ANNUAL REPORT // 2014–2015

QUEENSTOWN LAKES DISTRICT COUNCIL

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Section 01 : Overview

Chief Executive's Report

INTRODUCTION

The 2014/15 Annual Report marks the end of reporting against the 2012-22 Long Term Plan, but more importantly concludes a significant transition in the way the Council delivers core services through the amalgamation of three organisations into one. The conclusion of this transition sees the Council in an extremely good financial state with lower than forecast rates; reductions in debt levels; and lower debt costs.

This report presents a revised performance framework (as consulted on in the Annual Plan) and a new look Statement of Service Performance, including presentation of historical data. The report seeks to present information in a clearer and more meaningful manner in order to improve understanding of our main functions. It is a fundamental shift in how we tell our performance story.

This year has seen extensive consultation with the community including: Plan Change 50; Special Housing Areas; the Transport Strategy; and the Economic Development Strategy. In a district experiencing such rapid growth and change, it is important that the community understands both the reasons for and implications of these initiatives.

Major capital projects to support this growth have included commencement of the Wanaka Sports Facility construction, and awarding the contract for stage one of Project Shotover wastewater treatment upgrade.

OPERATIONAL HIGHLIGHTS AT A GLANCE

Financial highlights

- A third successive year of rates increase well below forecast levels (0.8% which follows two consecutive years at zero percent).
- Debts levels at approximately 60% of forecast ($101m against the LTP budget of $167m)
- An operational surplus of $30m against a budgeted surplus of $24m.
- Significantly reduced borrowing costs (interest costs/total revenue at 5% as against a forecast of 8.3%)
- Revenue up $4.34m against budget.

Performance highlights

Some of the performance highlights are:

- Performance against the Key Performance Indicator 'Residents who use their pool at least once a month' is reported above target, for both Alpine Aqualand (16.6%) and Wanaka Pool (9.69%).
- Requests for Service resolved within specified timeframe met the target for 3 Waters (97%), Roading (95%) and Pollution (95%) related requests.
- Although dipping slightly on last year, satisfaction with Elected Members and Council staff was still higher than 2012/13 figures. Satisfaction with Elected Members rose from 44.1% in 2012/13 to 51.9% in 2014/15, and with Council staff it rose from 53.3% in 2012/13 to 64.1% in 2014/15.

- Satisfaction with a number of services has progressively risen:
  - Water: 64.4% (2012/13), 69.2% (2013/14) and 76.2% (2014/15);
  - Street cleaning: 68.7% (2012/13), 74.8% (2013/14) to 75.9% (2014/15);
  - Dog Control: 39.4% in 2012/13 to 51.7% in 2014/15;
  - Resource Consents: 23% (2012/13), 33.8% (2013/14) to 36.9% (2014/15).
- 26 key projects were completed against set milestones from the 2014/15 Work Programme, with nine on track for delivery in the next financial year and four deferred (a Narrows Ferry; an operating model for the Convention Centre; establishing a Frankton Library; and a Water Supply Bylaw).

MAJOR INITIATIVES

Shotover Wastewater Treatment Facility – The Council awarded Downer New Zealand a $23.6 million contract for Stage One of the Project Shotover upgrade, involving the design, build and five years of operation of a new wastewater plant at the existing site downstream from the Shotover Bridge. The plant is due to be operational by December 2016. It will ensure higher standards of sewage treatment for Queenstown, Arrowtown, Frankton, Quail Rise, Arthur's Point, Lake Hayes and Shotover Country. The environmental benefits include significant reduction in nitrate and ammonia being discharged into the Shotover River; less algal growth downstream; less potential for odour, and an overall healthier river environment due to a reduction in oxygen demand.

Wanaka Sports Facility – Work started on the new Wanaka Sports Facility at Three Parks in May, with the contract awarded to Cook Brothers Construction Ltd. The facility will include a sports hall with two full size indoor courts, changing rooms, meeting and office space, multi-sport artificial turf, car parking and landscaping. The design will allow for a swimming pool to be added as part of the complex in the future, with funding committed for 2017 in the 10 Year Plan 2015-25. Following consultation through the 10 Year Plan process the Council will endeavour to reduce the rating impact of $184 per annum (Wanaka residents) through fund raising and land sales. The Wanaka Sports Facility is due to be open by 1 June 2016.

Housing Accord – A Queenstown Lakes Housing Accord was signed between Housing Minister Dr Nick Smith and Mayor Vanessa van Uden to provide an additional 1,300 homes over the next three years. The Accord, ratified by the Council at the end of August, sets a target of 350 new sections and dwellings consented in its first year, 450 in its second, and 500 in its third. Qualifying developments in these areas can be streamlined and fast-tracked, with some low-rise residential developments expected to be consented within 60 days.

Lakeview Development – In order to progress with the development of this site it was necessary for the Council to make a change to the operative District Plan, re-zoning land from High Density Residential to Queenstown Town Centre zone. The purpose of the change was to address an identified shortage of land zoned as "Town Centre" and to provide an appropriate planning framework for a convention centre. Council ratified the Commissioners' decision on 30 June 2015.

Queenstown Convention Centre – Reports on design, operating and funding options were all delivered to the Council in 2013/14. The Council requested additional information on alternative rating options, options for staged or reduced construction costs and a preferred operating model. Through the 10 Year Plan 2015-25 consultation it was decided to proceed with the proposal, subject to funding.

Water Demand Management – Long-term water use remains one of the most significant financial issues facing the District. The first of 500 water meters were installed across the District as part of a project to better understand water use. Properties were selected at random for the one-year trial. They include apartments, lifestyle blocks, businesses and homes in all of the areas serviced by a reticulated Council water supply. The project will enable QLDC to assess the range of costs of installing meters across different schemes in the District; the technical issues associated with meter installations; the potential reduction in water usage as a result of metering; the water leakage that is currently occurring on private property; and the relative costs and benefits of metering.

CONCLUSION

In 2015 the Council participated in a Local Government New Zealand (LGNZ) survey, which examined New Zealanders' perceptions of the sector. Three broad areas for improvement were identified; performance, strengthening local leadership and communication and interaction. QLDC has already made great strides towards improvement in these areas, and will continue this improvement in 2015/16. This refreshed Annual Report is a step in the right direction.

