14	13	13	13
Other current assets	8	823	716	486	990	631
Development property	9	-	292	293	-	293
Total current assets		**15,873**	**11,628**	**31,008**	**19,623**	**33,303**
Non-current assets						
Investment in subsidiaries	25	5,412	5,412	5,412	-	-
Other financial assets	7	2,808	1,924	2,145	1,970	1,457
Property, plant and equipment	10	1,035,751	1,063,835	1,000,026	1,285,097	1,195,308
Forestry assets	11	-	-	-	1,117	917
Intangible assets	12	1,277	-	1,679	4,350	4,193
Investment property	13	75,525	62,308	66,200	75,525	66,200
Total non-current assets		**1,120,773**	**1,133,479**	**1,075,462**	**1,368,059**	**1,268,075**
Total assets		**1,136,646**	**1,145,107**	**1,106,470**	**1,387,682**	**1,301,378**
Current liabilities						
Trade and other payables from exchange transactions	14	23,994	14,845	14,035	27,433	17,339
Borrowings	15	223	39,000	40,223	223	40,223
Other current liabilities	17	8,477	2,846	3,526	8,494	3,526
Employee entitlements	18	1,236	-	1,667	1,651	1,966
Current tax payable	3 (c)	-	-	-	1,130	1,206
Total current liabilities		**33,930**	**56,691**	**59,451**	**38,931**	**64,260**

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

Statement of Financial Position continued

As at 30 June 2016	Notes	Council 2016 $'000	Council Budget $'000	Council 2015 $'000	Group 2016 $'000	Group 2015 $'000
Non-current liabilities						
Borrowings	15	75,688	81,455	60,911	114,698	86,171
Other financial liabilities	16	2,458	-	932	2,618	2,294
Other non-current liabilities	17	-	-	-	141	-
Deferred tax liabilities	3 (d)	-	-	-	13,235	7,601
Total non-current liabilities		**78,146**	**81,455**	**61,843**	**130,692**	**96,066**
Total liabilities		**112,076**	**138,146**	**121,294**	**169,623**	**160,326**
Net assets		**1,024,570**	**1,006,961**	**985,176**	**1,218,059**	**1,141,052**
Equity						
Reserves	19	465,989	436,240	446,632	571,659	526,117
Accumulated funds	20	558,581	570,721	538,544	596,485	574,458
Total equity attributable to Council		**1,024,570**	**1,006,961**	**985,176**	**1,168,144**	**1,100,575**
Non-controlling interest	21	-	-	-	49,915	40,477
Total equity		**1,024,570**	**1,006,961**	**985,176**	**1,218,059**	**1,141,052**

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

Vanessa van Uden
Mayor
6 October 2016

Mike Theelen
Chief Executive
6 October 2016

Statement of Changes in Equity

Council	Notes	Revaluation Reserves $'000	Operating Reserves $'000	Capital Reserves $'000	Hedging Reserve $'000	Accumulated Funds $'000	Attributable to Equity Holders of Parent $'000	Non-Controlling Interest $'000	TOTAL EQUITY $'000
As at 30 June 2016									
Balance at 1 July 2015	19/20	420,719	16,058	9,855	-	538,544	985,176	-	985,176
Total comprehensive revenue and expense for the year		-	-	-	-	39,394	39,394	-	39,394
Transfers from/(to) accumulated funds	19/20	9,325	(1,442)	11,474	-	(19,357)	-	-	-
Balance at 30 June 2016		**430,044**	**14,616**	**21,329**	**-**	**558,581**	**1,024,570**	**-**	**1,024,570**
As at 30 June 2015									
Balance at 1 July 2014	19/20	413,057	15,962	10,992	-	514,846	954,857	-	954,857
Total comprehensive revenue and expense for the year		-	-	-	-	30,319	30,319	-	30,319
Transfers from/(to) accumulated funds	19/20	7,662	96	(1,137)	-	(6,621)	-	-	-
Balance at 30 June 2015		**420,719**	**16,058**	**9,855**	**-**	**538,544**	**985,176**	**-**	**985,176**

Group	Notes	Revaluation Reserves $'000	Operating Reserves $'000	Capital Reserves $'000	Hedging Reserve $'000	Accumulated Funds $'000	Attributable to Equity Holders of Parent $'000	Non-Controlling Interest $'000	TOTAL EQUITY $'000
As at 30 June 2016									
Balance at 1 July 2015	19/20	500,712	16,058	9,855	(508)	574,458	1,100,575	40,477	1,141,052
Total comprehensive revenue and expense for the year	19 (d)/20	26,701	-	-	(481)	41,349	67,569	10,726	78,295
Dividends paid	21	-	-	-	-	-	-	(1,288)	(1,288)
Reclassification to accumulated funds	19 (a)	(35)	-	-	-	35	-	-	-
Transfers from/(to) accumulated funds	19	9,325	(1,442)	11,474	-	(19,357)	-	-	-
Balance at 30 June 2016		**536,703**	**14,616**	**21,329**	**(989)**	**596,485**	**1,168,144**	**49,915**	**1,218,059**
As at 30 June 2015									
Balance at 1 July 2014	19/20	493,050	15,962	10,992	(21)	547,763	1,067,746	39,621	1,107,367
Total comprehensive revenue and expense for the year	19 (d)/20	-	-	-	(487)	33,316	32,829	1,935	34,764
Dividends paid	21	-	-	-	-	-	-	(1,079)	(1,079)
Transfers from/(to) accumulated funds	19	7,662	96	(1,137)	-	(6,621)	-	-	-
Balance at 30 June 2015		**500,712**	**16,058**	**9,855**	**(508)**	**574,458**	**1,100,575**	**40,477**	**1,141,052**

Statement of Cash Flows

For the financial year ended 30 June 2016	Notes	Council 2016 $'000	Council Budget $'000	Council 2015 $'000	Group 2016 $'000	Group 2015 $'000
Cash flows from operating activities						
Receipts from customers		110,053	104,647	97,162	140,203	121,262
Interest received		211	-	420	211	420
Dividends received		3,868	3,238	3,238	-	-
Payments to suppliers and employees		(66,581)	(63,510)	(61,707)	(75,056)	(69,003)
Finance costs paid		(5,109)	(7,253)	(5,114)	(6,477)	(6,093)
Income tax paid		-	-	-	(4,016)	(4,294)
Net GST (payment) /receipt		(654)	-	1,266	(654)	1,266
Net cash inflow/(outflow) from operating activities	**28(c)**	**41,788**	**37,122**	**35,265**	**54,211**	**43,558**
Cash flows from investing activities						
Purchase of investments		(240)	-	(161)	(240)	(161)
Sale of investment property		-	-	130	-	130
Sale of development property		15,341	-	-	15,341	-
Purchase of property, plant and equipment		(43,269)	(55,652)	(20,963)	(64,680)	(36,751)
Purchase of investment property		-	-	(8)	-	(8)
Purchase of intangible assets		(376)	-	(569)	(1,138)	(789)
Proceeds from sale of property, plant and equipment		48	-	667	52	667
Net cash inflow/(outflow) from investing activities		**(28,496)**	**(55,652)**	**(20,904)**	**(50,665)**	**(36,912)**
Cash flows from financing activities						
Proceeds from borrowings		14,733	38,778	39,956	26,418	48,716
Repayment of borrowings		(40,223)	(20,248)	(40,250)	(40,223)	(40,250)
Dividends paid		-	-	-	(1,288)	(1,079)
Net cash inflow /(outflow) from financing activities		**(25,490)**	**18,530**	**(294)**	**(15,093)**	**7,387**
Net increase/(decrease) in cash and cash equivalents		(12,198)	-	14,067	(11,548)	14,033
Cash and cash equivalents at the beginning of the financial year		17,207	336	3,140	17,478	3,445
Cash and cash equivalents at the end of the financial year		**5,009**	**336**	**17,207**	**5,930**	**17,478**
Represented by:						
Cash and cash equivalents		5,009	336	17,207	5,930	17,478
Bank overdraft		-	-	-	-	-
		5,009	**336**	**17,207**	**5,930**	**17,478**

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

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

The Council Group ("Group") consists of the Council, its wholly owned subsidiaries Queenstown Events Centre Trust ("QEC" (dormant)), the 75% owned Lakes Combined Afforestation Committee ("LCAC") and the 75.01% owned Queenstown Airport Corporation Limited ("QAC").

The Council has controlling interests in Queenstown Events Centre Trust (100% - dormant), Lakes Combined Afforestation Committee (75%) and Queenstown Airport Corporation Limited (75.01%). Pursuant to the Local Government Act 2002, these controlled entities are council controlled organisations (CCOs).

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 and the Group as public benefit entities for the purposes of Public Benefit Entity Standards.

Statement of Compliance

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

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

Basis of Preparation

The 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.

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

Application of Updated PBE Standards

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Council has considered these updated standards in preparing its 30 June 2016 financial statements. No changes were required as a result of applying these updated accounting standards.

Standards Issued and not yet Effective and not Early Adopted

In 2015, the External Reporting Board issued *Disclosure Initiative (Amendments to PBE IPSAS 1), 2015 Omnibus Amendments to PBE Standards, and Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments*. These amendments apply to PBEs with reporting periods beginning on or after 1 January 2016. The Council will apply these amendments in preparing its 30 June 2017 financial statements. The Council expects there will be no change in applying these amendments.

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 Group 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 and Group recognise 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 (such as resource consents, building consents, waste management, car parking etc.) 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 and Group 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 and Group have 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 and/or Group 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 and/or Group 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 and Group'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 and Group 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 and Group 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 or Group's Statement of Financial Position when the Council and/or Group 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 and Group 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 and Group do not hold any financial assets in this category.

Available-for-Sale Financial Assets

Equity investments held by the Council and Group 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 and Group’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 or Group 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 and Group 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 Group enters into certain derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps. Further details of derivative financial instruments are disclosed in note 33 to the financial statements.

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 immediately unless the derivative is designated and effective as a hedging instrument (in the case of Queenstown Airport Corporation Ltd (QAC)), in which event the nature and timing of the recognition in surplus or deficit depends on the nature of the hedging relationship. QAC designates certain derivatives as cash flow hedges. Council does not undertake hedge accounting in relation to its derivative financial instruments.

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 and Group 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 and Group use 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.

Hedge Accounting

Queenstown Airport Corporation Ltd (QAC) designates certain hedging instruments, which may include derivatives, as cash flow hedges.

At the inception of the hedging relationship the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, QAC documents whether the hedging instrument that is used in a hedged relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 16 sets out details of the fair value of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in other comprehensive income.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges are recognised in other comprehensive revenue and expenses and accumulated as a separate component of equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in surplus or deficit.

Amounts recognised in the hedging reserve are reclassified from equity to surplus or deficit (as a reclassification adjustment) in the periods when the hedging item is recognised in the surplus or deficit, in the same line as the recognised hedged item.

However, when the forecast transaction that is hedged results in the recognition of a nonfinancial asset or a non-financial liability, the gains and losses previously recognised in the hedging reserve are reclassified from equity and included in the initial measurement of the cost of the asset or liability (as a reclassification adjustment).

Hedge accounting is discontinued when QAC revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss recognised in the hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in the hedging reserve is recognised immediately in the surplus or deficit.

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 and Group have 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; and
- Subsidiary owned buildings, building improvements, plant and equipment, motor vehicles, furniture, office equipment and computer equipment.

Airport Assets

- Land
- Buildings
- Runway
- Roading and carparking

Infrastructure 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

Cost

Operational assets (excluding Airport assets such as Queenstown Airport Corporation Ltd (QAC) land, buildings, roading, carparking and runways) 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.

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. Airport assets held by QAC including land, buildings, roading, carparking and runways are also carried at fair value, as determined by an independent registered valuer, less accumulated depreciation and any impairment losses recognised after the date of any revaluation. Infrastructure 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.

Sewer, Stormwater, Water

Sewer, stormwater and water assets are stated at fair value, which is optimised depreciated replacement cost value as at 1 July 2013 by Rationale, independent valuers. Acquisitions subsequent to 1 July 2013 are at cost.

Roads, Bridges and Lighting

Roading assets are stated at fair value, which is optimised depreciated replacement cost value as at 1 July 2013 by MWH Limited, independent valuers. Bridges and lighting are stated at valuation which is optimised depreciated replacement cost value.

Airport Land, Buildings, Roading, Carparking and Runways

Airport land holdings, roading and carparking buildings held by QAC were independently valued by Seagar & Partners, registered valuers, as at 30 June 2016 to fair value. The runway was independently valued by Beca Valuations Limited (Beca), registered valuers, as at 30 June 2016. 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.

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.

Airport assets, with the exception of land, are depreciated on a straight line and a diminishing value basis to write off the asset to its estimated residual value 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		
Sewerage	1.67% - 10%	SL
Water supply	1.67% - 10%	SL
Stormwater	1.67% - 10%	SL
Roading - Other	1% - 10%	SL

Airport Assets at fair value	Rate (%)	Method
Buildings	2.5%-33%	DV
Airport Runway	1%-20%	SL
Roading and Car Parking	4.8%-50%	DV

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

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.

Goodwill

Goodwill is initially measured at its cost, being the excess of the cost of the acquisition over Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill on acquisition of subsidiaries is included in intangible assets by applying the purchase method. Goodwill on acquisition of associates is included in investments in associates by applying the equity method.

Goodwill arising in business combinations is not amortised. Instead, goodwill is tested for impairment annually. After initial recognition, the Council and Group measures goodwill at cost less any accumulated impairment losses. An impairment loss recognised for goodwill will not be reversed in any subsequent period.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination, in which the goodwill arose.

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 in a Business Combination

All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Intangible Assets - Software Acquisition and Development

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 and Group, 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 and Group 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 and Group 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 and Group 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 and Group invest in as part of day to day cash management.

Operating activities include cash received from all income sources of the Council and Group 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 and Group.

Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Council entity and its subsidiaries as defined in PBE IPSAS 6 'Consolidated and Separate Financial Statements'. A list of subsidiaries appears in note 25 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the excess is credited to surplus or deficit in the period of acquisition.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Council obtains control and until such time as the Council ceases to control the subsidiary.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the Group are eliminated in full.

Investments in subsidiaries are included in the parent entity at cost less any impairment losses.

Equity

Equity is the community's interest in the Council and Group 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.

The Council's objectives, policies and processes for managing capital are described in note 33.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the Council or Group 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 or Group 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 or Group 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 NZ IFRS, 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 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 weathertightness 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. Refer to note 17 for further information.

Other Estimates and Assumptions

Estimating the percentage of completion on consent applications
The estimation of percentage of completion relies on management estimating future time and costs to complete consent applications. If the actual time and costs incurred to complete the consent applications differs from the estimates completed by management, the Group could be over or under estimating the revenue and surplus associated with the consent applications.

Valuation of Airport Assets held by QAC
A subsidiary company, Queenstown Airport Corporation, records airport land, airport buildings, airport roads and carparks and runways at fair value. Airport land, buildings, roads and carparks and runways acquired or constructed after the date of the last revaluation are carried at cost, which approximates fair value. Revaluations are carried out by independent valuers with sufficient regularity to ensure that the carrying amount does not differ from the fair value at balance date.

Judgment is required to determine certain inputs to the calculation of the fair value of airport land, buildings, roads and carparks and runways. In particular, income capitalisation rates for assets valued using this methodology and the cost inputs for assets valued using depreciated replacement cost methodology. The determination of fair value at the time of the revaluation requires estimates and assumptions based on market conditions at that time.

Changes to estimates, assumptions or market conditions subsequent to the revaluation would result in changes to the fair value of property, plant and equipment. The carrying value of property, plant and equipment at the last revaluation is disclosed in note 10 and the valuation methodologies used at the last revaluation are disclosed above.

Critical Judgements

Management has exercised the following critical judgements in applying the Council's and Group's accounting policies for the year ended 30 June 2016:

Valuation of Infrastructure Assets
Independent valuations are used to determine the fair value of infrastructural assets. The most common and accepted methods for assessing the fair value of infrastructural assets for public benefit entities is optimised depreciated replacement cost. The determination of fair value relies on various information sources including, but not limited to, various databases recording the nature, location and structure of the infrastructural assets. The valuation in part relies on the accuracy and completeness of such databases for the purposes of determining fair value. The valuation also includes assumptions about forecast replacement costs, including estimated costs for wages and raw materials such as steel and concrete. To the extent the information used in the valuation is proved to be incomplete or inaccurate, including the assumptions relating to replacement costs, this may have an effect on the determination of fair value and the infrastructural assets carrying value may be impacted accordingly.

Classification of Leasehold Properties
Certain investment property held by Council has been approved for sale under restrictive terms and conditions. Council does not view the approval for sale as a declaration of intent, but rather part of the ongoing process of evaluating alternatives for use of Council assets. Notwithstanding the approval for sale, Council have concluded that the intention and expectation of the Council is that the properties will be held primarily to derive a rental return. The approval for sale provided by Council allows flexibility to consider the potential benefits of sale, if and when any potential offer to purchase was received in accordance with the terms and conditions set out by Council. On this basis management assess the continued classification as investment property to be appropriate.

Tax Dispute
Queenstown Airport Corporation Limited (QAC), a Council controlled organisation, has been involved in a dispute with the Inland Revenue Department (IRD) with regard to the deductibility of depreciation for the construction of Runway End Safety Area East. In June 2016, the High Court released its decision finding in favour of Inland Revenue. QAC has lodged an appeal against the decision with the Court of Appeal. To reflect the impact of the High Court decision, QAC has recognised the full deferred tax liability and corresponding tax expense of $2.64 million and an estimate of IRD costs awarded by the High Court. In the event an Appeal is successful, all or part of these expenses will be adjusted in future years.

Property
QAC is currently involved in legal proceedings associated with the acquisition of land adjacent to the airport, referred to as 'Lot 6', to allow for a new aeronautical precinct and to free up land for terminal expansion. To date, costs of approximately $3.5 million have been capitalised by QAC. However, if the decision is unfavourable for QAC, then all costs may need to be expensed. QAC is confident that Lot 6 will be acquired as planned.

