

QLDC Council
29 October 2020

Report for Agenda Item | Rīpoata moto e Rāraki take : 1

Department: Finance, Legal & Regulatory

Title | Taitara Annual Report 2019/20

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

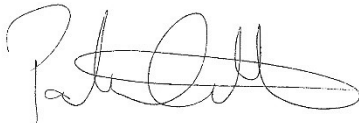
The purpose of this report is to adopt the Annual Report for the year ended 30 June 2020 pursuant to sections 98 and 99 of the Local Government Act 2002.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

1. **Note** the contents of this report; and
2. **Adopt** the Annual Report for the year ended 30 June 2020 pursuant to sections 98 and 99 of the Local Government Act 2002, and as recommended by the Audit, Finance and Risk Committee.

Prepared by:



Paddy Cribb
Finance Manager
15/10/2020

Reviewed and Authorised by:



Stewart Burns
GM Finance Legal & Regulatory
15/10/2020

CONTEXT | HORPOAKI

- 1 Sections 98 and 99 of the Local Government Act 2002 require councils to prepare an Annual Report for the financial year just ended and in accordance with the information required by Part 3 of Schedule 10 of the same Act.
- 2 Councils are normally required to adopt the Annual Report by 31 October. However, due to the impact of COVID-19, legislation was enacted to temporarily extend this deadline to 31 December 2020. QLDC has managed to complete the work required to work within the original timeframe.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 3 The Annual Report was considered at the meeting of the Audit, Finance and Risk Committee (“the Committee”) held on 15 October 2020.
- 4 The auditors attended this meeting and briefed the Committee on the audit process for the Annual Report 2019/20. Council is expecting to receive an unqualified audit opinion.
- 5 This Annual Report is produced pursuant to the requirements of the Local Government Act 2002. The purposes of an annual report as per section 98 (2) are:
 - a. to compare the actual activities and actual performance of the local authority in the year with the intended activities and the intended level of performance as set out in respect of the year in the 10 Year plan and the annual plan; and
 - b. to promote the local authority’s accountability to the community for the decisions made throughout the year by the local authority.
- 6 A copy of the Annual Report 2019/20 has been circulated to all elected members and it is expected that Council’s auditors (Deloitte) will have issued an unqualified opinion on the report by the meeting date. This means that in the opinion of the auditors, the financial statements fairly reflect the financial performance and position of the Council and Group for the year ended 30 June 2020.
- 7 The audit process will have been completed by the time this agenda is circulated and no changes are expected to the Annual Report which is appended as **Attachment A**.

Financial Summary

- 8 The introductory information in Section One provides a summary of the main financial issues and also the major achievements over the financial year. The key features are:
 - a. QLDC recorded a surplus of \$51.4m for the year. This is marginally down from the \$52.9m surplus recorded last year but up against a budget of \$50.2m.
 - b. Revenue was above estimate by 9.7% or \$19.8m and expenditure was over by 8.6% or \$13.2m. This reflects continued high levels of activity for the first 9 months of the financial year. The impact of COVID-19 had a significant negative impact on both revenue and expenditure in the fourth quarter.

- c. The financial impact of COVID-19 on the council is not immediately apparent because of the increased vested asset income of \$42.3m for the year. This significant variance in non-cash income and the variances in other revenue items tends to mask the impact in the high level financial statements.
- d. The financial impact of COVID-19 on the council is significant and resulted in reduced revenues against budget of \$4.8m for the fourth quarter.
- e. The main impact from an expenditure perspective were the costs associated with the welfare response which council administered up until July 2020. Welfare related payments totalling \$2.85m were made during this period. Council was subsequently reimbursed by the government for most of this cost, with \$2.79m showing as favourable unbudgeted income.

Options:

- 9 Option 1 Adopt the Annual Report for 2019/20
- 10 This report recommends **Option 1**. This is the only option considered because adoption of the Annual Report is a statutory requirement.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 11 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy because the adoption of the Annual Report is an important element of Council's accountability to the community for the decisions made throughout the year.

> MĀORI CONSULTATION | IWI RŪNANGA

- 12 The Council consulted with Te Ao Marama and Aukaha on behalf of Mana Whenua as part of the 10 year Plan (LTP) process.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 13 This matter relates to the Regulatory/Legal/Compliance risk category.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

- 14 The Annual Report provides the main mechanism for reporting back to the community on the year's financial results and on organisational performance.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

- 15 The following Council policies, strategies and bylaws were considered:

- 2018-28 Ten Year Plan

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

16 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

ATTACHMENTS | NGĀ TĀPIRIHANGA

A	Annual Report for the year ended 30 June 2020 – circulated separately
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