I would like to thank our elected representatives on both the Council and the Wanaka Community Board who are dedicated to delivering better outcomes for local people, and all the Council staff who have worked across the diverse range of Council activities to deliver consistently high quality services to the community. Both elected members and staff can reflect with pride on a successful year. Finally, I would like to thank everyone in the Queenstown Lakes community who, whether formally or informally, have taken time to provide comment and feedback to us during the year.

Adam Feeley
CEO
Queenstown Lakes District Council

QLDC Financial Results at a glance 2014/15

The Council alone recorded a surplus of $30.3m for the year. This is up from the $20.1m surplus recorded last year and against the budget of $24.2m. The main reasons for the higher surplus, which is not profit, are related to both higher revenue ($4.4m) to budget & $7.66m of unrealised net gains on revaluation of council assets.

Operating revenues were above budget by 4.0% for the year ended 30 June 2015. This was above estimate by $4.43m.

The following major items contributed to this variance:

- Vested Assets were $7.0m above budget for the year; this is a non-cash item and relates to the value of assets transferred to Council via the subdivision process.
- Roading subsidy for capital works was $6.15m under budget for the year, mainly as a result of reduced roading capital expenditure due to the timing of some projects i.e. Eastern Arterial Road at Frankton Flats. Similarly, capital contributions were $2.7m under budget for the year.
- Roading subsidy for maintenace works was $469k above budget for the year, mainly as a result of increased winter expenditure due to the severe winter.
- User Charges were $3.8m above budget for the year, mainly as a result of the outsourcing of the Council Holiday Parks ($1.0m) in November 2014. There were also strong revenue results for regulatory activities ($901k above budget); lease income ($778k above budget) and consenting ($153k above budget).
- Interest income was also $420k ahead of budget

The surplus includes $7.66m of unrealised gains relating to the annual revaluation of council investment property. This follows a 2014 value gain of $1.2m. There is also a $0.23m unrealised loss as a result of the revaluation of interest rate swaps as at 30 June 2015. Other items result in a net gain of $70k.

Operating expenditure was $5.8m (6.6%) over budget for the year ended 30 June 2015. This negative variance is almost all due to $5.51m of project expenditure that was classified as capital expenditure within the budget but which has now been charged as an operating expense for the year. This is not an over-spend as there is budget provided to cover it.

These are the major remaining expenditure variances which largely offset each other:

- Interest expense for the year is $1.75m less than budget. This is a result of the timing of some capital works and lower than expected interest rates.
- Staff related costs for the year are $220k lower than budget.
- Depreciation expense for the year is $350k higher than budget.
- Costs for professional services were $944k above budget for the year, mainly as a result of an increase in on-chargeable consultant costs related to consents ($538k) and an additional $347k in the sport and recreation areas.
- Roading maintenance costs were $546k above budget for the year, mainly as a result of increased winter expenditure. These are largely offset by increased NZTA subsidy ($469k).
- Parks & reserves maintenance costs were $776k above budget for the year, mainly as a result of contractor expenditure for sports turf. The budget assumed that council staff would be available to perform this work but recruitment has proved unsuccessful.

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 $26.8m for the year ended 30 June 2015.
- This relates mostly to timing differences for several large projects; including Project Shotover (2014/15 Budget of $16.9m - construction commenced August 2015); Frankton Flats Eastern Arterial Road (2014/15 Budget of $8.8m - project now programmed for 2015/16); and Wanaka Sports Facility (2014/15 Budget of $4.5m - project now programmed for 2015/16).

As a result of the reduced capital expenditure, borrowings are $33.8m below forecast; total debt as at 30 June 2015 is $101.1m compared to a forecast of $134.9m.

STATEMENT OF CHANGES IN EQUITY

Accumulated differences between actual and budgeted net surpluses (for 2015 as described above) as well as the impact of the investment property revaluation and reduced borrowings has resulted in an equity variance of $25.8m above forecast.

STATEMENT OF CASH FLOWS

The budget variations explained above also contribute to budget variations in the Cash Flow Statement, particularly cash flows from investing and financing activities. Purchase of property, plant and equipment (i.e. capital expenditure) was $37 million below estimate and new borrowings were consequently around $19 million less than expected.

Financial Strategy

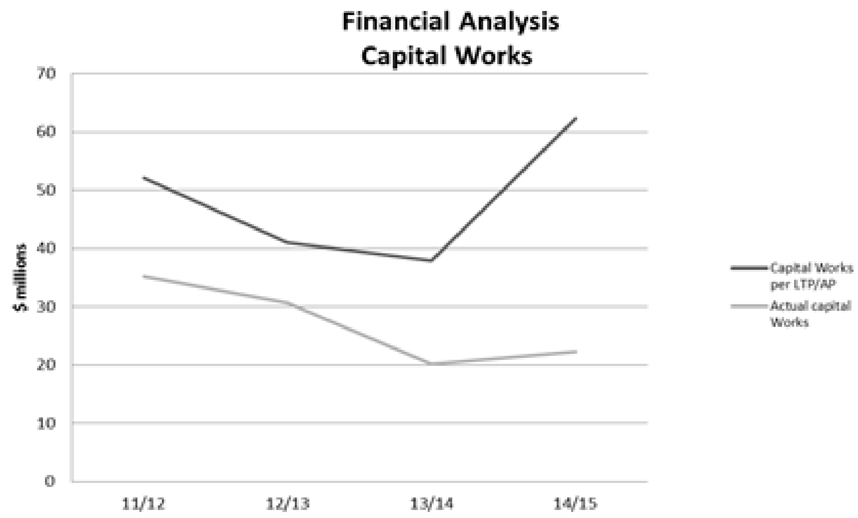
The Financial Strategy was a new requirement for the 2012 10-Year Plan. It must show prudent financial management by our Council and act as a guide when we make big funding decisions. It also outlines how the Council will tell the story about projects so that the community can understand the implication of big decisions on things like rates, debt and investments. The strategy is contained in full in Volume 3 (pp 9-16) of the 2012 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 4% 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 sufficient head-room exists to provide financial flexibility for future Councils.
- To continue to provide excellent service within financial constraints.