2. Surplus from Operations

(a) Revenue from non-exchange transactions

		Council		Group	
		2016	2015	2016	2015
	Notes	$'000	$'000	$'000	$'000
Revenue from non-exchange transactions consisted of the following items:					
Rates revenue:					
General rates		2,856	2,142	2,853	2,139
Targeted rates		56,021	54,666	55,729	54,387
		58,877	**56,808**	**58,582**	**56,526**
Other revenue:					
User charges - subsidised		3,622	3,333	3,622	3,333
Development contributions		8,165	7,853	7,886	7,853
Grants and subsidies		9,340	7,840	9,340	7,840
Vested assets		11,648	12,992	11,648	12,992
Other revenue		4,075	2,883	4,075	2,883
		36,850	**34,901**	**36,571**	**34,901**

There are no unfulfilled conditions and other contingencies attached to government grants recognised.

2. Surplus from Operations continued

(b) Revenue from exchange transactions

	Notes	Council 2016 $'000	Council 2015 $'000	Group 2016 $'000	Group 2015 $'000
Revenue from exchange transactions consisted of the following items:					
Other revenue:					
User charges - full cost recovery		18,055	15,564	20,434	17,667
Landing dues		-	-	19,414	15,005
Dividend income		3,868	3,238	-	-
Operating lease rental revenue		-	-	8,716	6,883
Other revenue - full cost recovery		2,497	5,356	3,364	6,037
Finance Income:					
Bank deposits		211	491	211	491
Inland Revenue Department		-	4	-	4
		24,631	**24,653**	**52,139**	**46,087**
Other gains/(losses)					
Gain/(loss) on revaluation of investment property		9,325	7,663	9,325	7,663
Gain/(loss) on disposal of investment property		-	(40)	-	(40)
Gain/(loss) on disposal of development property		15,048	-	15,048	-
Gain/(loss) on revaluation of property, plant and equipment		-	-	-	-
Gain/(loss) on disposal of property, plant and equipment		39	50	(155)	(11)
Gain/(loss) in fair value of shares		6	2	6	2
Gain/(loss) in fair value of forestry assets		-	-	200	77
Gain/(loss) in fair value of forestry investment		150	58	-	-
Gain/(loss) in fair value of derivative financial instruments classified at fair value through profit or loss		(1,525)	(230)	(1,525)	(230)
		23,043	**7,503**	**22,899**	**7,461**

2. Surplus from Operations continued

		Council		Group	
		2016	2015	2016	2015
	Notes	$'000	$'000	$'000	$'000
(c) Employee benefits expense					
Salaries and wages		18,384	16,374	21,576	18,750
Other employee benefits		-	-	-	-
		18,384	**16,374**	**21,576**	**18,750**
(d) Depreciation and amortisation expense					
Depreciation of property, plant and equipment	10	21,299	20,545	26,645	24,645
Amortisation of intangible assets	12	778	933	981	1,064
		22,077	**21,478**	**27,626**	**25,709**
(e) Finance costs					
Interest on loans		4,565	5,819	5,698	6,696
Other interest expense		-	-	-	-
		4,565	**5,819**	**5,698**	**6,696**
(f) Other expenses					
Increase/(decrease) in allowance for doubtful debts		383	670	369	684
Operating lease rental expenses:					
Minimum lease payments		904	880	904	880
Legal claims against Council	17	7,662	132	7,662	132
Operating expenses		50,032	48,192	55,967	53,518
		58,981	**49,875**	**64,902**	**55,214**

2. Surplus from Operations continued

For the financial year ended 30 June 2016	Council 2016 $'000	Council 2015 $'000
(g) Summary cost of services by group of activity (Council only)		
(i) Revenue*		
Local Democracy	3,962	3,292
Community	10,974	16,575
Economy	27,338	13,858
Environment	5,191	2,565
Roading and Parking	14,201	12,536
Water Supply	3,316	2,586
Stormwater	4,344	2,167
Wastewater	4,623	2,968
Regulatory	5,822	4,948
Waste Management	5,322	4,525
Other	(570)	1,037
Targeted rates	56,656	55,728
General rates	2,856	2,142
Internal rates	(634)	(1,062)
Total revenue	**143,401**	**123,865**
(ii) Expenditure*		
Local Democracy	3,812	3,034
Community	22,503	20,622
Economy	7,557	7,429
Environment	9,923	7,071
Roading and Parking	19,020	19,484
Water Supply	7,910	7,733
Stormwater	2,369	2,375
Wastewater	9,201	12,557
Regulatory	14,272	6,469
Waste Management	7,802	6,271
Other	272	1,563
Internal rates	(634)	(1,062)
Total operating expenditure	**104,007**	**93,546**

** Revenue and expenditure figures by activity include internal rates for Council owned properties*

For the financial year ended 30 June 2016	Council 2016 $'000	Council 2015 $'000
(iii) Depreciation and amortisation expense		
Local Democracy	11	13
Community	3,597	3,502
Economy	9	151
Environment	-	-
Roading and Parking	9,469	8,878
Water Supply	2,649	2,427
Stormwater	1,647	1,615
Wastewater	3,552	3,439
Regulatory	17	173
Waste Management	118	118
Other	1,008	1,164
Total depreciation and amortisation expense	**22,077**	**21,478**

Each significant activity is stated gross of internal costs and revenues and includes targeted rates attributable to activities. In order to fairly reflect the total external operations for the Council in the Statement of Financial Performance, these transactions are eliminated as shown above.

3. Income Taxes

(a) Income tax recognised in surplus or deficit

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Tax expense/(income) comprises:				
Current tax expense/(credit):				
Current year	-	-	4,361	3,718
Adjustments for prior years	-	-	165	8
	-	**-**	**4,526**	**3,726**
Deferred tax expense/(credit):				
Origination and reversal of temporary differences	-	-	2,469	(546)
Other movements	-	-	-	14
Adjustments for prior years	-	-	55	-
	-	**-**	**2,524**	**(532)**
Total tax expense/(income)	**-**	**-**	**7,050**	**3,194**
The prima facie income tax expense on pre-tax accounting surplus reconciles to the income tax expense in the financial statements as follows:				
Surplus /(deficit) before income tax	39,394	30,319	50,389	38,606
Income tax expense (credit) calculated at 28%	11,030	8,489	14,109	10,810
Non assessable income and expenses	(11,030)	(8,489)	(9,946)	(7,584)
Reversal of temporary difference	-	-	2,639	(22)
Adjustments for prior years	-	-	219	7
Other	-	-	29	(17)
	-	**-**	**7,050**	**3,194**
Loss carried forward	-	-	-	-
Tax loss offset	-	-	-	-
	-	**-**	**7,050**	**3,194**
Taxation effect of imputation credits:				
Imputation credits utilised	-	-	-	-
(Over)/under provision of income tax in previous year	-	-	-	-
Income tax expense/(credit)	**-**	**-**	**7,050**	**3,194**

The tax rate used in the above reconciliation is the corporate tax rate of 28% (2015: 28%) payable by New Zealand corporate entities on taxable profits under New Zealand law.

3. Income Taxes continued

(b) Income tax recognised directly in other comprehensive income

Deferred tax of $242k (2015: $252k) has been credited to other comprehensive income during the year, relating to the fair value movement of derivative financial instruments for Queenstown Airport Corporation. Deferred tax of $2.77m (2015: nil) was charged to other comprehensive income relating to the fair value movement of fixed assets for Queenstown Airport Corporation.

(c) Current tax assets and liabilities

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Current tax refundable:				
Current tax refundable	1	-	1	-
Current tax payable:				
Current tax payable	-	-	1,130	1,206

(d) Deferred tax balances comprise

Taxable and deductible temporary differences arising from the following:

	Group				
	Opening balance	Charged to income	Charged to other comprehensive income	Transferred to provision for tax	Closing balance
2016	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross deferred tax asset/(liability):					
Property, plant and equipment	(7,501)	(2,379)	(2,774)	-	(12,654)
Intangible assets	(632)	(126)	-	-	(758)
Employee entitlements	44	23	-	-	67
Derivatives	382	-	242	(578)	46
Trade and other payables	106	(42)	-	-	64
Gross deferred tax asset/(liability)	**(7,601)**	**(2,524)**	**(2,532)**	**(578)**	**(13,235)**

	Group				
	Opening balance	Charged to income	Charged to other comprehensive income	Transferred to provision for tax	Closing balance
2015	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross deferred tax asset/(liability):					
Property, plant and equipment	(7,892)	391	-	-	(7,501)
Intangible assets	(668)	36	-	-	(632)
Employee entitlements	31	13	-	-	44
Derivatives	144	(14)	252	-	382
Trade and other payables	-	106	-	-	106
Gross deferred tax asset/(liability)	**(8,385)**	**532**	**252**	**-**	**(7,601)**

Refer to note 1 for information regarding a tax dispute between Queenstown Airport Corporation and Inland Revenue.

3. Income Taxes continued

(e) Imputation Credit Account Balances

	Council		Group	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Balance at beginning of year	589	589	10,802	8,766
Taxation paid	-	-	3,934	3,715
Income tax payable	-	-	-	-
Income tax refunded	-	-	-	-
Imputation credits on dividends paid	-	-	(2,005)	(1,679)
Prior year adjustment	-	-	5	-
Balance at end of year	**589**	**589**	**12,736**	**10,802**
Imputation credits available directly and indirectly to Council through:				
Council	589	589	589	589
Subsidiaries	-	-	12,147	10,213
	589	**589**	**12,736**	**10,802**

4. Key Management Personnel Compensation

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Councillors				
Remuneration	518	496	518	496
Full-time equivalent members	15	15	15	15
Senior Management Team, including Chief Executive				
Remuneration	1,007	1,129	1,325	1,447
Full-time equivalent members	5	5	5	6
Directors' fees	-	-	178	178
	1,525	**1,625**	**2,021**	**2,121**

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

5. Remuneration of Auditors

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Audit fees for financial statement audit	170	165	216	209
Audit of long term plan	-	131	-	131
Audit fees for assurance and related services	5	-	44	39
Fees for tax services	7	8	7	8
	182	**304**	**267**	**387**

The auditor of Queenstown Lakes District Council is Deloitte, on behalf of the Controller and Auditor-General.

6. Trade and Other Receivables

	Council		Group	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
From non-exchange transactions				
Trade receivables (i)	932	3,529	932	3,529
Infringement receivables (i)	1,266	1,126	1,266	1,126
Rates receivables (i)	2,261	2,621	2,261	2,621
New Zealand Transport Agency	870	2,604	870	2,604
Other (i)	125	99	125	99
Allowance for doubtful debts (ii)	(1,261)	(1,305)	(1,261)	(1,305)
	4,193	**8,674**	**4,193**	**8,674**
From exchange transactions				
Trade receivables (i)	2,096	2,381	4,758	4,274
Other (i)	3,907	2,120	3,907	2,120
Allowance for doubtful debts (ii)	(216)	(193)	(216)	(207)
	5,787	**4,308**	**8,449**	**6,187**
	9,980	**12,982**	**12,642**	**14,861**

(i) Trade receivables, infringement receivables and rates receivables are non-interest bearing and generally on monthly terms.

(ii) The Council has a small provision for impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future repayments.

In relation to trade and other receivables (excluding rates), the Group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

	Council		Group	
Trade and other receivables (excluding rates)	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current (0-30 days)	6,481	7,662	8,599	9,170
31-60 days *	388	291	759	662
61-90 days *	198	210	404	210
90 days + *	680	2,215	647	2,215
	7,747	**10,378**	**10,409**	**12,257**
Rates receivables				
Current (0-30 days)	581	894	581	894
31 days - 1 year *	977	1,128	977	1,128
1 year + *	675	582	675	582
	2,233	**2,604**	**2,233**	**2,604**
Total receivables	**9,980**	**12,982**	**12,642**	**14,861**

* Amounts are considered past due.

	Council		Group	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Disclosed in the financial statements as:				
Current				
Exchange transactions	4,193	8,674	4,193	8,674
Non-exchange transactions	5,787	4,308	8,449	6,187
Non-current	-	-	-	-
	9,980	**12,982**	**12,642**	**14,861**

(iii) Movement in the allowance for doubtful debts:

	Council 2016	Council 2015	Group 2016	Group 2015
Balance at beginning of year	(1,498)	(851)	(1,512)	(851)
Amounts written off during year	384	33	384	33
Amounts recovered during year	-	-	-	-
Additional allowance recognised in Statement of Financial Performance	(363)	(680)	(349)	(694)
Balance at end of year	**(1,477)**	**(1,498)**	**(1,477)**	**(1,512)**

An allowance has been made for estimated irrecoverable amounts and has been calculated based on expected losses. Expected losses have been determined based on reference to past default experience and review of specific debtors.

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Group is exposed to credit risk arising from a small number of airlines in relation to outstanding landing fees. Regular monitoring of trade receivables is undertaken to ensure that the credit exposure remains within the Group's normal trading terms of trade.

For Council, the concentration of credit risk is limited due to the customer base being large and unrelated. The Council and Group believe no further credit provision is required in excess of the allowance for doubtful debts.

7. Other Financial Assets

	Council		Group	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Other investments held	2,081	1,685	1,243	997
Advances to community organisations	727	460	727	460
Short term investments	13	13	13	13
	2,821	**2,158**	**1,983**	**1,470**
Represented by:				
Current	13	13	13	13
Non-current	2,808	2,145	1,970	1,457
	2,821	**2,158**	**1,983**	**1,470**

8. Other Current Assets

	Council		Group	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Prepayments	823	486	968	631
	823	**486**	**968**	**631**

9. Development Property

Stage 8 of the Council owned Aubrey Road-Scurr Heights property has been developed for sale following the approval by Council on 8 May 2006 to sell the property. This property was sold in June 2016.

	Council		Group	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Land	-	293	-	293
	-	**293**	**-**	**293**

10. Property, Plant and Equipment

Council 2016

	Cost/ valuation 1-Jul-15 $'000s	Additions $'000s	Disposals/ write offs $'000s	Cost/ valuation 30-Jun-16 $'000s	Accumulated depreciation and impairment charges 1-Jul-15 $'000s	Depreciation expense $'000s	Accumulated depreciation reversed on disposal $'000s	Accumulated depreciation and impairment charges 30-Jun-16 $'000s	Carrying amount 30-Jun-16 $'000s
Council operational assets									
At cost									
Land	73,758	1,440	-	75,198	-	-	-	-	75,198
Buildings	53,291	10,349	-	63,640	(11,718)	(1,174)	-	(12,892)	50,748
Building improvements	35,003	1,699	-	36,702	(17,418)	(1,835)	-	(19,253)	17,449
Plant and machinery	9,537	205	-	9,742	(4,671)	(635)	-	(5,306)	4,436
Motor vehicles	715	67	(22)	760	(535)	(34)	13	(556)	204
Furniture and office equipment	4,774	342	-	5,116	(3,909)	(181)	-	(4,090)	1,026
Computer equipment	3,011	181	-	3,192	(2,641)	(126)	-	(2,767)	425
Library books	3,590	224	-	3,814	(3,441)	(144)	-	(3,585)	229
Total operational assets	**183,679**	**14,508**	**(22)**	**198,164**	**(44,333)**	**(4,129)**	**13**	**(48,449)**	**149,715**
Council infrastructural assets									
At fair value									
Water supply	127,292	5,628	-	132,920	(4,729)	(2,648)	-	(7,377)	125,543
Sewerage	161,471	21,154	-	182,625	(6,519)	(3,552)	-	(10,071)	172,554
Stormwater	98,695	4,554	-	103,249	(3,161)	(1,647)	-	(4,808)	98,441
Roading	504,815	11,190	-	516,005	(17,184)	(9,323)	-	(26,507)	489,498
Total infrastructural assets	**892,273**	**42,525**	**-**	**934,799**	**(31,593)**	**(17,170)**	**-**	**(48,763)**	**886,036**
Total Council property, plant and equipment	**1,075,952**	**57,033**	**(22)**	**1,132,963**	**(75,926)**	**(21,299)**	**13**	**(97,212)**	**1,035,751**

The Council's obligation under finance leases (note 22) are secured by the lessors' title to the leased assets which have a carrying amount of $nil (2015: $nil).

10. Property, Plant and Equipment

Council 2015

	Cost/ valuation 1-Jul-14 $'000s	Additions $'000s	Disposals/ write offs $'000s	Transfers $'000s	Transfer from investment property $'000s	Cost/ valuation 30-Jun-15 $'000s	Accumulated depreciation and impairment charges 1-Jul-14 $'000s	Depreciation expense $'000s	Accumulated depreciation reversed on disposal $'000s	Accumulated depreciation and impairment charges 30-Jun-15 $'000s	Carrying amount 30-Jun-15 $'000s
Council operational assets											
At cost											
Land	63,239	8,492	(321)	-	2,348	73,758	-	-	-	-	73,758
Buildings	50,410	3,053	(172)	-	-	53,291	(10,627)	(1,161)	70	(11,718)	41,573
Building improvements	34,061	910	-	32	-	35,003	(15,607)	(1,811)	-	(17,418)	17,585
Plant and machinery	9,985	133	(581)	-	-	9,537	(4,448)	(634)	411	(4,671)	4,866
Motor vehicles	1,392	-	(677)	-	-	715	(970)	(46)	481	(535)	180
Furniture and office equipment	4,799	129	(154)	-	-	4,774	(3,822)	(178)	91	(3,909)	865
Computer equipment	2,727	284	-	-	-	3,011	(2,538)	(103)	-	(2,641)	370
Library books	3,416	174	-	-	-	3,590	(3,186)	(255)	-	(3,441)	149
Total operational assets	**170,029**	**13,175**	**(1,905)**	**32**	**2,348**	**183,679**	**(41,198)**	**(4,188)**	**1,053**	**(44,333)**	**139,346**
Council infrastructural assets											
At fair value											
Water supply	122,652	4,762	(122)	-	-	127,292	(2,302)	(2,427)	-	(4,729)	122,563
Sewerage	160,405	4,810	(3,744)	-	-	161,471	(3,080)	(3,439)	-	(6,519)	154,952
Stormwater	96,539	2,156	-	-	-	98,695	(1,547)	(1,614)	-	(3,161)	95,534
Roading	495,745	10,071	(1,001)	-	-	504,815	(8,307)	(8,877)	-	(17,184)	487,631
Total infrastructural assets	**875,341**	**21,799**	**(4,867)**	**-**	**-**	**892,273**	**(15,236)**	**(16,357)**	**-**	**(31,593)**	**860,680**
Total Council property, plant and equipment	**1,045,370**	**34,974**	**(6,772)**	**32**	**2,348**	**1,075,952**	**(56,434)**	**(20,545)**	**1,053**	**(75,926)**	**1,000,026**

The Council's obligation under finance leases (note 22) are secured by the lessors' title to the leased assets which have a carrying amount of $nil (2014: $nil).