REPORTING BACK ON FINANCIAL STRATEGY

Capital Programme



The graph above shows that the actual spend on capital projects has been consistently less than the programmes forecast in the Annual Plan or 10-Year Plan over the past 4 years. This is the result of consistent re-prioritisation of projects, so that capital expenditure is not committed until it is absolutely necessary. This has meant that several projects have been deferred or staged including Project Shotover.

RATES

Rates Increases - Actual & Forecast (after allowing for Growth)		
	Actual	LTP Forecast
2012/2013	2.78%	2.70%
2013/2014	0.00%	2.25%
2014/2015	0.00%	2.77%
2015/2016	0.80%	5.70%
2016/2017		5.36%

The table above shows the actual rates increases over the past 3 years compared to the increases forecast in the 10-Year Plan. The total rates for 2014/15 are $57.9m compared to the forecast amount of $59.0m. This represents a saving of $1.17m.

The rates for 2015/16 have been set at $59.5m compared to the forecast amount of $65.7m.in the 2012 10-Year Plan. This represents a saving of over $6.2m.

The larger increases for 2015/16 and 2016/17 reflect the impact of major new facilities including Project Shotover in Queenstown and the Wanaka Sports Facility. Both of these projects represent significant increases to current levels of service and consequently increased costs. These projects have been deferred from the original timeframes and the rating impact will now be later.

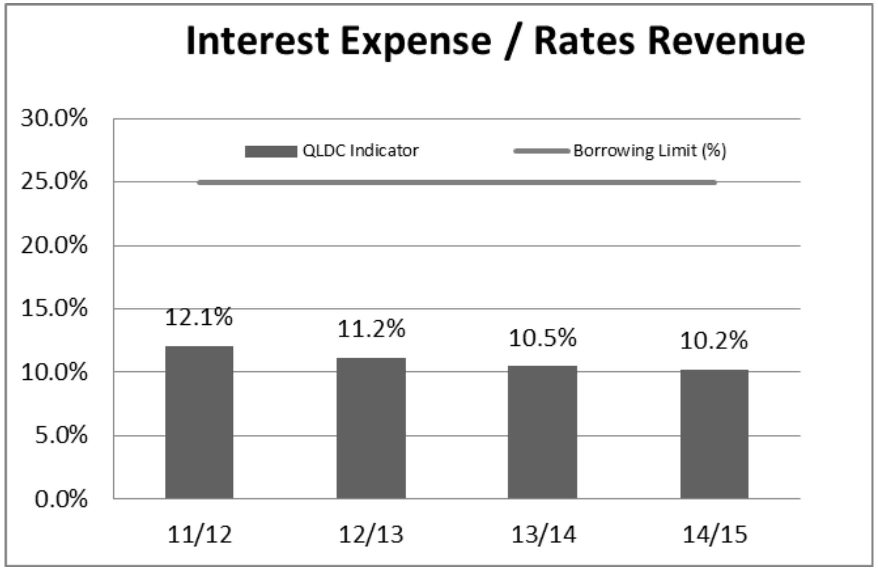
DEBT LEVELS

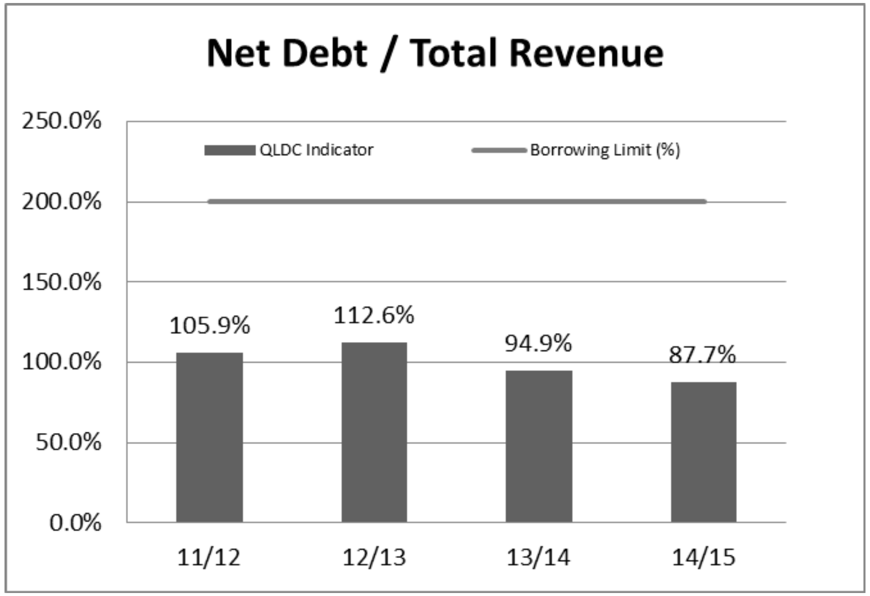
In order to deliver the large capital programme included in the 10-Year Plan, the Council will need to rely on borrowing. The Council has spent a considerable amount of time and effort working through the capital programme to ensure it is affordable and deliverable. The actual external debt at 30 June 2015 was $101.1m; this is $65m less than the amount forecast in the 2012 10-Year Plan.

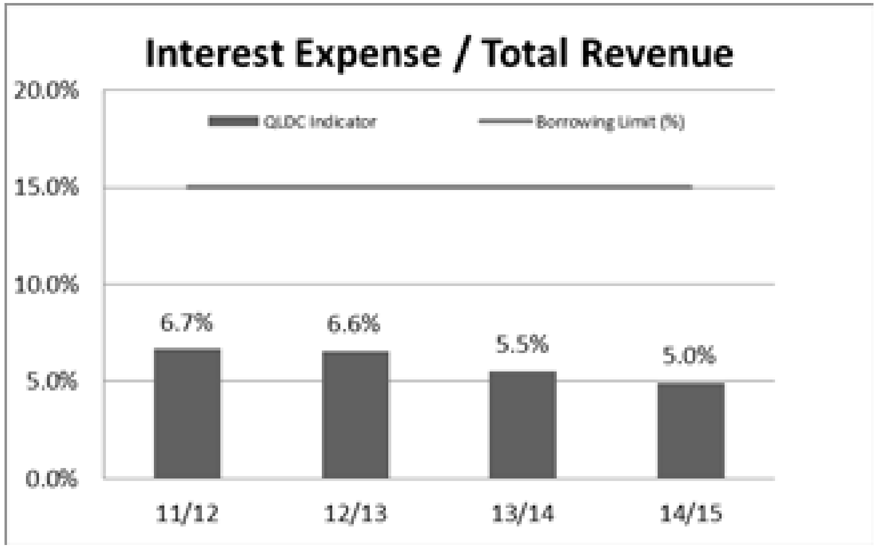
The actual and proposed levels of debt are now within all of the Council's self-imposed borrowing limits:

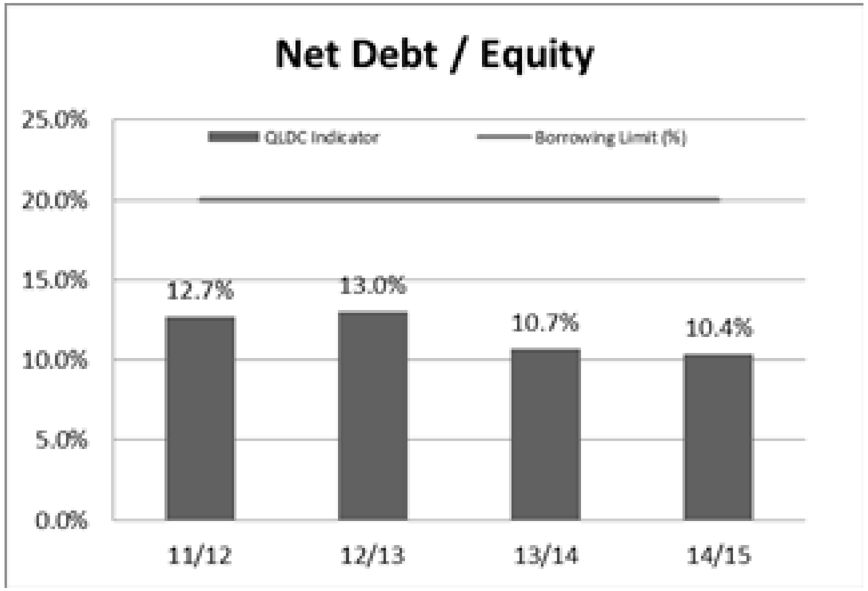
Borrowing Limits (%)	Actual 2012/13	Actual 2013/14	Actual 2014/15	Forecast 2014/15
Interest Expense/Rates < 25%	11.2%	10.5%	10.2%	15.0%
Interest Expense/Total Revenue < 15%	6.6%	5.5%	5.0%	8.3%
Net Debt/Total Revenue < 200%	112.6%	94.9%	87.7%	151.3%
Net Debt/Equity < 20%	13.0%	10.7%	10.4%	17.6%

These ratios are presented in the graphs following:

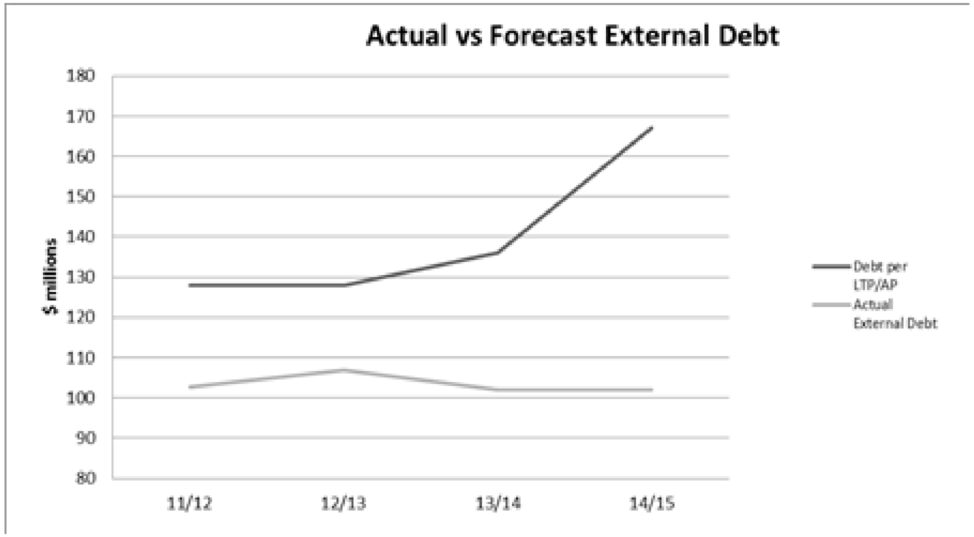

Interest Expense / Rates Revenue
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
QLDC Indicator
Borrowing Limit (%)
12.1%
11.2%
10.5%
10.2%
11/12
12/13
13/14
14/15


Net Debt / Total Revenue
250.0%
200.0%
150.0%
100.0%
50.0%
0.0%
QLDC Indicator
Borrowing Limit (%)
105.9%
112.6%
94.9%
87.7%
11/12
12/13
13/14
14/15


Interest Expense / Total Revenue
20.0%
15.0%
10.0%
5.0%
0.0%
QLDC Indicator
Borrowing Limit (%)
6.7%
6.6%
5.5%
5.0%
11/12
12/13
13/14
14/15


Net Debt / Equity
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
QLDC Indicator
Borrowing Limit (%)
12.7%
13.0%
10.7%
10.4%
11/12
12/13
13/14
14/15

The following graph shows the forecast debt levels compared to actual debt levels up to 2014/15. As can be seen, actual debt levels are significantly reduced. The total debt as at 30 June 2015 is $101.1m, which is $65m less than forecast in the 2012 10-Year Plan.



This is due to reduced capital spending as explained above and also to increased debt repayments.