10. Property, Plant and Equipment

	Group 2016									
	Cost/ valuation 1-Jul-15 $'000s	Additions $'000s	Disposals/ write offs $'000s	Revaluation	Cost/ valuation 30-Jun-16 $'000s	Accumulated depreciation and impairment charges 1-Jul-15 $'000s	Depreciation expense $'000s	Accumulated depreciation reversed on disposal $'000s	Accumulated depreciation and impairment charges 30-Jun-16 $'000s	Carrying amount 30-Jun-16 $'000s
Group operational assets										
At cost										
Land	73,758	1,440	-	-	75,198	-	-	-	-	75,198
Buildings	53,291	10,349	-	-	63,640	(11,718)	(1,174)	-	(12,892)	50,748
Building improvements	35,003	1,699	-	-	36,702	(17,418)	(1,835)	-	(19,253)	17,449
Plant and machinery	15,611	583	-	-	16,194	(8,029)	(1,213)	-	(9,242)	6,952
Motor vehicles	3,044	485	(22)	-	3,507	(1,868)	(169)	13	(2,024)	1,483
Furniture and office equipment	9,785	451	-	-	10,236	(5,826)	(679)	-	(6,505)	3,731
Computer equipment	3,011	181	-	-	3,192	(2,641)	(126)	-	(2,767)	425
Library books	3,591	224	-	-	3,815	(3,442)	(144)	-	(3,586)	229
Total operational assets	**197,094**	**15,412**	**(22)**	**-**	**212,484**	**(50,942)**	**(5,340)**	**13**	**(56,269)**	**156,215**
Airport assets at fair value										
Land	106,743	1,064	-	28,585	136,392	-	-	-	-	136,392
Land improvements	9,768	-	-	241	10,009	(98)	(143)	-	(241)	9,768
Building	49,443	3,018	(23)	1,070	53,508	(1,381)	(2,498)	-	(3,879)	49,629
Airport runway	18,179	15,744	(170)	3,338	37,091	(939)	(995)	-	(1,934)	35,157
Roading and carparking	7,301	501	-	5,136	12,938	(539)	(498)	-	(1,037)	11,901
Total airport assets	**191,434**	**20,327**	**(193)**	**38,370**	**249,938**	**(2,957)**	**(4,134)**	**-**	**(7,091)**	**242,847**
Group infrastructural assets										
At fair value										
Water supply	127,292	5,628	-	-	132,920	(4,729)	(2,648)	-	(7,377)	125,543
Sewerage	161,473	21,154	-	-	182,627	(6,519)	(3,552)	-	(10,071)	172,556
Stormwater	98,694	4,554	-	-	103,248	(3,161)	(1,647)	-	(4,808)	98,440
Roading	504,814	11,190	-	-	516,004	(17,185)	(9,323)	-	(26,508)	489,496
Total infrastructural assets	**892,273**	**42,526**	**-**	**-**	**934,799**	**(31,594)**	**(17,170)**	**-**	**(48,764)**	**886,035**
Total Group property, plant and equipment	**1,280,801**	**78,265**	**(215)**	**38,370**	**1,397,221**	**(85,493)**	**(26,644)**	**13**	**(112,124)**	**1,285,097**

The Group's obligation under finance leases (note 22) are secured by the lessors' title to the leased assets which have a carrying amount of $nil (2015: $nil).

10. Property, Plant and Equipment

	Group 2015										
	Cost/ valuation 1-Jul-14	Additions	Disposals/ write offs	Transfers	Cost/ valuation 30-Jun-15	Accumulated depreciation and impairment charges 1-Jul-14	Depreciation expense	Accumulated depreciation reversed on disposal	Other	Accumulated depreciation and impairment charges 30-Jun-15	Carrying amount 30-Jun-15
	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s
Group operational assets											
At cost											
Land	63,239	8,492	(321)	2,348	73,758	-	-	-	-	-	73,758
Buildings	50,410	3,053	(172)	-	53,291	(10,627)	(1,161)	70	-	(11,718)	41,573
Building improvements	34,061	910	-	32	35,003	(15,607)	(1,811)	-	-	(17,418)	17,585
Plant and machinery	14,804	1,446	(639)	-	15,611	(7,300)	(1,141)	412	-	(8,029)	7,582
Motor vehicles	3,706	15	(677)	-	3,044	(2,178)	(171)	481	-	(1,868)	1,176
Furniture and office equipment	9,836	153	(204)	-	9,785	(5,192)	(724)	90	-	(5,826)	3,959
Computer equipment	2,727	284	-	-	3,011	(2,538)	(103)	-	-	(2,641)	370
Library books	3,417	174	-	-	3,591	(3,186)	(255)	-	(1)	(3,442)	149
Total operational assets	**182,200**	**14,527**	**(2,013)**	**2,380**	**197,094**	**(46,628)**	**(5,366)**	**1,053**	**(1)**	**(50,942)**	**146,152**
Airport assets at fair value											
Land	105,979	764	-	-	106,743	-	-	-	-	-	106,743
Land improvements	9,768	-	-	-	9,768	-	(98)	-	-	(98)	9,670
Building	35,145	14,298	-	-	49,443	-	(1,378)	-	(3)	(1,381)	48,062
Airport runway	18,062	117	-	-	18,179	-	(923)	-	(16)	(939)	17,240
Roading and carparking	7,250	275	(224)	-	7,301	(17)	(522)	-	-	(539)	6,762
Total airport assets	**176,204**	**15,454**	**(224)**	**-**	**191,434**	**(17)**	**(2,921)**	**-**	**(19)**	**(2,957)**	**188,477**
Group infrastructural assets											
At fair value											
Water supply	122,652	4,762	(122)	-	127,292	(2,302)	(2,427)	-	-	(4,729)	122,563
Sewerage	160,407	4,810	(3,744)	-	161,473	(3,080)	(3,439)	-	-	(6,519)	154,954
Stormwater	96,538	2,156	-	-	98,694	(1,547)	(1,614)	-	-	(3,161)	95,533
Roading	495,744	10,071	(1,001)	-	504,814	(8,307)	(8,878)	-	-	(17,185)	487,629
Total infrastructural assets	**875,341**	**21,799**	**(4,867)**	**-**	**892,273**	**(15,236)**	**(16,358)**	**-**	**-**	**(31,594)**	**860,679**
Total Group property, plant and equipment	**1,233,745**	**51,780**	**(7,104)**	**2,380**	**1,280,801**	**(61,881)**	**(24,645)**	**1,053**	**(20)**	**(85,493)**	**1,195,308**

The Group's obligation under finance leases (note 22) are secured by the lessors' title to the leased assets which have a carrying amount of $nil (2014: $nil).

10. Property, Plant and Equipment continued

(i) Impairment losses are included in the line item 'impairment of non-current assets' in the Statement of Financial Performance. Impairment losses recognised during the period were $nil (2015: $nil).
(ii) Sewer, stormwater and water supply assets are stated at valuation which is optimised depreciated replacement cost value as at 1 July 2013 by Rationale, independent valuers. Acquisitions subsequent to 1 July 2013 are at cost.
(iii) Roading assets are stated at valuation which is optimised depreciated replacement cost value as at 1 July 2013 by MWH Limited, independent valuers.
(iv) Airport assets held by QAC comprising land, buildings, runways, roading and carparking assets were revalued as at 30 June 2016 as set out below. Runway assets were valued by Beca Valuations Limited. Other airport assets at fair value were valued by Seagar and Partners.

Asset	Valuation Approach
Terminal and fire rescue buildings	Optimised depreciated replacement cost
Runway and aprons	Optimised depreciated replacement cost
Land, roading and carparking	Market value
Ground leases and commercial buildings	Market value

Assets under construction

The following asset classes include expenditure for assets in the course of construction at 30 June:	Council 2016 $'000	Council 2015 $'000	Group 2016 $'000	Group 2015 $'000
Land	-	6	3,665	3,402
Buildings	12,900	2,769	13,122	17,549
Building Improvements	998	421	998	421
Plant and Equipment	9	19	872	698
Computer Equipment	19	51	19	51
Furniture and Office Equipment	-	-	-	-
Library Books	-	4	-	4
Airport Runway	-	-	-	-
Water Supply	4,333	2,874	4,333	2,874
Sewerage	26,951	9,504	26,951	9,504
Stormwater	875	230	875	230
Roading & Carparking	6,953	3,297	6,953	3,297
	53,038	**19,175**	**57,788**	**38,030**

11. Forestry Assets

	Council 2016 $'000	Council 2015 $'000	Group 2016 $'000	Group 2015 $'000
Balance at beginning of year	-	-	917	839
Increases due to purchases	-	-	-	-
Gains/(losses) arising from changes in fair value less estimated point of sales costs	-	-	200	78
Balance at end of year	**-**	**-**	**1,117**	**917**

Through its investment in Lakes Combined Afforestation Trust, the Council owns a 75% share of 172.5 hectares of Douglas Fir forest which are at varying stages of maturity ranging from 20 to 31 years of age.

No forests have been harvested during the period (2015: nil).

Independent registered valuers, Laurie Forestry, have valued forestry assets as at 30 June 2016 at $1,117,000. A pre-tax discount rate of 8.5% has been used in discounting the present value of the expected cash flows.

Independent registered valuers, Guild Forestry, valued forestry assets as at 30 June 2015 at $917,000. A pre-tax discount rate of 8% was used in discounting the present value of the expected cash flows.

Financial risk management strategies

The Group is exposed to financial risks arising from changes in timber prices. The Group is a long term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore the Group has not taken any measures to manage the risks of a decline in timber prices. The Group reviews its outlook on timber prices regularly in considering the need for active financial risk management.

12. Intangible Assets

(a) Finite life intangible assets

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Gross carrying amount				
Balance at beginning of year	3,915	3,346	6,690	5,901
Additions	376	569	1,139	789
Balance at end of year	**4,291**	**3,915**	**7,829**	**6,690**
Accumulated amortisation & impairment				
Balance at beginning of year	2,236	1,303	2,497	1,433
Amortisation expense (i)	778	933	982	1,064
Balance at end of year	**3,014**	**2,236**	**3,479**	**2,497**
Net book value	**1,277**	**1,679**	**4,350**	**4,193**

(i) Amortisation expense is included in the line 'depreciation and amortisation expense' in the Statement of Financial Performance.

The gross carrying amount of $7,829,000 for the Group comprises:

- The finite life intangible asset of $4,291,000 represents costs incurred by the Queenstown Lakes District Council for computer software. These costs are being amortised on a straight line basis at 33%.
- The finite life intangible asset of $3,538,000 represents costs incurred by the Queenstown Airport Corporation Limited in relation to district planning processes for extension of noise boundaries, amendments to flight fans and evening flight safety cases. These costs will be amortised on a straight line basis over 23 years, 15 years and 2 years respectively from the date they are completed and ready to use.

13. Investment Property

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Balance at beginning of year	66,200	61,080	66,200	61,080
Additions from subsequent expenditure	-	8	-	8
Sale of property	-	(170)	-	(170)
Reclassified to property, plant and equipment	-	(2,381)	-	(2,381)
Net gain/(loss) from fair value adjustments	9,325	7,663	9,325	7,663
Balance at end of year	**75,525**	**66,200**	**75,525**	**66,200**

The fair value of the Council's investment property at 30 June 2016 has been arrived at on the basis of a valuation carried out at that date by Mr Greg Simpson (ANZIV/SPINZ), an independent registered valuer from QV Valuations not related to the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

QV Valuations is an experienced valuation firm with extensive market knowledge in the types of investment properties owned by the Council.

14. Trade and Other Payables

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Trade payables (i)	14,253	6,628	15,670	7,342
Other accrued charges	5,479	4,025	7,501	6,615
Deposits and bonds	4,262	2,960	4,262	2,960
Other	-	422	-	422
	23,994	**14,035**	**27,433**	**17,339**

15. Borrowings

	Council		Group	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At amortised cost				
Bank borrowings (secured) (i), (ii)	-	30,000	39,010	55,260
Bonds (secured) (i), (iv)	75,851	71,054	75,851	71,054
Other borrowings (iii)	60	80	60	80
	75,911	**101,134**	**114,921**	**126,394**
Disclosed in the financial statements as:				
Current	223	40,223	223	40,223
Non-current	75,688	60,911	114,698	86,171
	75,911	**101,134**	**114,921**	**126,394**

(i) Council borrowings are secured through a debenture trust deed over rates.

(ii) Queenstown Airport Corporation Ltd (QAC) loans of $25.3m are secured by a first debenture charge over QAC assets and also a registered first mortgage over all QAC property.

(iii) The Council has an interest free loan from the Community Trust of Southland which is repayable within 5 years. The balance outstanding at 30 June 2016 was $60,000 of which $20,000 is repayable within 1 year.

(iv) Bonds - New Zealand Local Government Funding Agency.

During the 2012/13 year there were four bond issues of $10m (total $40m) with maturity dates of 15/12/2017, 15/3/2019, 15/3/2019 and 15/5/2021 and interest rates of 4.45%, 4.24%, 4.36% and 4.57% respectively.

During the 2013/14 year there was one bond issue of $10m with a maturity date of 15/5/2021 and an interest rate of 5.85%.

During the 2014/15 year there was one bond issue of $10m with a maturity date of 15/5/2023 and an interest rate of 5.44%.

During the 2015/16 year there were two bond issues of $5m and $10m with maturity dates of 16/9/2020 and 16/9/2025 and interest rates of 2.87% and 3.04% respectively.

Queenstown Lakes District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. It has a current credit rating from both Standard and Poors and Fitch rating agencies of AA+.

NZLGFA shareholders consist of the New Zealand Government (20%) and 30 local authority shareholders (80%). The New Zealand Government shareholding is fully paid. The uncalled capital of local authority shareholders is $20m and this is available in the event that an imminent default is identified. Also, together with the shareholders and guarantors, the Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2016, NZLGFA had borrowings totalling $6,220m (2015: $4,955m).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- we are not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

16. Other Financial Liabilities

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Interest rate swaps (i), (ii)	2,458	932	2,618	2,294
	2,458	**932**	**2,618**	**2,294**
Disclosed in the financial statements as:				
Current	-	-	-	-
Non-current	2,458	932	2,618	2,294
	2,458	**932**	**2,618**	**2,294**

(i) The Council holds two interest rate swap agreements, one for $15m and one for $10m, which are effective from 16 March 2015 and 11 December 2013 (2015: three interest rate swap agreements, two for $15m and one for $10m, which are effective from 15 September 2010, 16 March 2015 and 11 December 2013). The interest rate is fixed at 4.355% and 3.955% respectively (2015: 5.705%, 4.355% and 3.955% respectively).

(ii) QAC holds four interest rate swap agreements, one for $2.5m, two for $5m and one for $10m, which are all effective from 15 June 2016 (2015: four interest rate swap agreements for $5m each effective from 1 July 2013, 4 January 2012, 1 July 2014 and 1 April 2014). The interest rates range from 2.345-2.623% (2015: 4.78-5.62%).

QAC designated the interest rate swaps as effective hedges in accordance with PBE IPSAS 29 in the current year. The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges is recognised in other comprehensive revenue and expense and accumulated as a separate component of equity in the hedging reserve. All financial liabilities are recognised at amortised cost except interest rate swaps which are recognised at fair value through surplus or deficit.

17. Other Liabilities

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Income in advance (i)	4,034	3,049	4,051	3,049
Rates in advance	443	477	443	477
Other provisions (ii)	4,000	-	4,000	-
Other liabilities	-	-	141	-
	8,477	**3,526**	**8,635**	**3,526**
Disclosed in the financial statements as:				
Current	8,477	3,526	8,494	3,526
Non-current	-	-	141	-
	8,477	**3,526**	**8,635**	**3,526**

(i) Income in advance consists of grants in advance and initial fees received for resource and building consents representing amounts for services yet to be completed.

(ii) This represents estimated losses for claims against Council. Council has been joined as a party in these claims, which relate to alleged weathertightness building defects. Claims are dealt with on a case by case basis. Council'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.

18. Employee Entitlements

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Accrued salary and wages	370	886	529	1,028
Annual leave	866	781	1,122	938
	1,236	**1,667**	**1,651**	**1,966**
Disclosed in the financial statements as:				
Current	1,236	1,667	1,651	1,966
Non-current	-	-	-	-
	1,236	**1,667**	**1,651**	**1,966**

19. Reserves

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Revaluation reserve (a)	430,044	420,719	536,703	500,712
Operating reserves (b)	14,616	16,058	14,616	16,058
Capital reserves (c)	21,329	9,855	21,329	9,855
Cash flow hedge reserve (d)	-	-	(989)	(508)
	465,989	**446,632**	**571,659**	**526,117**

This note contains the portion of reserves attributable to Council. Refer to note 21 for the movement of reserves at a Group level that are attributable to the non-controlling interest.

(a) Revaluation reserve

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Balance at beginning of year	420,719	413,057	500,712	493,050
Revaluation of airport assets, net of deferred tax	-	-	26,701	-
Transferred from/(to) accumulated surplus:				
Revaluation of investment property	9,325	7,662	9,325	7,662
Reclassificiation in accumulated surplus	-	-	(35)	-
Balance at end of year	**430,044**	**420,719**	**536,703**	**500,712**

The revaluation reserve arises on the revaluation of Council infrastructural assets, investment property, shares, and QAC land, building, runway, and roading and carparking assets.

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Individual reserve balances are as follows:				
Investment property	65,421	56,096	65,421	56,096
Roading	155,756	155,756	155,756	155,756
Sewerage	75,236	75,236	75,236	75,236
Water supply	68,527	68,527	68,527	68,527
Stormwater	65,104	65,104	65,104	65,104
Airport assets	-	-	106,659	79,993
	430,044	**420,719**	**536,703**	**500,712**

(b) Operating reserves

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Balance at beginning of year	16,058	15,962	16,058	15,962
Transferred from/(to) accumulated surplus:				
Contributions	8,166	7,852	8,166	7,852
Other	(9,608)	(7,756)	(9,608)	(7,756)
Balance at end of year	**14,616**	**16,058**	**14,616**	**16,058**

An operating reserve is used to finance specific activities. It can be used for operating and capital expenditure items and is generated from ongoing revenue sources.