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

CAPITAL WORKS 2014/15

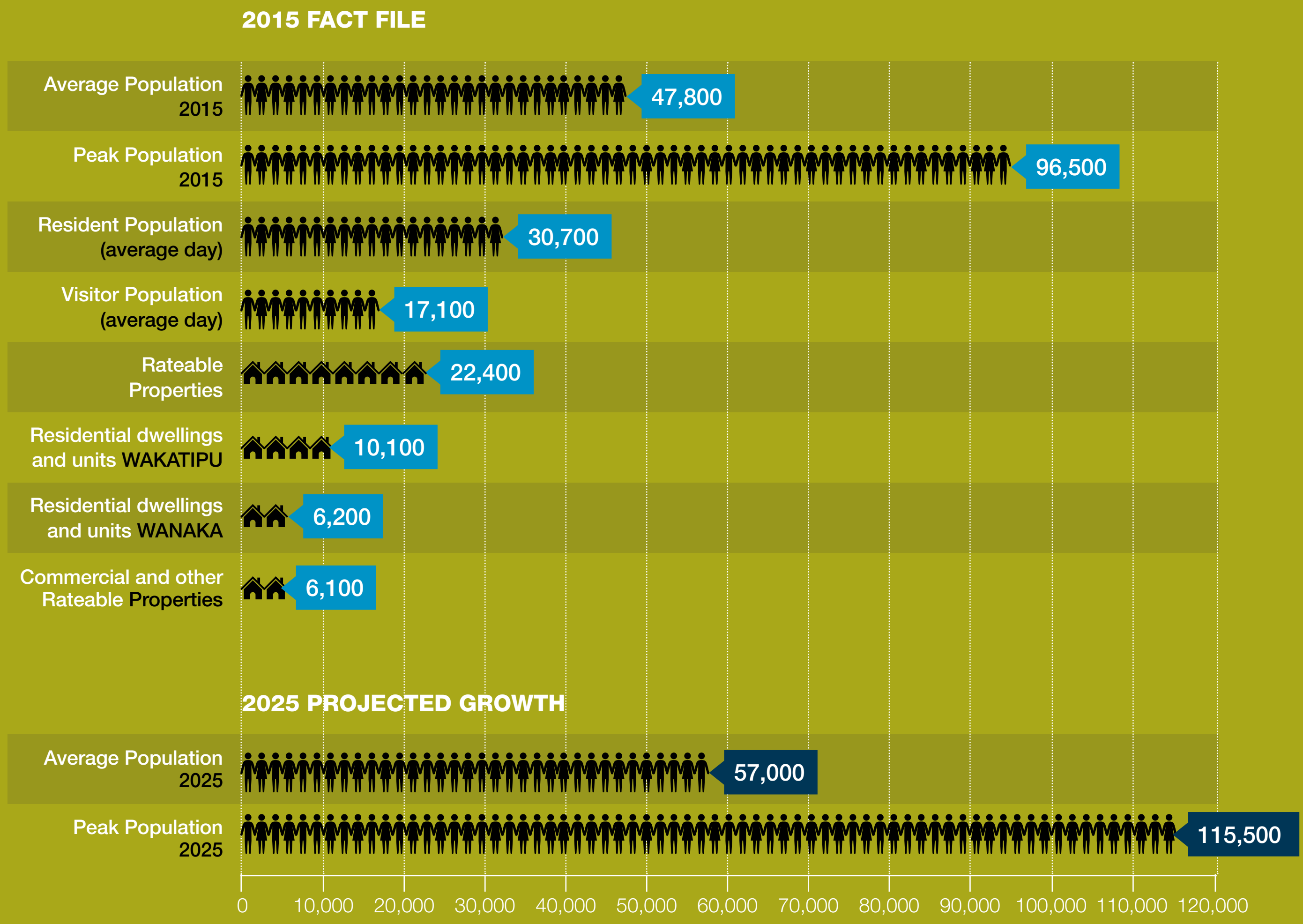
Notable infrastructure projects that have been substantially advanced or completed during the 2014/15 financial year:

Project	Cost at Year End 2015 ($)
Eastern Arterial Road (Frankton Flats) (2014/15 Costs)	1,511,653
Project Shotover (2014/15 Costs)	1,352,077
Wakatipu - Sealed road resurfacing	1,438,003
Land Purchase - Wanaka - Reserve	890,970
Wakatipu - Unsealed road metaling	700,781
Malaghans Road	656,734
Wanaka - Sealed road resurfacing	652,174
Wanaka - Unsealed road metaling	615,299
Wastewater - Renewals - Queenstown	517,904
Wakatipu - Minor Improvements	416,176
Frankton Flats Development - WW Stage 1	398,757
Wakatipu - Drainage renewals	355,638
Install interim UV at Kelvin Heights	317,853

Carry-forward projects (>$120k) scheduled for completion in 2015/16 approved by Council in August 2015 are:

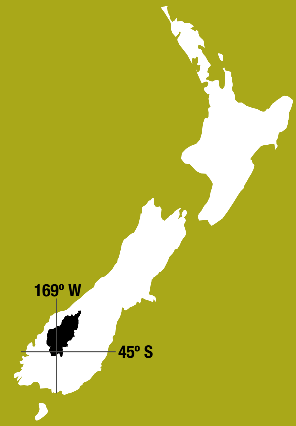
Project Shotover ($5.2m)
Eastern Access Road ($1.6m)
Wanaka Wastewater - Aubrey Road East Reticulation ($587k)
Albert Town Ring Main ($446k)
Land Purchase - Wanaka - Reserve ($318k)
Mt Aspiring Road booster to address firefighting capability ($286k)
Marine Parade WWPS ($274k)
Beacon Point Road - Upgrade ($250k)
Wanaka Mt Aspiring Road Widening and Drainage Improvements ($238k)
WAKATIPU - Sealed road pavement rehab ($230k)
Atley Rd Extension ($205k)
Brownston Street Parking ($201k)
Hawea Water Upgrades - Intake to Scott's ($180k)
Wanaka Wastewater Flow Survey and model calibration ($159k)
Park Street Foreshore Enhancement ($148k)

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 2015

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 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

CHIEF EXECUTIVE

Meaghan Miller

GM, CORPORATE SERVICES

Marc Bretherton

GM, PLANNING & DEVELOPMENT

Stewart Burns

CHIEF FINANCIAL OFFICER

Peter Hansby

GM, INFRASTRUCTURE

Contact us

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Website: www.qldc.govt.nz

Wanaka Office
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Wanaka

Phone: 03 443 0024

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
- 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 2014/15 year Council held a hui with iwi and consulted over a number of projects including the District Plan, Project Shotover, the Luggate Disposal of Sludge to Land Project and in general there has been constructive interaction on 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 2015 fairly reflect the financial position and operations of Queenstown Lakes District Council.

Lyal Cocks
Deputy Mayor
29 October 2015

Adam Feeley
Chief Executive
29 October 2015

Section 02: Statement of Service Performance

Our long term aspirations for the district

What we want to achieve in the next ten years

OUR PLAN > **COMMUNITY OUTCOMES** > **OUR LONG TERM COUNCIL OUTCOMES**

Community Outcomes & Objectives

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

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.
COMMUNITY SERVICES AND FACILITIES	The District's parks, libraries, recreational and other community facilities and services are highly valued by the community.
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.
ENVIRONMENT	The District's natural and built environment is high quality and makes the District a place of choice to live, work and visit.
ECONOMY	The District has a resilient and diverse economy.
LOCAL DEMOCRACY	The community is well informed and engaged in the activities of Council.
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.

What we want to achieve in the next three years

How we will deliver our priorities

What you can expect from the Council

OUR SHORT TERM COUNCIL PRIORITIES	OUR ACTIVITIES
Improving long-term asset management planning and project delivery.	> Water supply > Sewerage > Stormwater > Transport > Waste management
Increasing levels of community use and participation.	> Sports and recreation facilities (pools and gyms) > Community venues and facilities > Libraries > Parks and trails
Improving the cost-effectiveness and efficiency of core services and processes.	> Planning and building services > Regulatory services
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
Implementing an economic development framework that facilitates a stronger and more diverse economy, and avoids unnecessary cost-compliance.	> Economic development > Events > Emergency management
Modernising the way the community engages with the Council and accesses Council services.	> Governance
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

KEY PERFORMANCE INDICATORS

How we will report our success

The Key Performance Indicators contained in this report were consulted on in the Annual Plan 2014/15. The Department of Internal Affaris (DIA) measures mentioned in the Plan will be reported from 2015/16.

RISK MITIGATION

How we will manage the events that could stop us delivering

INFRASTRUCTURE

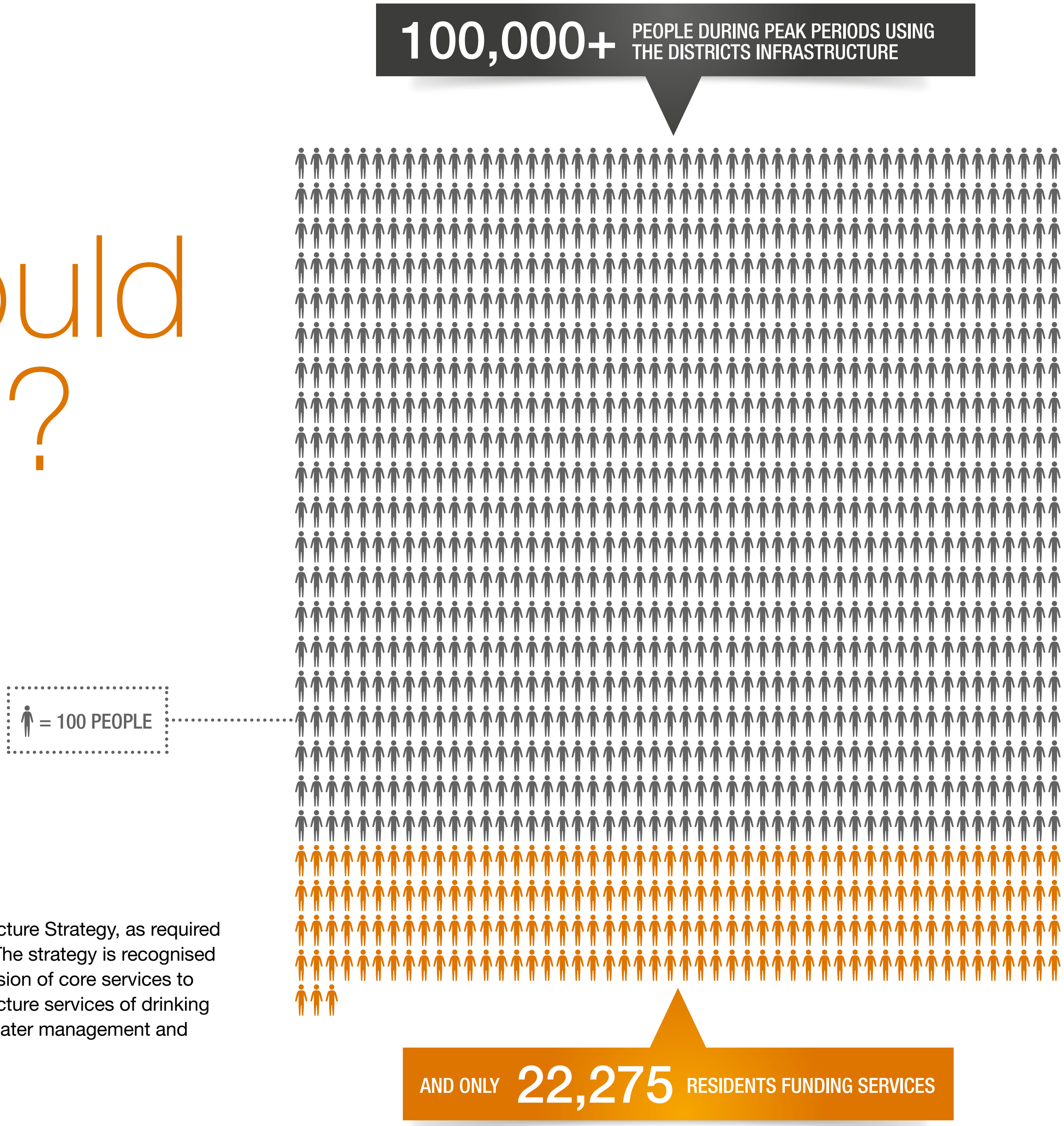
OUR LONG TERM COUNCIL OUTCOME IS:

High performing infrastructure and services that:

> meet current and future user needs and are fit for purpose;
> are cost effective 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 is recognised as an important document to continuously improve the provision of core services to the community. The document focuses on the core infrastructure services of drinking water supplies, wastewater collection and treatment, stormwater management and discharge, roading and footpaths.