(c) Capital reserves

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Balance at beginning of year	9,855	10,992	9,855	10,992
Transferred from/(to) accumulated surplus:				
Contributions	29,672	15,426	29,672	15,426
Disbursements	(18,198)	(16,563)	(18,198)	(16,563)
Balance at end of year	**21,329**	**9,855**	**21,329**	**9,855**

Capital reserves are used to fund a variety of activities. They can only be used for major capital additions and debt repayment, and are generated from a single or infrequent revenue source.

(d) Cash flow hedge reserve

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Balance at beginning of year	-	-	(508)	(21)
Gain/(loss) recognised on cash flow hedges:				
Interest rate swaps	-	-	(648)	(676)
Realised losses transferred to Statement of Financial Performance	-	-	(15)	-
Income tax related to gains/losses recognised in other comprehensive income	-	-	182	189
Balance at end of year	**-**	**-**	**(989)**	**(508)**

19. Reserves continued

(e) Reserve funds held for a specific purpose

	Opening Balance 1 July 2015 $'000	Deposits $'000	Withdrawals $'000	Closing Balance 30 June 2016 $'000
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 for roading, water supply, sewerage, stormwater, reserve land and improvements, and community facilities	16,058	8,166	9,608	14,616
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.	1,636	10,756	11,996	396
Emergency reserve Funds set aside to assist with the repair of infrastructural assets such as roading, water supply and sewerage in case of natural disaster.	1,322	-	1,322	-
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.	2,222	15,048	915	16,355
Arrowtown endowment land reserve Proceeds from assets sales from Arrowtown endowment land.	740	-	-	740
Trust funds Funds held on behalf of various community organisations.	17	-	-	17
Queenstown Airport dividend reserve Unallocated portion of dividends received from QAC.	722	3,868	3,965	625
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 Council reserve funds	**25,913**	**37,838**	**27,806**	**35,945**
QAC cash flow hedge reserve	(508)	182	663	(989)
Total Council reserve funds	**25,405**	**38,020**	**28,469**	**34,956**

20. Accumulated Funds

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Balance at beginning of year	538,544	514,846	574,458	547,763
Net surplus	39,394	30,319	41,349	33,316
Transfers from/(to) reserves:				
Revaluation reserve	(9,325)	(7,662)	(9,290)	(7,662)
Operating reserves	1,442	(96)	1,442	(96)
Capital reserves	(11,474)	1,137	(11,474)	1,137
Balance at end of year	**558,581**	**538,544**	**596,485**	**574,458**

21. Non-Controlling Interest

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Balance at beginning of year	-	-	40,477	39,621
Share of surplus for year	-	-	1,990	2,096
Dividends paid	-	-	(1,288)	(1,079)
Share of other comprehensive income	-	-	8,736	(161)
Balance at end of year	**-**	**-**	**49,915**	**40,477**

22. Commitments for Expenditure

(a) Capital expenditure commitments

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Queenstown Lakes District Council (i)	11,816	26,403	11,816	26,403
Queenstown Airport Corporation Limited	-	-	1,641	2,731
Balance at end of year	**11,816**	**26,403**	**13,457**	**29,134**

(i) Council has a significant capital works programme scheduled for 2016/17. Major projects contracted as at 30 June 2016 included Project Shotover ($5.6m) and the Wanaka Recreation Centre ($1.9m).

(b) Lease commitments

No finance lease liabilities exist. Non-cancellable operating lease commitments are disclosed in note 24 to the financial statements.

23. Contingent Liabilities and Contingent Assets

Council

(a) Legal claims

Refer to note 17 for information regarding the provision for existing legal claims against Council. A significant degree of estimation has been involved to calculate the provision. As a result Council may be subject to further liability that is not currently recognised.

(b) Guarantees

Queenstown Lakes District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+. See Note 15 (iv) for further details.

Queenstown Airport Corporation Limited

(c) Noise mitigation

The Company is implementing plans to assist homeowners closest to the airport to mitigate the effects of aircraft noise within defined airport noise zones. During the next 12 months, the Company plans to make offers of acoustic treatment to approximately 135 homeowners. Noise levels are monitored regularly and as the noise zones expand, further offers will be made. The Company estimates approximately 380 properties will be offered noise mitigation by 2037. As it is not possible to accurately predict the rate of change in aircraft noise levels over time, nor the rate of acceptance of offers of mitigation packages to homeowners, the Company cannot accurately predict the overall cost or timing or mitigation work. As at 30 June 2016, 13 offers had been made and 7 homeowners had accepted. The cost of delivering the 7 accepted offers is estimated at $630k which has been disclosed as a capital commitment in note 21.

24. Leases

(a) Leasing arrangements

Operating leases relate to the rental of office and computer equipment, motor vehicles and office buildings. All operating lease contracts contain market review clauses in the event that the Council/Group exercises its option to renew. The Council/Group does not have an option to purchase the leased asset at the expiry of the lease period.

(b) Non-cancellable operating lease payments

	Council		Group	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Not longer than 1 year	888	663	909	680
Longer than 1 year and not longer than 5 years	1,896	787	1,951	801
Longer than 5 years	608	710	608	710
Balance at end of year	**3,392**	**2,160**	**3,468**	**2,191**

(c) Non-cancellable operating lease receipts

	Council		Group	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Not longer than 1 year	3,457	3,092	10,415	7,810
Longer than 1 year and not longer than 5 years	9,687	11,122	25,990	22,949
Longer than 5 years	16,101	16,979	19,958	20,327
Balance at end of year	**29,245**	**31,193**	**56,363**	**51,086**

25. Investment in Council Controlled Organisations (CCO's)

	Council		Group	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Queenstown Airport Corporation Limited	5,412	5,412	-	-
	5,412	**5,412**	**-**	**-**

	Country of incorporation	Ownership interest 2016 %	2015 %	Principal activity of the entity
Council				
Queenstown Lakes District Council (QLDC) (i)	NZ			
CCO's:				
Queenstown Airport Corporation Limited (QAC) (ii)	NZ	75.01%	75.01%	Airport operator
Queenstown Events Centre Trust (iii)	NZ	N/A	N/A	Charitable trust

(i) Queenstown Lakes District Council is the head entity within the consolidated group. The Council holds the Group's interest in the other CCO's detailed above.

(ii) On 19 August 2016 a final dividend for the year ended 30 June 2016 of $0.3278 per share (total dividend $5,264,124) was paid to holders of fully paid ordinary shares. Council's share of this dividend was $3,948,619.
On 4 February 2016 an interim dividend for the year ended 30 June 2016 of $0.0623 per share (total dividend $1,000,000) was paid to holders of fully paid ordinary shares. Council's share of this dividend was $750,100.

(iii) Not trading

All entities in the Group have 30 June balance dates.

There are no significant restrictions on the ability of CCO's to transfer funds to the Council in the form of cash distributions or to repay loans or advances.

26. Subsequent Events

Queenstown Airport Corporation Ltd (QAC)

On 19 August 2016 the QAC Board resolved to pay a final dividend for the year ended 30 June 2016 of $0.3278 per share, resulting in a dividend of $5,264,124 (2015: $4,156,074). Council's share of this was $3,948,619 (2015: $3,117,471).

There were no other significant events after balance date.

27. Related Party Disclosures

(a) **Council**
The Council is the ultimate parent of the Group.

(b) **Equity interests in related parties**
Equity interests in subsidiaries
Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 25 to the financial statements.

(c) **Transactions with related parties**
Transactions involving the Group
During the year the following (payments)/receipts were made (to)/from related parties which were conducted on normal commercial terms:

27. Related Party Disclosures continued

	Group 2016 $'000	Group 2015 $'000
The following transactions took place between Council and related parties:		
Queenstown Airport Corporation Limited *		
Payment of rates on its property	295	282
Resource consent costs and collection fees	4	54
Development contributions	279	-
Other	5	-
Wanaka airport management fee	(159)	(110)
Dividends	3,868	3,238
Balances owed (to) / from at 30 June 2016 were:		
Owed to Queenstown Airport Corporation Ltd	(25)	(25)
Owed from Queenstown Airport Corporation Ltd	3	10

*There are no Councillors in Queenstown Lakes District Council who own shares in Auckland International Airport which has non-controlling interest in Queenstown Airport Corporation Ltd.

	2016	2015
The following transactions took place between Queenstown Airport Corporation and related parties:		
Hadley Consultants Limited (J Hadley, Director) - Consulting	-	(3)
Auckland International Airport Ltd		
- Rescue fire training	(14)	-
- Purchase of fire appliance	(110)	-
Warbirds over Wanaka Community Trust (J Gilks, Trustee)		
- Contributions towards entrance display	(1)	-
Aviation Security Service (G Lilly, Director)		
- Airport security cards	(5)	(3)
- Rental, power recovery and parking revenue	167	156
Civil Aviation Of New Zealand (G Lilly, Director) - CAA Certification Audit Fees	(12)	(3)
BMW NZ Golf Open (N Thompson, Committee member) - Sponsorship	(15)	-
Pioneer Generation Limited (A Gerry, Director) - Power	-	(312)
Balances owed (to)/from at 30 June 2016 were:		
Owed to CAA	(4)	-
Owed to Pioneer Generation Limited	-	(33)
Owed from Aviation Security Service	4	2

Other transactions involving related parties

1. QLDC's netball courts and six holes of the Frankton golf course are located on QAC land to the north west of the runway. Revenue from this arrangement amounted to $25,000 (2015: $25,000).
2. QAC holds a bond with Westpac for $150,000 in favour of QLDC related to a resource consent to extract gravel and carry out remediation work on land (RM090321). The work is no longer required and QAC has applied to have the bond released.
3. Queenstown Airport Corporation receives services from Auckland International Airport Ltd for which no consideration is paid.

Transactions eliminated on consolidation
Related party transactions and outstanding balances with other entities in the Group are disclosed in an entity's financial statements. Intra-group related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of the Group.

28. Notes to the Statement of Cash Flows

		Council		Group	
		2016	2015	2016	2015
		$'000	$'000	$'000	$'000
(a)	**Reconciliation of cash and cash equivalents**				
	For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, cash in bank and other short-term highly liquid deposits that are readily convertible to a known amount of cash, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:				
	Cash and cash equivalents	5,009	17,207	5,930	17,478
	Bank overdraft	-	-	-	-
		5,009	**17,207**	**5,930**	**17,478**
(b)	**Borrowings - facilities**				
	Details of the amounts drawn down on the available borrowing facility are as follows:				
	Amount used	75,000	100,000	114,010	125,260
	Amount unused	12,000	12,000	22,990	26,740
		87,000	**112,000**	**137,000**	**152,000**

28. Notes to the Statement of Cash Flows continued

	Council 2016 $'000	Council 2015 $'000	Group 2016 $'000	Group 2015 $'000
(c) Reconciliation of surplus/(deficit) for the period to net cash flows from operating activities				
Surplus for the year	39,394	30,319	43,339	35,412
Add/(less) non-cash items:				
Depreciation and amortisation	22,077	21,478	27,626	25,709
Loss provision	4,000	-	4,000	-
Vested assets	(11,648)	(12,992)	(11,648)	(12,992)
(Gain)/loss on sale of property, plant & equipment	(39)	(50)	155	11
(Gain)/loss on revaluation of property, plant & equipment	-	-	-	-
(Gain)/loss on revaluation of forestry investment	(150)	(58)	(200)	(77)
(Gain)/loss on revaluation of investment property	(9,325)	(7,663)	(9,325)	(7,663)
(Gain)/loss on sale of investment property	-	40	-	40
(Gain)/loss on sale of development property	(15,048)	-	(15,048)	-
Net change in fair value of derivative financial instruments	1,525	230	1,525	230
(Gain)/loss on revaluation of shares	(6)	(2)	(6)	(2)
Reclassification of assets under construction	-	4,867	-	4,867
Other	-	-	(19)	(36)
	30,780	**36,169**	**40,399**	**45,499**
Movement in working capital:				
Trade and other receivables	3,002	(3,028)	2,222	(3,306)
Inventories	(20)	(3)	(20)	(3)
Current tax refundable/payable	(1)	107	(77)	(461)
Other current assets	(337)	230	(360)	126
Deferred tax asset/liability	-	-	3,102	(546)
Trade and other payables	9,960	848	10,216	2,027
Employee entitlements	(431)	16	(267)	35
Other financial liabilities	951	1,549	934	1,537
	13,124	**(281)**	**15,750**	**(591)**
Movement in items treated as investing activities	(2,116)	(623)	(1,938)	(1,350)
Net cash inflow from operating activities	**41,788**	**35,265**	**54,211**	**43,558**

29. Remuneration (Council Only)

During the year to 30 June 2016, the total remuneration and value of other non-financial benefits received by or payable to the Elected Representatives, Chief Executive, and staff of the Council were as follows:

	Council	
	2016	2015
Elected Representatives	$	$
Council		
Vanessa van Uden - Mayor	110,100	106,850
Lyal Cocks - Deputy Mayor/ Councillor Wanaka *	46,000	43,260
Cath Gilmour - Councillor Wakatipu/Portfolio Leader *	41,260	38,625
Mel Gazzard - Councillor Wakatipu/Portfolio Leader **	43,660	38,625
Lex Perkins - Councillor Arrowtown (to Mar 2015)	-	23,175
Scott Stevens - Councillor Arrowtown (from May 2015)	31,600	4,537
Simon Stamers-Smith - Councillor Wakatipu	31,600	30,900
Ella Lawton - Councillor Wanaka (Elected Oct 2013)	31,600	30,900
Callum McLeod - Councillor Wanaka (Elected Oct 2013)	31,600	30,900
Craig Ferguson - Councillor Wakatipu (Elected Oct 2013)	31,600	30,900
Alexa Forbes - Councillor Wakatipu (Elected Oct 2013)	31,600	30,900
Merv Aoake - Councillor Wakatipu (Elected Oct 2013)	31,600	30,900
Wanaka Community Board		
Bryan Lloyd - Board Member	11,100	11,100
Mike O'Connor - Board Member	11,100	11,100
Rachel Brown - Board Chair (Elected Oct 2013)	22,200	22,200
Ross McRobie - Board Member (Elected Oct 2013)	11,100	11,100

* Remuneration includes $1,760 for attending District Plan hearings on behalf of QLDC.
** Remuneration includes $4,160 for attending an RMA resource consent hearing on behalf of QLDC.

Chief Executive

For the year ended 30 June 2016, the total annual cost including fringe benefit tax to the Council of the remuneration package being received by the Chief Executive appointed under Section 42 of the Local Government Act 2002 is calculated at $315,000 (2015: $326,533).

Employee staffing levels and remuneration

The number of employees employed by Queenstown Lakes District Council at 30 June 2016 was 313 (30 June 2015: 276). The number of full-time employees and full time equivalents of all the other employees as at 30 June 2016 was 207 and 54 respectively (30 June 2015: 182 and 43).

The number of employees in Queenstown Lakes District Council classified in bands as per the total received or receivable annual remuneration, including any non-financial benefits received or receivable is:

	2016	2015
< $60,000	192	177
$60,001 to $80,000	43	36
$80,001 to $100,000	42	33
$100,001 to $120,000	18	17
> $120,000	18	13
Total number of employees	**313**	**276**

30. Severance Payments

For the year ended 30 June 2016 Council made no severance payments to employees.

31. Emissions Trading Scheme

Forestry

The Council is part of the Emissions Trading Scheme (ETS) for its pre-1990 forests (mandatory participation). Under the ETS the Council is allocated New Zealand Units (NZUs). An initial free allocation of NZUs is provided in relation to pre-1990 forests.

Landfill

The Council owns a landfill site which is operated by Scope Resources Ltd. Under the ETS the Council is required to acquire and surrender emission units to account for the direct greenhouse gas emissions associated with its landfill site.

2016	Pre-1990 Forest	Landfill	Total
Productive area (hectares)	296	n/a	296
Opening balance	14,633	-	14,633
NZUs purchased during the year	-	8,955	8,955
NZUs allocated/transferred internally during the year	(14,633)	14,633	-
NZUs transferred to Scope Resources Ltd during the year	-	(23,588)	(23,588)
NZUs on hand at balance date	**-**	**-**	**-**

Under the ETS liabilities can accrue as follows:
Pre-1990 forests: liabilities accrue if the pre-1990 forest land is deforested and not replanted. Council does not anticipate any future liabilities will arise in relation to pre-1990 forest land.

32. Explanation of Major Variances against Budget

Statement of Financial Performance

The Council recorded a surplus of $39.4m for the year. This is up from the $30.3m surplus recorded last year and against a budget of $26.7m. The main reasons for the higher surplus, which is not profit, are related to higher revenue ($3.0m) to budget, $9.3m of unrealised net gains on revaluation of Council assets and $15.0m of realised gain on sale of Council development property.

Operating revenues were above budget by 2.6% for the year ended 30 June 2016. This was above estimate by $3.0m.

The following major items contributed to this variance:

- Increased user charges of $5.9m of which $2.2m is directly related to the increase in development activity within the district. This increased revenue from consents, regulatory activities and solid waste offsets increased costs in these areas.
- Increased development contributions of $1.2m also related to the increase in development activity within the district.
- Vested Assets were $1.4m above budget for the year; this a non-cash item and relates to the value of assets transferred to Council via the subdivision process.
- Roading subsidy for capital works was $6.4m under budget for the year, mainly as a result of reduced roading capital expenditure due to the timing of some projects, e.g. Eastern Arterial Road at Frankton Flats.

The surplus includes the following:

- $9.3m of unrealised gains relating to the annual revaluation of Council owned investment property. This follows a 2015 value gain of $7.66m.
- $15.0m realised gain on sale of Council owned development property in Wanaka. This property had been earmarked for development and sale by Council in May 2006.
- $1.5m of unrealised losses as a result of the revaluation of interest rate swaps as at 30 June 2016.

Operating expenditure was $13.4m (14.8%) over budget for the year ended 30 June 2016. 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:

- Staff related costs for the year were $481k higher than budget.
- Depreciation expense for the year is $1.4m higher than budget. This is due to the amortisation of software ($411k) and the higher than expected vested assets for the last two years.
- Interest expense for the year is $2.7m 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 $1.1m above budget for the year, mainly as a result of an increase in on-chargeable consultant costs related to consents.
- Costs for road maintenace were $1.2m above budget for the year, mainly as a result of snow clearing work required in winter 2015.
- Increased costs of $1.1m for handling larger than expected volumes of solid waste for the year.
- Expenditure of $1.4m 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 borrowing. The following items contributed to this variance:

- Capital expenditure was below estimate by $14.4m for the year ended 30 June 2016.