What we deliver

We will deliver this outcome through the following activities:

1. Water Supply
2. Stormwater
3. Wastewater

Collectively known as 3 Waters

4. Waste Management
5. Transport, including roading, parking and footpaths.

How we performed

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

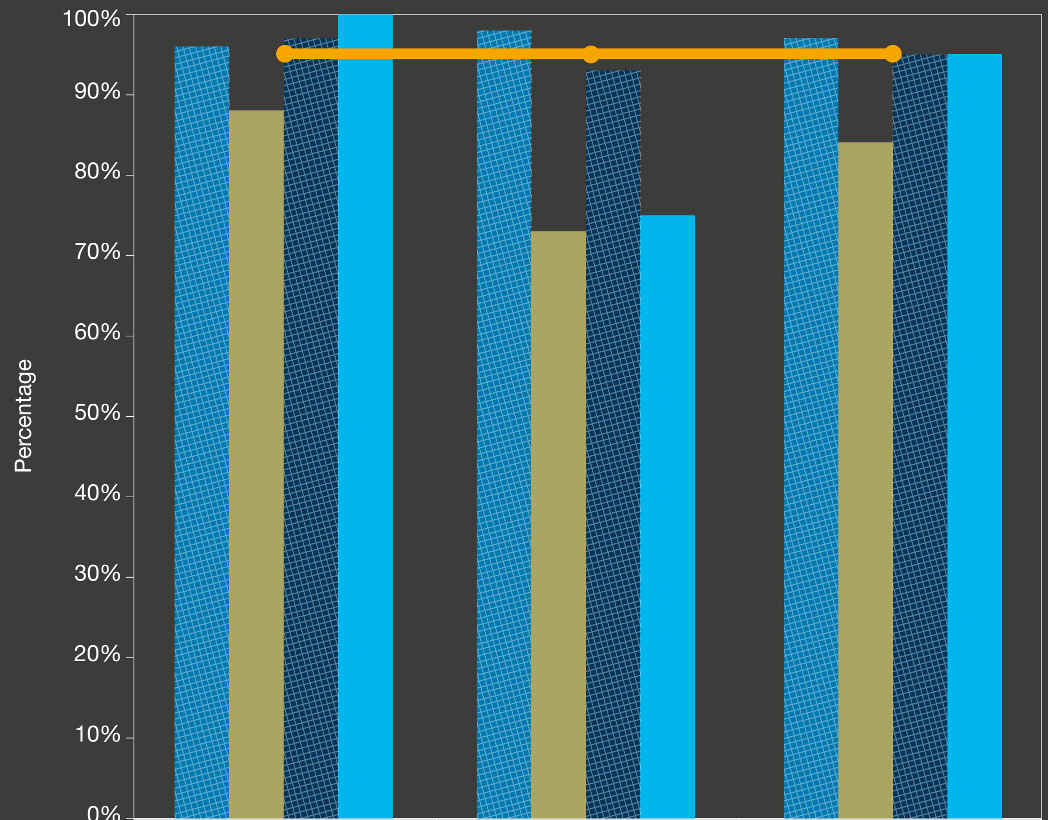
Affordability

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

Year	Result	Target	Commentary
A) OPERATIONAL EXPENDITURE			
2014/15	-11%	Range of 0% and -5%.	The negative variance has been driven by $4.9m of existing work in progress expensed this year. The major elements being: > $3.1m - Project Shotover, $1.5m of this amount being work completed prior to June 2007 > $640k - Work completed on the Queenstown Inner Links roading project > $361k - Earthworks completed for the Arthurs Point Water project.
B) CAPITAL EXPENDITURE			
2014/15	63%	Range of 0% and -10%	The majority of this variance was due to expenditure for Project Shotover and the Eastern Access Road being carried forward to 2015/16. The award of Project Shotover took longer than was originally anticipated. This was necessary to manage the project risks. The project has a number of significant concrete pours which are preferable to complete outside the winter months. The agreement to award made provisions for the programme limitation around winter resulting in a 12 month delay and deferment of expenditure from 2014/15 to 2015/16. The Eastern Access Rd is a significant project which will be completed in 3 stages. This first stage provided the connect to state highway 6 which is currently under construction. Subsequent stage will be complete by December 2016 (Southern Side to Glenda Drive) and December 2017 (Northern side Glenda Drive to State Highway 6). $7.3m of budget was carried forward from the 13/14 year. An additional $100k of budget was approved through resolution for the Fergburger Shotover Street Footpath Upgrade. $4.4m of this adjusted budget was spent during the year.