  This relates mostly to timing differences for the following large projects:
  Frankton Flats Eastern Arterial Road
  (2015/16 Budget of $4.1m versus actual spend of $1.2m - project completion now programmed for 2016/17);
  Queenstown Convention Centre
  (2015/16 Budget of $2.2m - project now on hold);
  Wanaka Recreation Centre
  (2015/16 Budget of $12.0m versus actual spend of $8.8m - project completin now programmed for 2016/17; and
  Wanaka Aquatic Centre
  (2015/16 Budget of $6.8m versus actual spend of $1.4m - project completion now programmed for 2016/17).

- Reduced capital expenditure in 2015/16 and 2014/15, as well as the sale of the Scurr Heights land, results in borrowings that are $44.5m below forecast. Total debt as at 30 June 2016 is $75.9m compared to a forecast of $120.4m.

Statement of Changes in Equity

Accumulated differences between actual and budgeted net surpluses as described above for 2016, as well as the impact of the investment property revaluation and reduced borrowings, has resulted in an equity variance of $17.6m 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 $12.5 million below estimate; sale of development property was $15.3m above estimate and net borrowings were consequently around $25.2 million less than expected.

33. Financial Instruments

(a) Capital management

For the purpose of the Group's capital management, the Group's capital is its equity, including accumulated comprehensive revenue and expenses and all equity reserves attributable to the Council. Equity is represented by net assets.

The Council manages the Group's capital largely as a by-product of managing its revenue, expenses, assets, liabilities and general financial dealings. The Local Government Act 2002 requires the Council to manage its revenue, expenses, assets, liabilities and general financial dealings in a manner that promotes the current and future interests of the community. In addition, the Local Government (Financial Reporting and Prudence) Regulation 2014 sets out a number of benchmarks for assessing whether the Council is managing its revenue, expenses, assets and liabilities prudently.

The primary objective of the Group's capital management is to achieve intergenerational equity which is a principle promoted in the Local Government Act 2002 and applied by the Council. Intergenerational equity requires the Council to spread the funding of the cost of its assets over the current and future generations of ratepayers, such that:

- Current ratepayers are required to meet the cost of using the assets, but not the full cost of long term assets that will benefit ratepayers in future generations; and
- Ratepayers in future generations are not required to meet the costs of deferred asset renewals and maintenance.

In order to achieve this overall objective, the Council has in place asset management plans for major classes of assets, detailing renewals and programmed maintenance.

An additional objective of capital management is to ensure that the expenditure needs identified in the Council's Long-term Plan and Annual Plan are met in the manner set out in these plans. The Local Government Act 2002 requires the Council to make adequate and effective provision in its Long-term Plan and in its Annual Plan to meet the expenditure needs identified in those plans. The factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities are set out in the Local Government Act 2002. The sources and levels of funding are set out in the funding and financial policies in the Council's Long-term Plan.

The Council monitors actual expenditure incurred against the Long-term Plan and Annual Plan.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2016 and 2015.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(c) Categories of financial instrumenets

	Council		Group	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Financial assets				
Cash and cash equivalents (AC)	5,009	17,207	5,930	17,478
Trade and other receivables (AC)	9,980	12,982	12,642	14,861
Other financial assets (AC)	740	473	740	473
Other financial assets (FVTSD)	-	-	-	-
Other financial assets (AFS)	2,081	1,685	1,243	997
Financial liabilities				
Trade and other payables (AC)	23,994	14,035	27,433	17,339
Borrowings (AC)	223	101,134	223	126,394
Other financial liabilities (FVTSD)	75,688	932	114,698	2,294

AC = Amortised cost; FVTSD = Fair value through surplus or deficit; AFS = Available for sale

(d) Financial risk management objectives

The Council has established a Treasury Management Policy which combines the Local Government Act 2002 requirement for local authorities to adopt a Liability Management Policy and an Investment Policy. These provide a framework for prudent debt management and the management of financial resources in an efficient and effective way.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(e) Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at both floating and fixed interest rates.

Sensitivity analysis

The sensitivity analysis in the following table has been determined based on the exposure to interest rates for financial instruments at the balance date. The analysis is prepared assuming the amount of the financial instrument outstanding at the balance sheet date was outstanding for the whole year.

The Council and Group is not exposed to foreign currency risk or equity price risk.

33. Financial Instruments continued

(e) Interest rate risk continued

The impact to surplus for the year and total equity as a result of a 50 basis point increase in interest rates is as follows (note that () represents a loss in the table below):

		Council				Group			
		2016 $'000 +50 bps		2015 $'000 +50 bps		2016 $'000 +50 bps		2015 $'000 +50 bps	
	Note	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Financial Liabilities									
Borrowings	(i)	(50)	(50)	(50)	(50)	(133)	(133)	(102)	(102)
		(50)	**(50)**	**(50)**	**(50)**	**(133)**	**(133)**	**(102)**	**(102)**

A 50 bps decrease would have the opposite effect in the table above.

(i) Secured loans
Council has floating rate debt with a principal amount totalling $10,000,000 (2015: $10,000,000).
QAC has floating rate debt with a principal amount totalling $16,510,000 (2015: $10,260,000).

(f) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

For Council the concentration of credit risk is limited due to the customer base being large and unrelated. The Council and Group believes no further credit provision is required in excess of the allowance for doubtful debts, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 15 (v).

The Group is exposed to credit risk arising from a small number of airlines comprising the majority amount of the Queenstown Airport Limited trade receivables. Regular monitoring of trade receivables is undertaken to ensure that the credit exposure remains within the Group's normal trading terms of trade.

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

	Maximum credit risk	
	2016 $'000	2015 $'000
Council		
Financial assets and other credit exposures	17,810	32,347
Group		
Financial assets and other credit exposures	20,555	33,809

(g) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in raising liquid funds to meets commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through adequate committed credit facilities, and the ability to close out market positions.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 28 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

The maturity profiles of the Group's interest bearing financial instruments are disclosed later in this note.

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 15 (v).

(h) Fair value of financial instruments

The Council and directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

Fair value measurements recognised in the Statement of Financial Performance.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2016	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
Council				
Financial assets				
Other investments	2,081	-	-	2,081
Financial liabilities				
Derivatives	2,458	-	2,458	-
Group				
Financial assets				
Other investments	1,243	-	-	1,243
Financial liabilities				
Derivatives	2,618	-	2,618	-

2015	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
Council				
Financial assets				
Other investments	1,685	-	-	1,685
Financial liabilities				
Derivatives	932	-	932	-
Group				
Financial assets				
Other investments	997	-	-	997
Financial liabilities				
Derivatives	2,294	-	2,294	-

33. Financial Instruments continued

The following table details the Council's exposure to interest rate risk on financial instruments:

Council 2016	Weighted average effective interest rate %	Carrying amount $'000	Undiscounted contractual cash flows $'000	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	5+ years $'000
Financial liabilities									
Trade and other payables	-	23,994	23,994	23,994	-	-	-	-	-
Borrowings	4.68%	75,911	93,322	3,778	13,604	23,172	2,471	27,135	23,162
		99,905	**117,316**	**27,772**	**13,604**	**23,172**	**2,471**	**27,135**	**23,162**

Council 2015	Weighted average effective interest rate %	Carrying amount $'000	Undiscounted contractual cash flows $'000	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	5+ years $'000
Financial liabilities									
Trade and other payables	-	14,035	14,035	14,035	-	-	-	-	-
Borrowings	4.86%	101,134	116,489	43,915	3,042	12,817	22,384	1,717	32,614
		115,169	**130,524**	**57,950**	**3,042**	**12,817**	**22,384**	**1,717**	**32,614**

Group 2016	Weighted average effective interest rate %	Carrying amount $'000	Undiscounted contractual cash flows $'000	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	5+ years $'000
Financial liabilities									
Trade and other payables	-	27,433	27,433	27,433	-	-	-	-	-
Borrowings	4.17%	114,921	133,565	44,021	13,604	23,172	2,471	27,135	23,162
		142,354	**160,998**	**71,454**	**13,604**	**23,172**	**2,471**	**27,135**	**23,162**

Group 2015	Weighted average effective interest rate %	Carrying amount $'000	Undiscounted contractual cash flows $'000	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	5+ years $'000
Financial liabilities									
Trade and other payables	-	17,339	17,339	17,339	-	-	-	-	-
Borrowings	5.27%	126,394	142,896	70,322	3,042	12,817	22,384	1,717	32,614
		143,733	**160,235**	**87,661**	**3,042**	**12,817**	**22,384**	**1,717**	**32,614**

Annual Report Disclosure Statement for year ended 30 June 2016

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the council's 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.

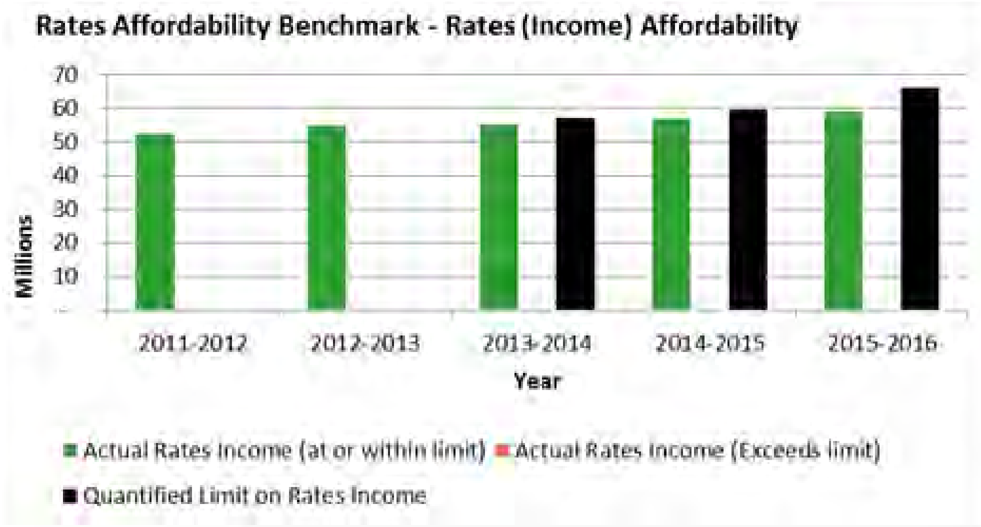
The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if—

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability - The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is that rates income will not exceed 55% of total revenue. There were no quantified limits prior to 2013-14.

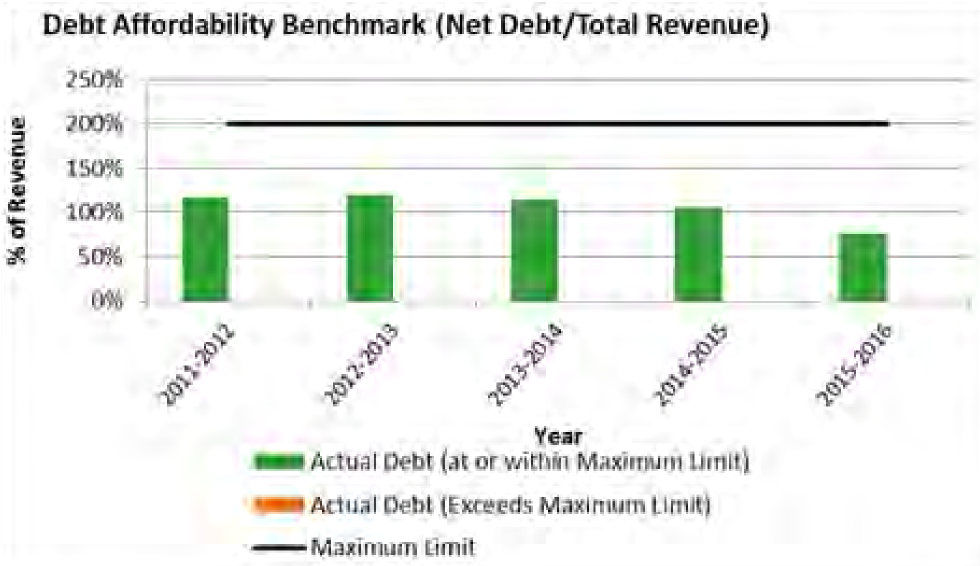


Rates (increases) affordability - The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is that rates increases set at a maximum of 6% per annum (subject to changes in growth). There were no quantified limits prior to 2013-14.

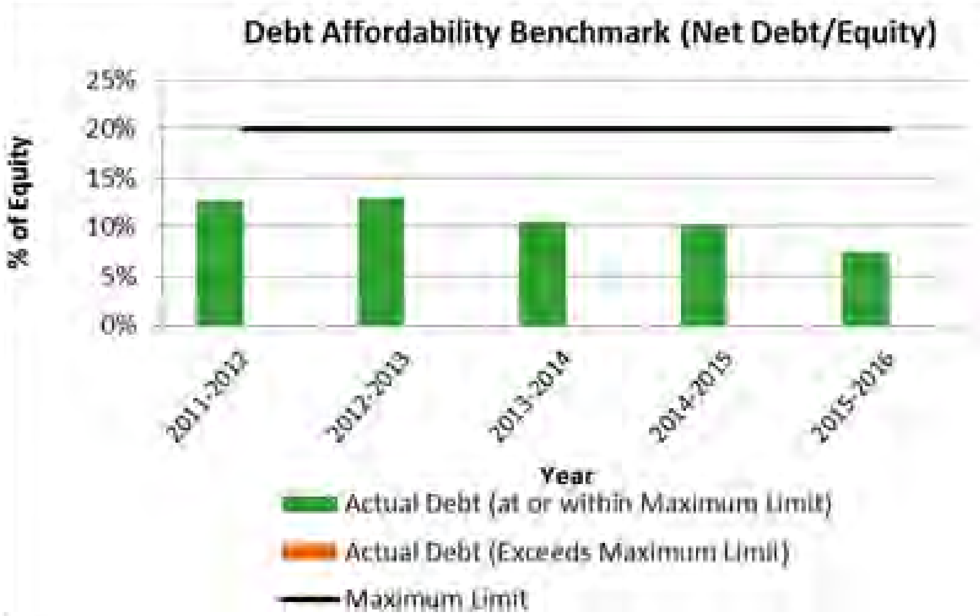
DEBT AFFORDABILITY BENCHMARKS

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

The following graphs compare the council's actual borrowing with the quantified limits on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that the debt to revenue ratio will be under 200%.



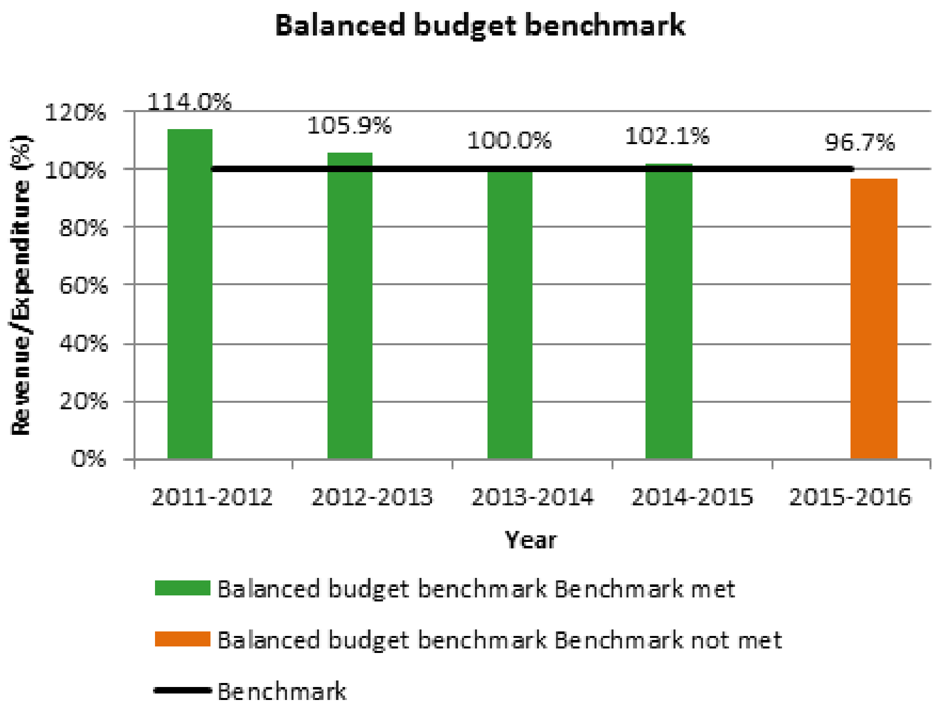
The quantified limit is that the debt to equity ratio will be under 20%.



BALANCED BUDGET BENCHMARK

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

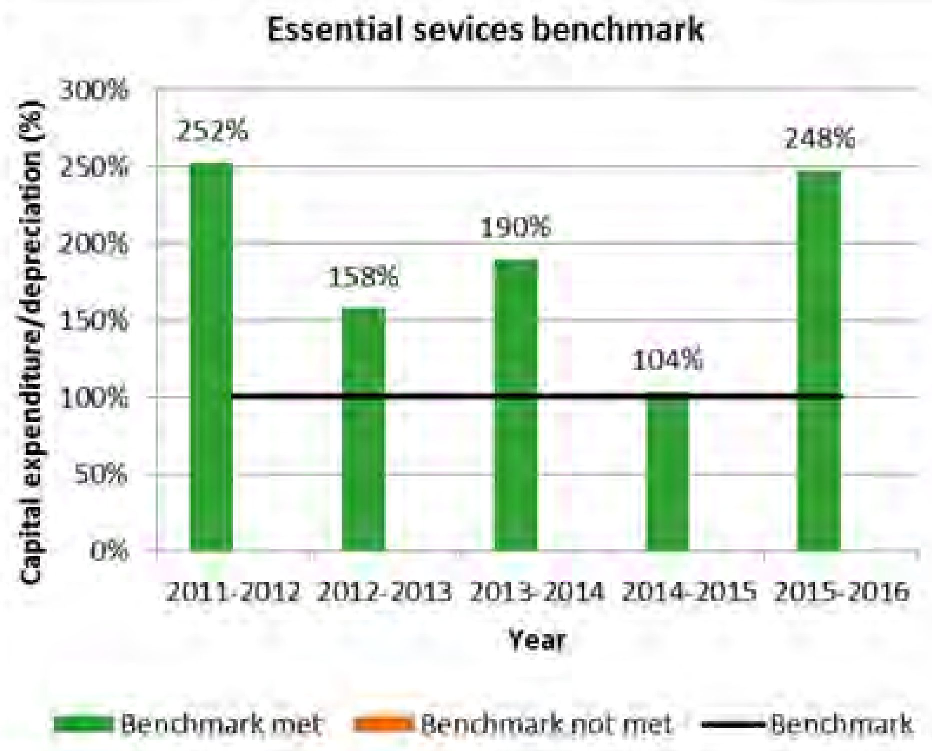
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



ESSENTIAL SERVICES BENCHMARK

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

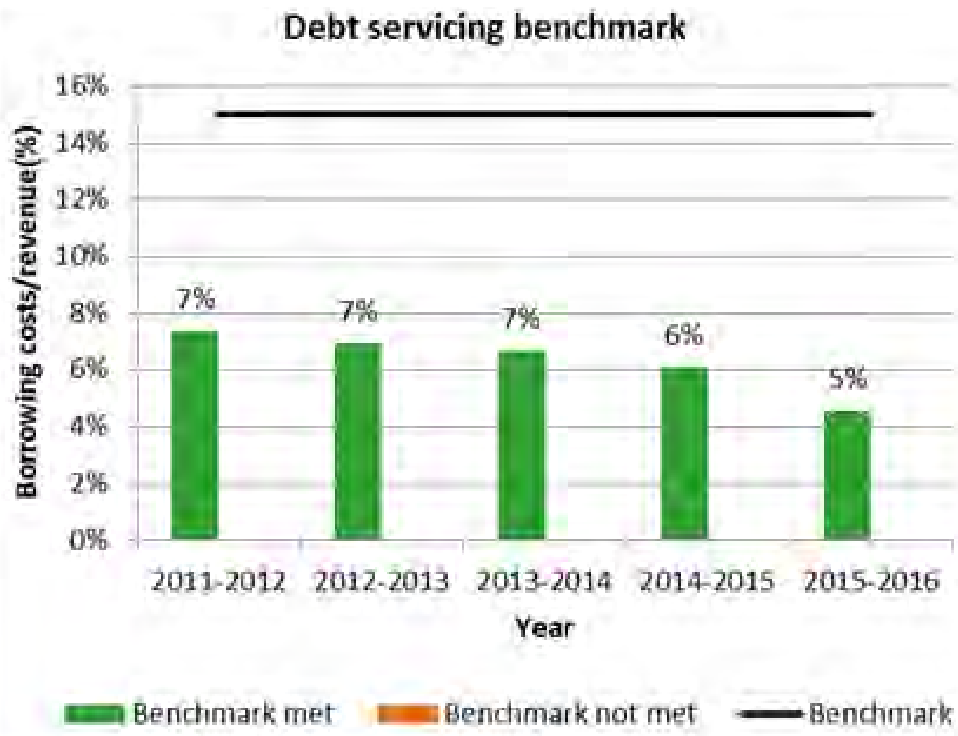


DEBT SERVICING BENCHMARK

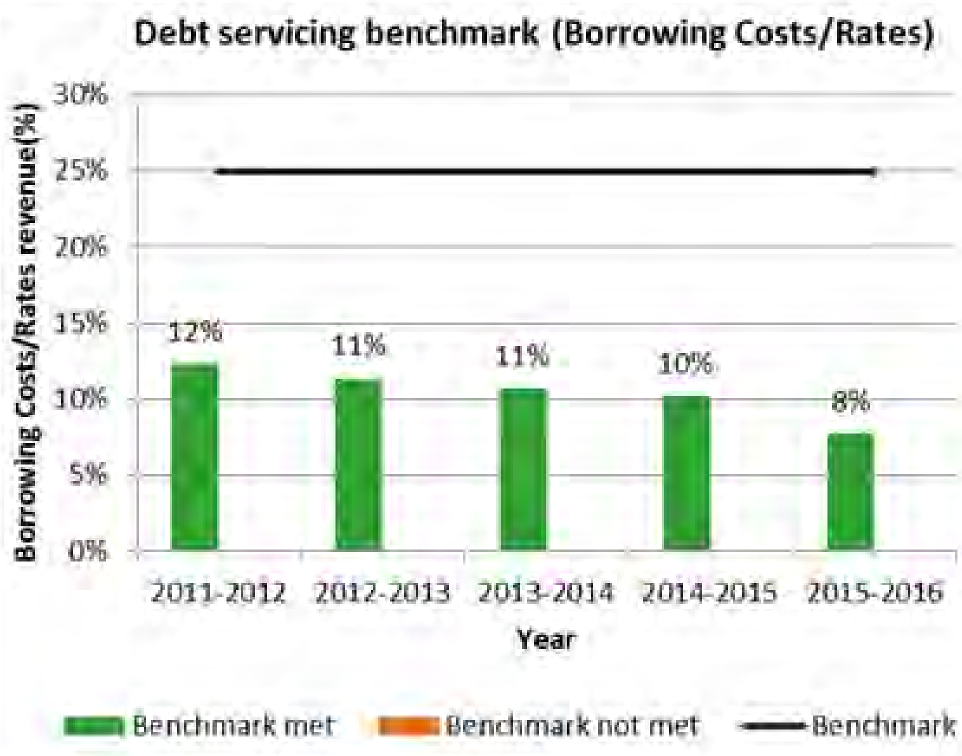
The following graphs compares the council's actual debt servicing with the quantified limits on borrowing stated in the financial strategy included in the council's long-term plan.

The following graph displays the council's borrowing costs as a proportion of 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 the council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



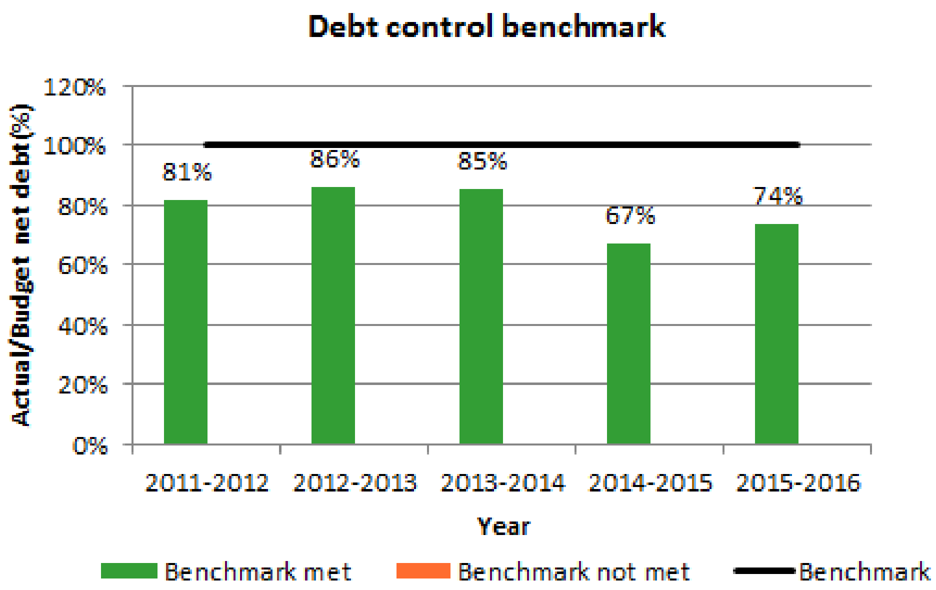
The following graph displays the council's borrowing costs as a proportion of rates revenue. The quantified limit is that its debt servicing costs equal or are less than 25% of its rates revenue.



DEBT CONTROL BENCHMARK

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



OPERATIONS CONTROL BENCHMARK

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

ADDITIONAL INFORMATION OR COMMENT

Council has met all but two of the benchmarks for the past four years. The reason for the breach in the “Operations control benchmark” in 2014/15 related to the delay in the construction and funding of the Eastern Arterial Road (Frankton Flats); forecast capital roading subsidy and capital contributions were not received within the period. The current instance where Council has failed to meet the “Balanced budget benchmark” relates to unbudgeted expenditure for the year in relation to the defence and resolution of legal claims. The prior instances where Council has failed to meet the following benchmarks: “Balanced budget benchmark” and “Operations control benchmark” relate to the 2011/12 period and before. At this time, Council utilised two CCO’s to provide services in the Regulatory Services and Recreational Facilities activities. A feature of the service agreements was that the CCO’s received income direct from users of these services. This income is now paid directly to Council.

CORE ASSETS DISCLOSURE

		Closing Book Value* 30-Jun-16 $000’s	Additions constructed by Council $000’s	Additions transferred to Council $000’s	Estimated replacement cost $000’s
Water Supply	Treatment plants and facilities	25,296	517	-	34,872
Water Supply	Other assets (such as reticulation systems)	95,912	1,261	2,392	128,346
Sewerage	Treatment plants and facilities	26,141	162	-	35,324
Sewerage	Other assets (such as reticulation systems)	119,462	1,676	1,869	158,421
Stormwater Drainage		97,565	314	3,595	128,629
Roads & Footpaths		482,546	4,444	3,090	515,771

Note: There are no flood protection or control works.

** excluding assets under construction*

RATING BASE INFORMATION

Rating units within the district or region of the local authority at the end of the preceding financial year:

	30 June 2015
The number of rating units	22,873
The total land value of rating units	10,016,390,650
The total capital value of rating units	18,785,701,250

INSURANCE ON ASSETS

Buildings, plant and equipment
The Council has a total asset value for insurance purposes of $168,524,374, excluding 3 Waters below. The insurance is based on full replacement value. The Council carries the first $10,000 of any loss for fire and perils and 1% of the material damage sum insured (minimum $2,500) and/or pre-1935 risks 10% of the material damage sum insured (minimum $10,000 for natural disaster losses). This applies to the combined material damage and business interruption loss.

3 Waters - buildings/plant and equipment
The Council has a total asset value for insurance purposes of $39,626,365. These assets are split into full replacement value $18,541,580 and depreciated replacement value $21,084,785. There is cover for plant and equipment anywhere in New Zealand limited to $200,000 in any situation. The Council carries the first $10,000 of any loss for fire and perils and 1% of the material damage sum insured (minimum $2,500) and/or pre-1935 risks 10% of the material damage sum insured (minimum $10,000 for natural disaster losses). This applies to the combined material damage and business interruption loss.

Forestry
The Coronet Forest is insured for fire to the value of $866,459 plus re-establishment costs of $362,376. The Council carries an excess of 1.5% of the block declared value of all damaged blocks subject to a minimum per loss of $10,000 per occurrence.

Vehicles
The Council has a total asset value for insurance purposes of $1,900,157. All vehicles are insured for market value with replacement value for vehicles which are less than 12 months old. The cover includes all glass claims. The Council carries an excess of 1% of the vehicle value (minimum $1,000 for own vehicles and nil excess for damage to third party damage). The limit for third party damage is $10,000,000. Nil excess applies to windscreen and window glass.

Natural catastrophe for infrastructure - shared services
The Council has physical loss and business interruption cover for their infrastructure caused by a natural catastrophe event including earthquake, natural landslip, flood, tsunami, tornado, windstorm, volcanic eruption, hydrothermal & geothermal activity and subterranean fire.

The limit of liability is $125,000,000 which is a combined limit for an event involving more than one Council in New Zealand for any one loss or series of losses arising out of any one event. The limit of liability for Queenstown Lakes District Council is $70,000,000 for each and every loss. The deductible amount is $1,000,000 for each and every loss.

Auditor's Report

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF QUEENSTOWN LAKES DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

The Auditor-General is the auditor of Queenstown Lakes District Council (the District Council) and group. The Auditor-General has appointed me, B E Tomkins, using the staff and resources of Deloitte, on her behalf, to:

- audit the information included in the District Council and group's annual report that we are required to audit under the Local Government Act 2002 (the audited information);.
- report on whether the District Council and group has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

Opinion on the audited information

In our opinion:

- the financial statements on pages 117 to 165:
  - present fairly, in all material respects:
    - the District Council and group's financial position as at 30 June 2016;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 114, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council and group's Long-term plan;
- the statement of service performance of the District Council and group on pages 21 to 112:
  - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2016, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service ; and
  - complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 21 to 112, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council and group's Long-term plan;
- the funding impact statement for each group of activities on pages 21 to 112, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council and group's Long-term plan; and

Deloitte.

Compliance with requirements

The District Council and group has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 166 to 173 which are required by the Local Government (Financial Reporting and Prudence Regulations 2014) which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and group's audited information.

Our audit was completed on 6 October 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the audited information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- determining the appropriateness of the reported statement of service performance of the District Council within the District Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the District Council and group complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out our audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. In addition to this audit, we have carried out other assurance services relating to reporting under trust deed, a registry audit, and a regulatory disclosure audit. We have also provided tax compliance services. Other than the audit and these services, we have no relationship with or interests in the District Council or any of its subsidiaries.

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

Section 04: Appendix

Introduction

In 2015 the district Councils in Otago agreed to benchmark their performance annually against a set of seven Key Performance Indicators (KPIs). The purpose of this benchmarking is to provide communities with a better basis for comparison, as well as enable Councils to work together to identify best practice and efficiencies. The Otago Performance Improvement Framework (OPIF) was developed to cover five key areas of interest; Infrastructure Asset Management, Resident and Ratepayer satisfaction, Planning services, Affordability and Corporate services. For the benefit of this report, the following abbreviations will be used:

CDC: Clutha District Council
CODC: Central Otago District Council
DCC: Dunedin City Council
QLDC: Queenstown Lakes District Council
WDC: Waitaki District Council

Some measures provide opportunity for Council commentary throughout the document. It should be noted that not all Council's chose to provide commentary.

Individual Council Commentary

The OPIF Report and the associated satisfaction survey has afforded QLDC the opportunity to understand its performance across a range of different measures. Key points to note include:

- Overall satisfaction with QLDC is high, with 88% satisfied or moderately satisfied with the Council overall. This is above the regional average of 85%.
- Satisfaction with facilities is also high, with 84% of residents satisfied (53%) or moderately satisfied (31%) with the facilities QLDC offer, which is also above the regional average of 81%.
- Overall satisfaction with information is below the regional average of 92%, with 90% of QLDC residents indicating they are satisfied (38%) or moderately satisfied (52%) with the information they receive from Council.
- Variance to capital works programmes (including renewals) has been impacted by the acceleration of Project Shotover and delays to the Eastern Arterial Road.
- Usage of libraries, pools, parks and community halls is above the regional average in QLDC.
- Growth in the district has had a significant impact on QLDC's ability to deliver resource and building consents on time, but on average all processing times were within the statutory timeframe.
- Further work is needed to improve the % of resource consents that are responded to on time. However, it's important to note that this year QLDC experienced an increase in the volume of resource consents by 36%, which impacted response times.
- QLDC has the second-lowest cost of administration and support services at 8%, demonstrating organisational efficiency.

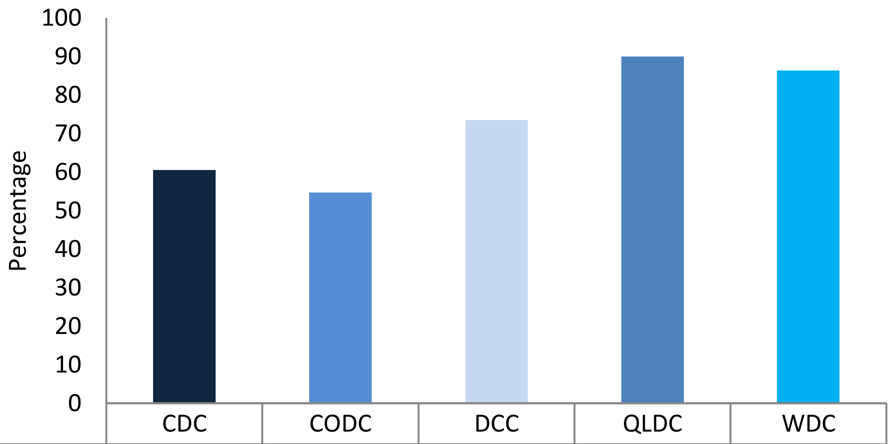
Infrastructure Asset Management

KPI: Percentage of the Council's budgeted capital works programme, including renewals, completed annually

Data source:

Audited financials 2015/16. Calculation – total actual/total budgeted x 100

Total capital works programme



	CDC	CODC	DCC	QLDC	WDC
Percentage complete	61	55	73	90	86

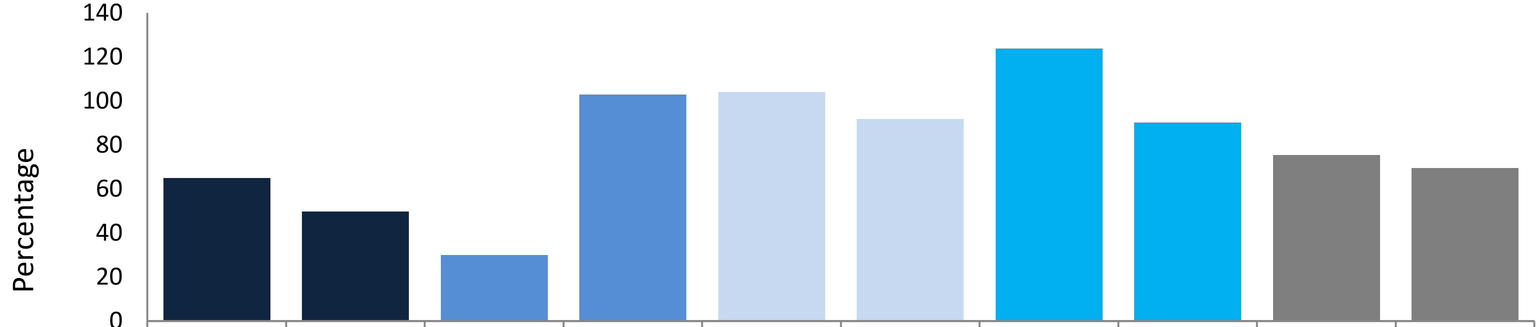
Explanation of variances against the budgeted capital works programme

CDC – The variance relates to the change in timing difference for several large projects including sewerage treatment upgrades, rural water treatment upgrades and the sealing Nuggets Road to the lighthouse. These projects have been re-programmed for delivery in 2016/17. The sealing of Nuggets Road was impacted by the timing of securing NZTA assistance towards the project. Treatment upgrades and the capital renewals programme was impacted by organisational capacity. Moves to address this were undertaken during 2015/16 with a major restructure of the Service Delivery area of Council tasked with the delivery of Council's capital programme.

DCC - The variance in the total programme mainly relates to roading, including the changed work plan and timeframes for the Strategic Cycle Network. It also relates to wastewater, with funding carried forward to 2016/17.

QLDC – The variance is caused by the timing of a delay to a major roading project – the Eastern Arterial Road. The variance was slightly offset by bringing forward the Cardrona and Aubrey Road Wanaka waste water projects.

Water Supply



	CDC total	CDC renewals	CODC total	CODC renewals	DCC total	DCC renewals	QLDC total	QLDC renewals	WDC total	WDC renewals
Percentage complete	65	50	30	103	104	92	124	90	75	70

Explanation of variances against the budgeted capital works programme

CDC – The total result reflects the changes in timing for treatment plant upgrades for several of Clutha's rural water treatment plants. In regards to the renewals, Clutha's organisational capacity impacted on the ability to deliver the water capital renewals programme. A major restructure took place in 2015/16 with the aim of ensuring greater delivery of the programme going forward.

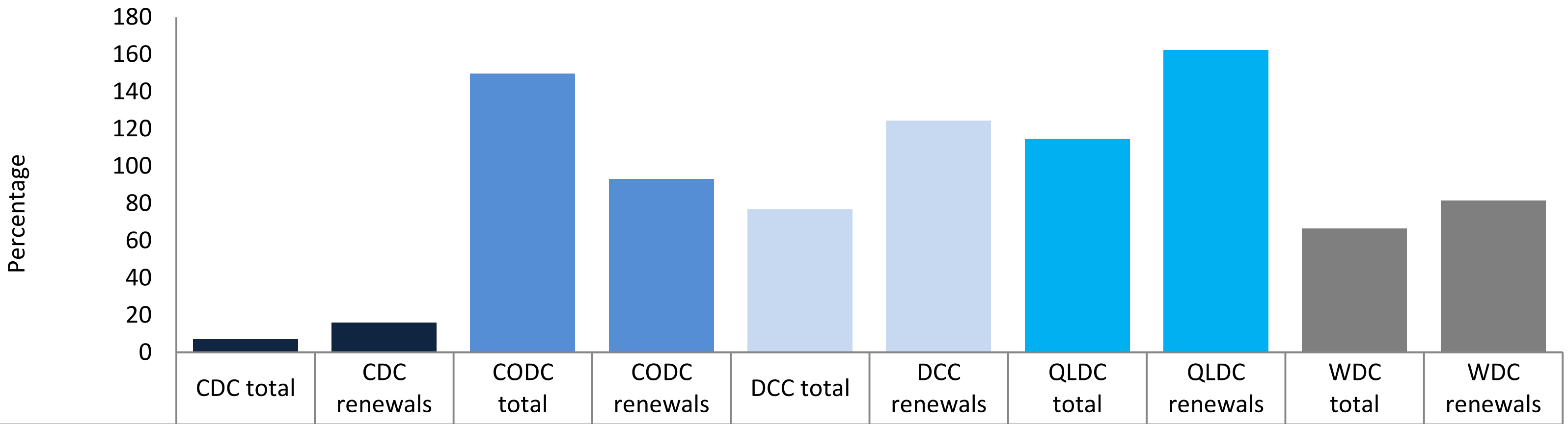
CODC – The variance relates to the timing of one significant project, which accounted for the majority of the total variance. The renewals programme includes some carry-forward from the previous year.

DCC - The renewals programme variance mainly relates to delays in obtaining consent for the Ross Creek Reservoir project.

QLDC - The variance is due to the timing of several key projects, including the bringing forward of the Albert Town Ring-main project. It also includes the unbudgeted expenses required to complete the Hawea water upgrades in relation to the intake at Scott's Bay.

WDC - The total and renewals results reflect the timing of the drinking water upgrade. The decision to connect two supplies to Oamaru took significant community consultation. Project budget has been carried forward.

Wastewater



	CDC total	CDC renewals	CODC total	CODC renewals	DCC total	DCC renewals	QLDC total	QLDC renewals	WDC total	WDC renewals
Percentage complete	7	16	150	93	77	124	115	162	66	81

Explanation of variances against the budgeted capital works programme

CDC – The total variance related to three major upgrades, which were budgeted for in 2015/16. While the preferred tender and contract had been negotiated by the end of 2015/16, construction will take place in 2016/17. CDC's organisational capacity impacted on the ability to deliver the water capital renewals programme. A major restructure took place in 2015/16 with the aim of ensuring greater delivery of the programme going forward.

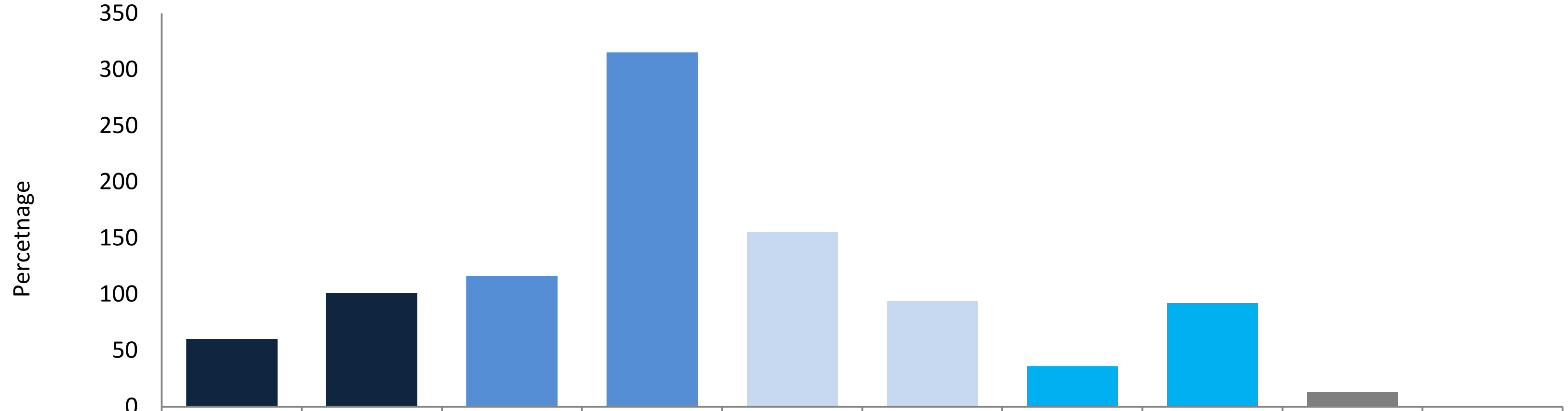
CODC – The variance relates to expenditure on a project that was carried forward from the previous year.

DCC - The renewals programme variance is mainly related to major projects completed or underway. The total programme variance includes funding carried forward to 2016/17.

QLDC - The variance is due to the reduction in the construction timeline for Project Shotover, requiring budget to be brought forward from 2016/17.

WDC - The total and renewals programme variance is due to delays obtaining land owner approval and subsequent resource consent approval for the Treated Wastewater Discharge upgrade. The project has been carried forward.

Stormwater



	CDC total	CDC renewals	CODC total	CODC renewals	DCC total	DCC renewals	QLDC total	QLDC renewals	WDC total	WDC renewals
Percentage complete	60	101	116	315	155	94	36	92	13	0

Explanation of variances against the budgeted capital works programme

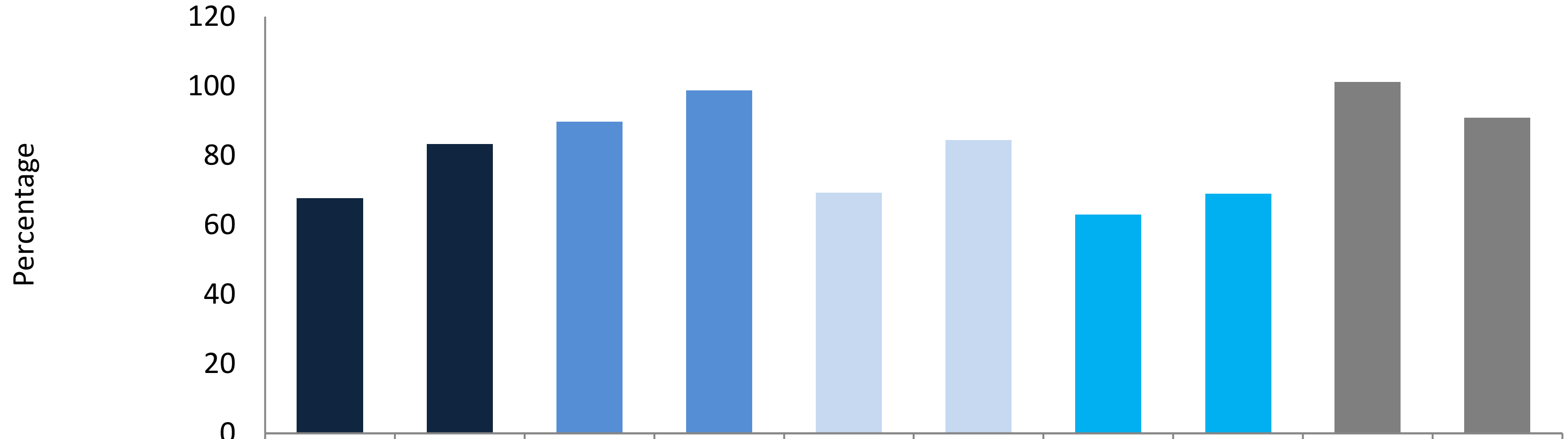
CDC – The total programme variance is due to the timing of Milton flood diversion work and Tapanui's Paterson Creek upgrade.

DCC - The total programme variance mainly relates to unbudgeted expenditure on a property purchase.

QLDC - The total programme variance is due to the delayed timing of the Eastern Arterial Road project, resulting in the associated stormwater construction also being deferred.

WDC - The total programme variance is due to a project to spend $450k on muddy creek being deferred while divested soak pits are monitored (expenditure servicing loans are excluded). No renewals were planned or undertaken (expenditure servicing loans and divested assets excluded).

Roading



	CDC total	CDC renewals	CODC total	CODC renewals	DCC total	DCC renewals	QLDC total	QLDC renewals	WDC total	WDC renewals
Percentage complete	68	83	90	99	69	84	63	69	101	91

Explanation of variances against the budgeted capital works programme

CDC – Total variance is due to the timing of the Nuggets Road seal extension being deferred to 2016/17, with a further $500K of Minor Improvement projects carried forward to 2016/17. Renewal variance is due to a combination of factors, including favourable contract rates, and the timing of work for the footpath renewal programme carrying forward to the 2016/17 year.

DCC - The total programme variance mainly relates to the changed work plan and timeframes for the Strategic Cycle Network programme.

QLDC – The total programme variance relates to the delay of the Eastern Arterial Road project and the associated construction. The variance in the renewals programme was due to a reduction in the Wakatipu drainage renewal programme.

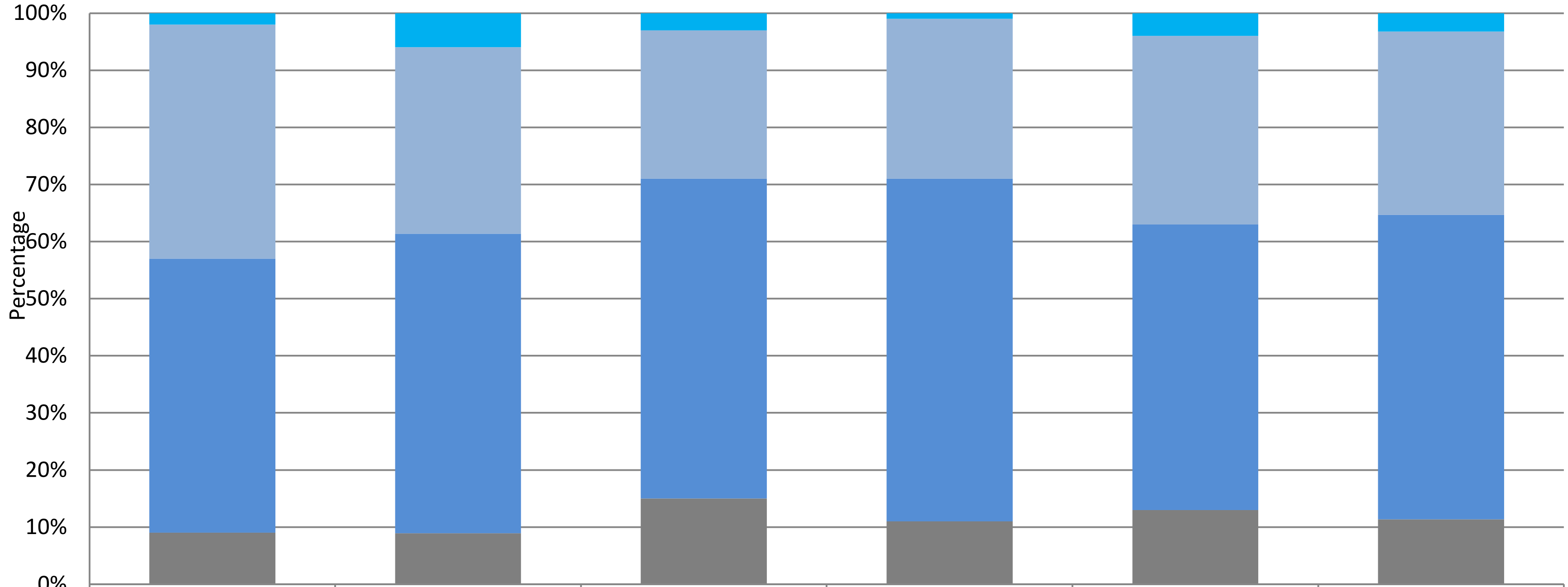
WDC – The total programme variance relates to additional budget requested for Council's Rural Resilience Project and $370k investment carried over to

Otago Region Residents' Satisfaction Survey

Survey conducted in April/May 2016. The full satisfaction report can be found at www.quldc.govt.nz

KPI: Percentage of ratepayers who are satisfied with overall Council performance

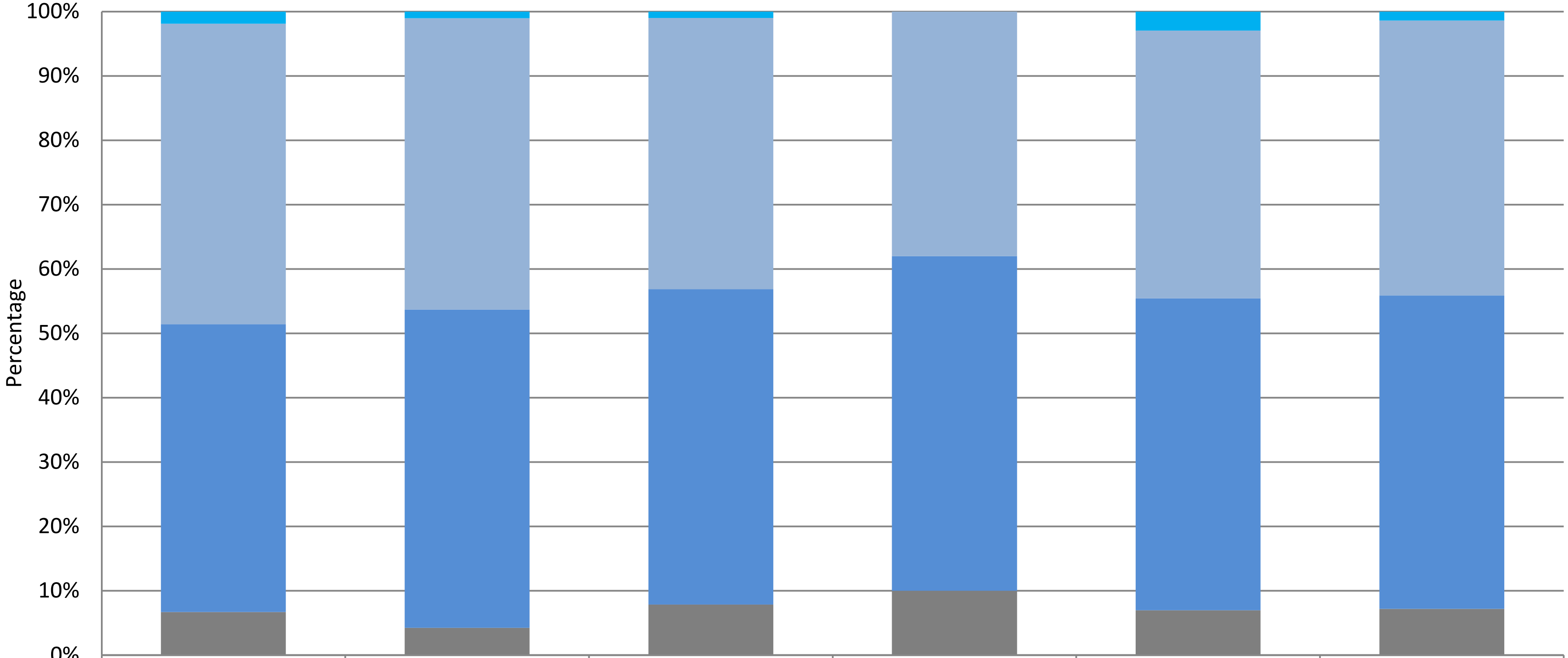
How satisfied are you with XX Council overall?



	CDC	CODC	DCC	QLDC	WDC	Average
Don't know	2%	6%	3%	1%	4%	3%
Satisfied	41%	33%	26%	28%	33%	32%
Neutral	48%	53%	56%	60%	50%	53%
Dissatisfied	9%	9%	15%	11%	13%	11%

KPI: Percentage of ratepayers who are satisfied with Council communications

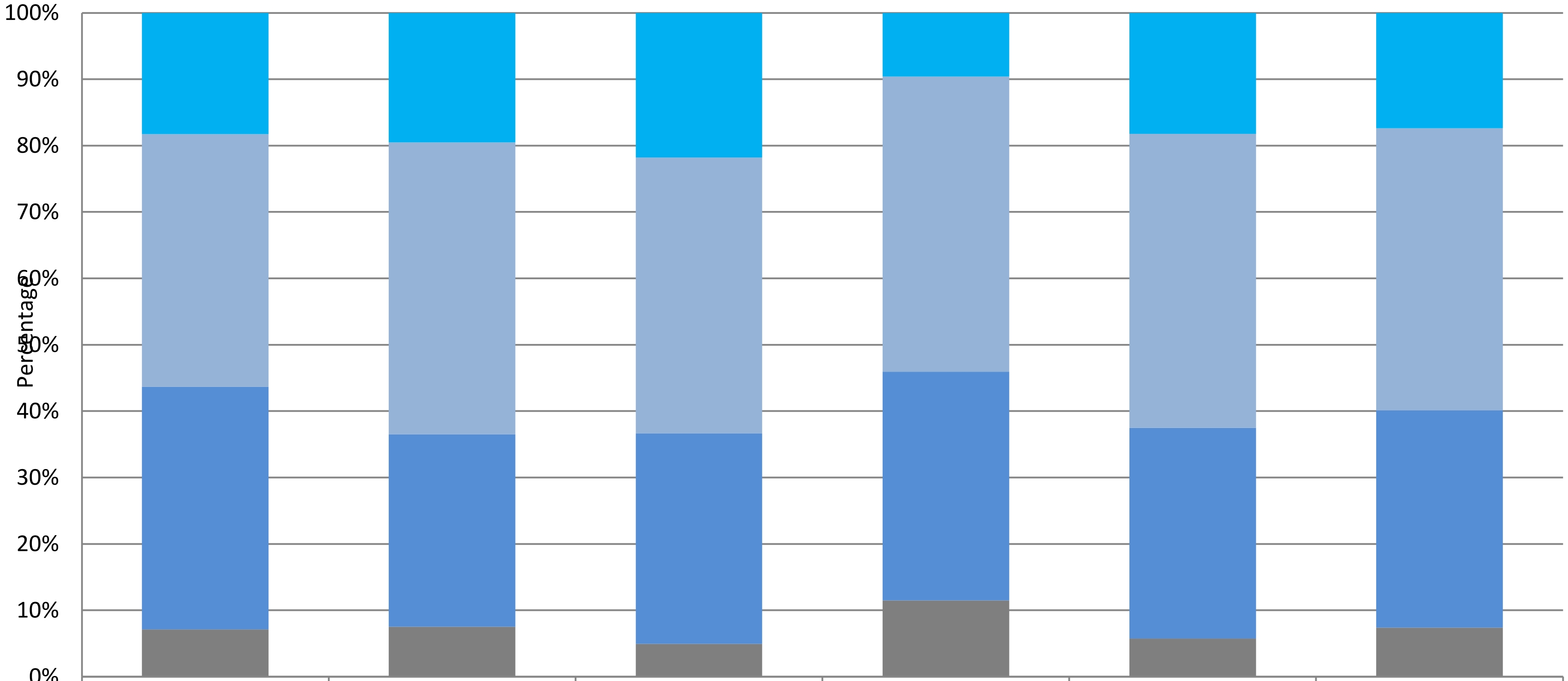
How satisfied or dissatisfied are you with the information you have received from Council overall?



	CDC	CODC	DCC	QLDC	WDC	Average
Don't know	2%	1%	1%	0%	3%	1%
Satisfied	49%	43%	43%	38%	42%	43%
Neutral	47%	47%	50%	52%	49%	49%
Dissatisfied	7%	4%	8%	10%	7%	7%

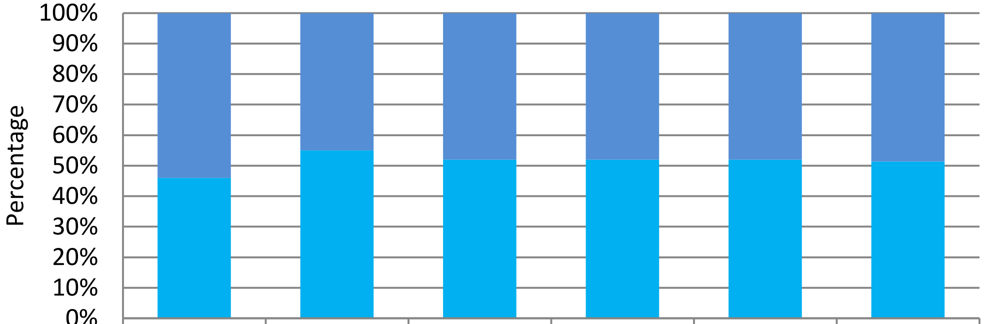
KPI: Percentage of ratepayers who are satisfied with the quantity and quality of community facilities, and the percentage who have used a community facility in the last 12 months

Net satisfaction with community facilities



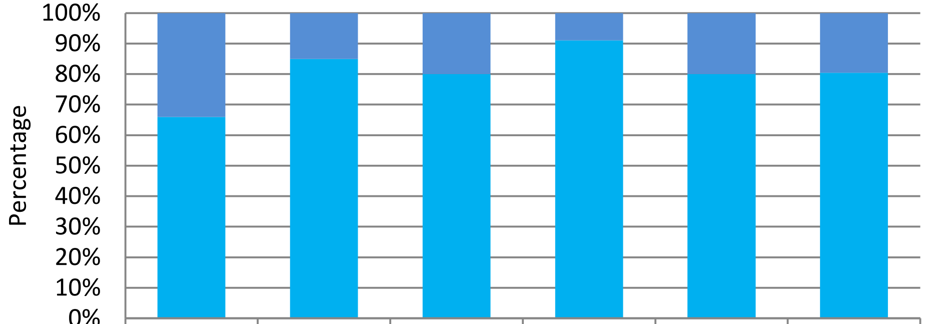
	CDC	CODC	DCC	QLDC	WDC	Average
Don't know	36%	39%	44%	20%	35%	35%
Satisfied	75%	88%	84%	93%	85%	85%
Neutral	72%	58%	64%	72%	61%	65%
Dissatisfied	14%	15%	10%	24%	11%	15%

In the last 12 months have you visited a public library in XX district



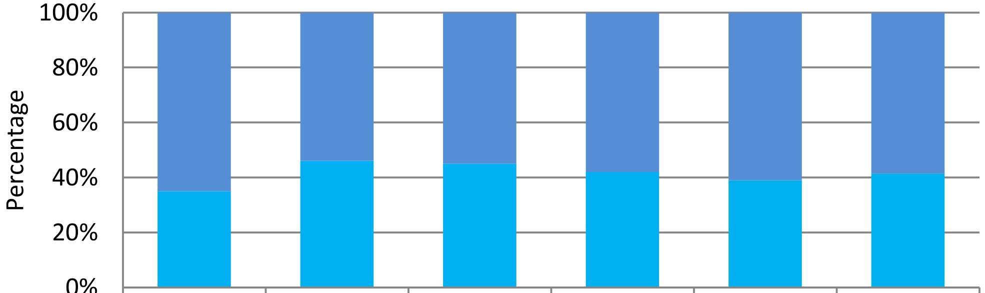
	CDC	CODC	DCC	QLDC	WDC	Average
No	54%	45%	48%	48%	48%	49%
Yes	46%	55%	52%	52%	52%	51%

In the past 12 months have you been to a park in XX district?



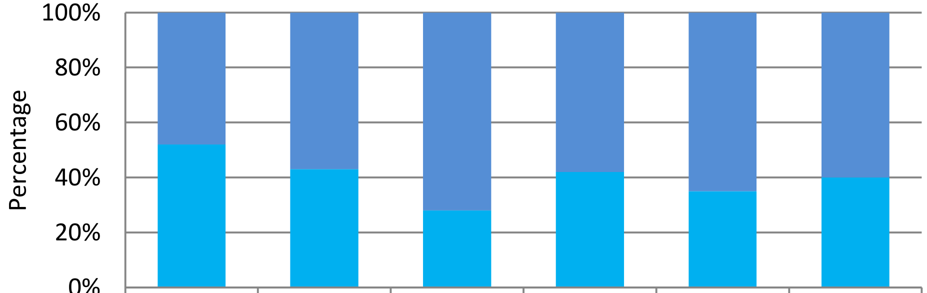
	CDC	CODC	DCC	QLDC	WDC	Average
No	34%	15%	20%	9%	20%	20%
Yes	66%	85%	80%	91%	80%	80%

In the last 12 months, have you used a public swimming pool in XX district?



	CDC	CODC	DCC	QLDC	WDC	Average
No	65%	54%	55%	58%	61%	59%
Yes	35%	46%	45%	42%	39%	41%

In the past 12 months have you been to a community hall in XX district?

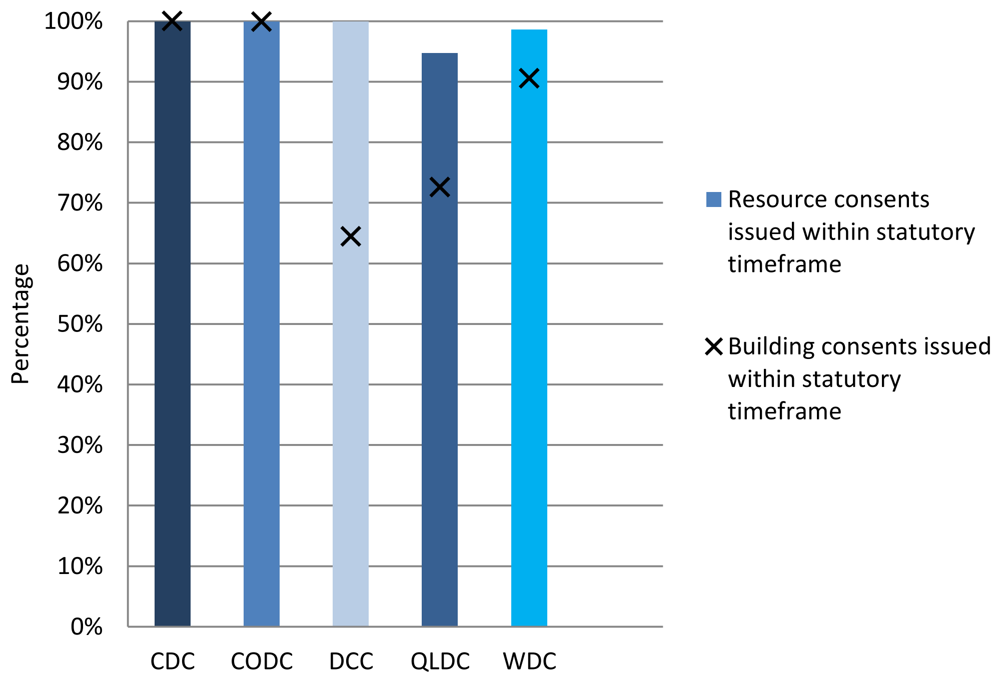


	CDC	CODC	DCC	QLDC	WDC	Average
No	48%	57%	72%	58%	65%	60%
Yes	52%	43%	28%	42%	35%	40%

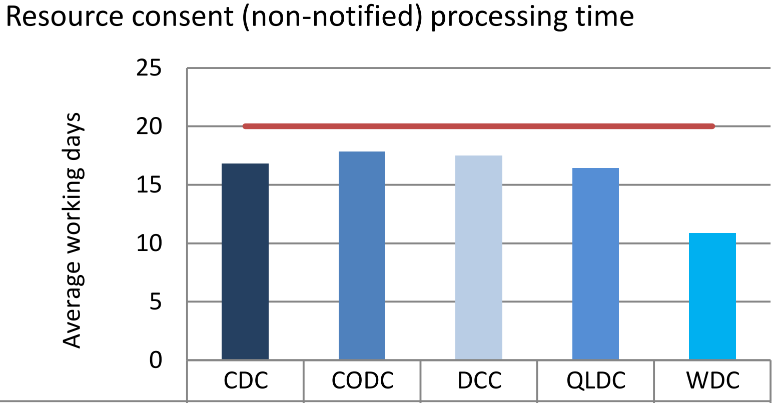
Regulatory (Planning Services)

KPI: Percentage of building and resource consents issued within statutory timeframes, and average building and resource consent processing days

a. Consent processing time

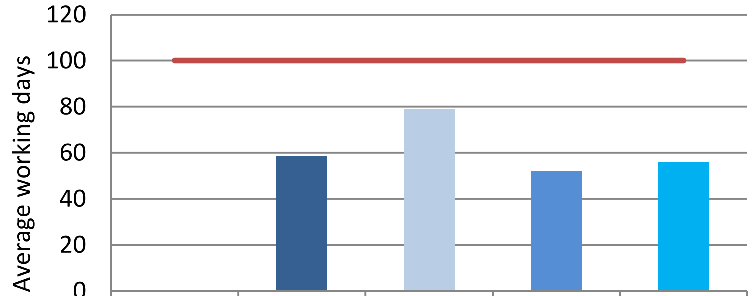


b. Resource Consent processing days



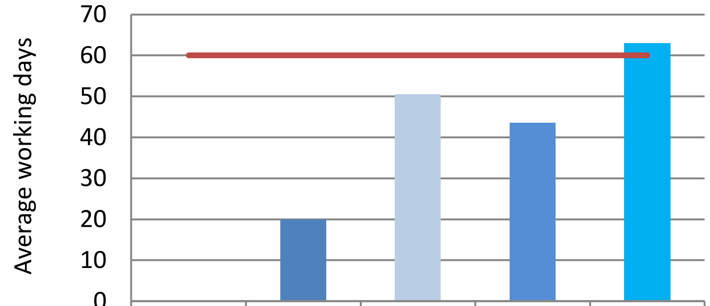
	CDC	CODC	DCC	QLDC	WDC
Non-notified average processing time (within 20 working days)	17	18	18	16	11
Statutory timeframe	20	20	20	20	20

Resource consent (notified - hearing held) processing time



	CDC	CODC	DCC	QLDC	WDC
Notified hearing held average processing (within 100 working days)	0	59	79	52	56
Statutory timeframe	100	100	100	100	100

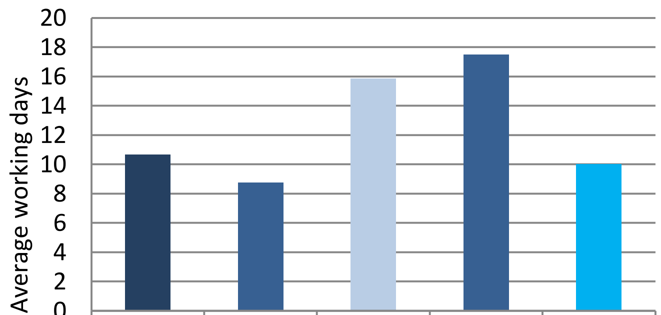
Resource consent (notified - no hearing) processing time



	CDC	CODC	DCC	QLDC	WDC
Notified no hearing average processing (within 60 working days)	0	20	51	44	63
Statutory timeframe	60	60	60	60	60

b. Building consent processing days

Building consent processing time



	CDC	CODC	DCC	QLDC	WDC
Average processing time	11	9	16	18	10

Affordability

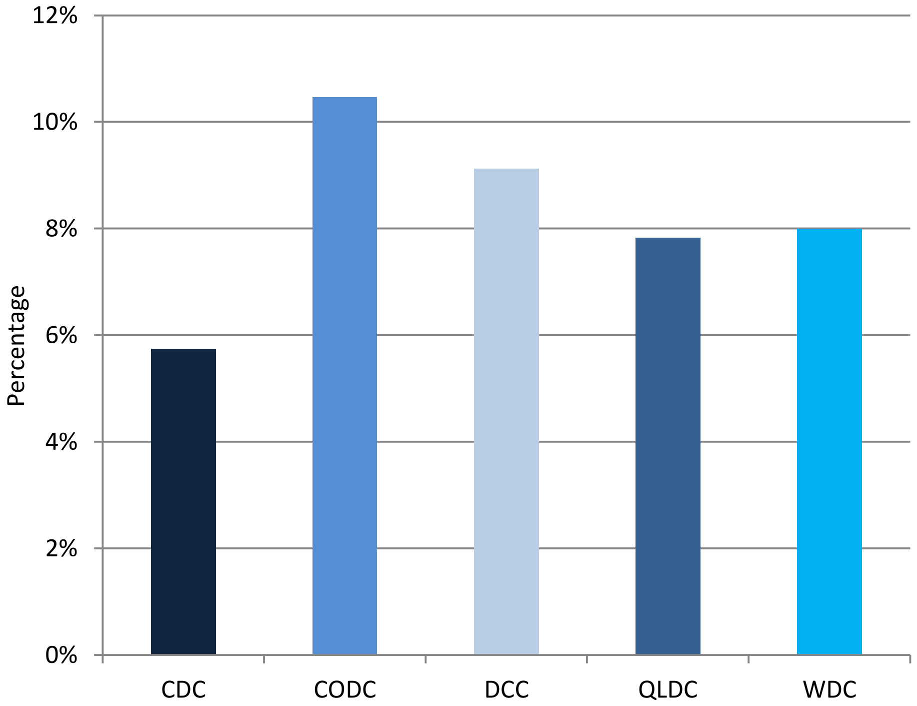
KPI: Rates per ratepayer as a percentage of household income

Territorial Authority	Rates per ratepayer as a percentage of median household income	Rates as a percentage of NZ Superannuation *(based on NZ Superannuation for a married couple)*	Percentage of households that receive NZ Superannuation
Clutha District	3.6%	6.7%	24%
Central Otago District	3.3%	6.0%	31%
Dunedin City	4.3%	7.9%	24%
Queenstown Lakes District	3.5%	8.5%	15%
Waitaki District	4.4%	7.0%	31%

Data sources:
Median household income, Number of households that receive NZ superannuation - Stats NZ, Census 2013
Rates revenue as reported in the financial statement 2015/16

Corporate Services

KPI: Cost of administrative and support services as a percentage of organisational running cost



Notes:

Administrative and support services include HR, Finance, ICT, Procurement, Corporate and Executive services (governance, legal, communications, strategy, risk and performance management)

QUEENSTOWN LAKES DISTRICT COUNCIL

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