RESPONSE TIMES

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

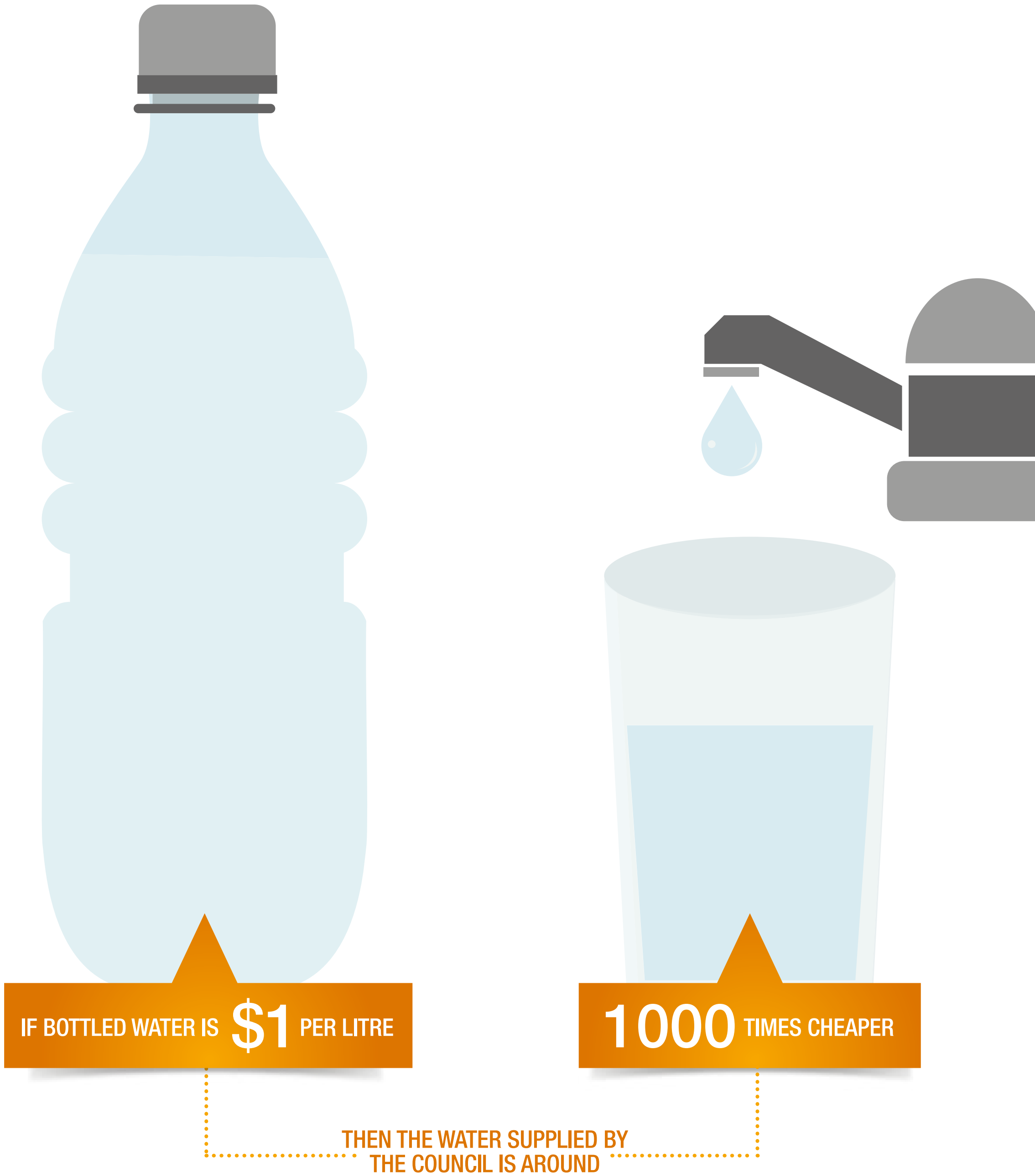


	2012/2013	2013/2014	2014/2015
3 Waters	96%	98%	97%
Solid waste	88%	72%	84%
Roading	97%	93%	95%
Pollution	100%	75%	95%
Target	95%	95%	95%

The majority of RFS were resolved within the specified timeframe, or within a day of deadline. A new IT system was introduced in July, which has led to some overdue RFS due to system incompatibility with some contractors e.g. Smart Environmental. Staff continue to work with contractors to ensure timeframes are recorded in an accurate and timely manner, and target response times are achieved.

WATER SUPPLY

Why should you care?



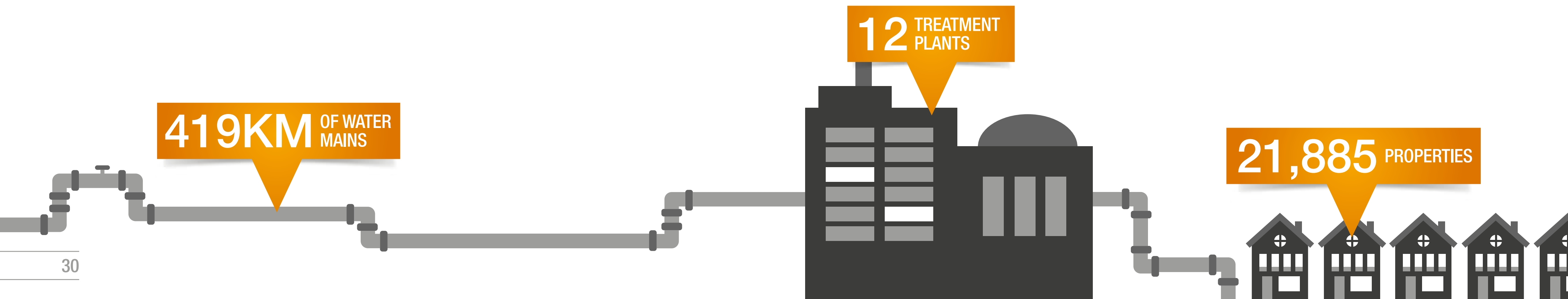
About water supply

QLDC is responsible for approximately 419km of water mains and 12 treatment plants serving approximately 21,885 properties that between them use a total of approximately 26,500 cubic metres of water per day.

The Council adopted a draft 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.

PROGRESS AGAINST THE 10 YEAR PLAN 2012-2022

In April 2015, the first of 500 water meters were installed across the district as part of a project to better understand water use. The yearlong trial will help the Council to understand whether volumetric charging is the most effective tool to manage water demand and reduce the future cost of water and wastewater. The trial is in addition to the water metering already undertaken in Luggate and most of Lake Hayes, where properties are already connected to water meters, used to assess water use.



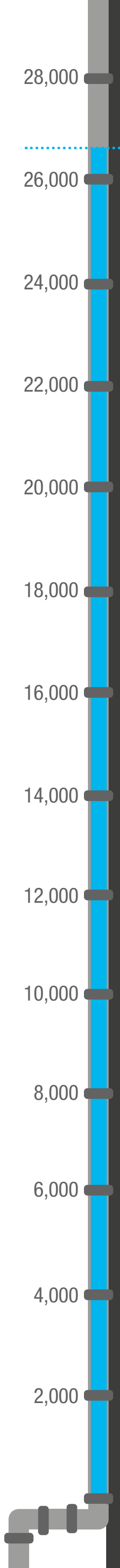
HOW MUCH IT COST

Breakdown of service cost

WATER SUPPLY	2014 LTP $000	2015 LTP $000	2015 Annual Plan $000	2015 Actual $000
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	27	28	6	6
Targeted Rates	7,496	7,930	6,471	6,530
Subsidies & Grants for Operating expenditure	-	-	-	-
Fees & Charges	-	-	-	-
Internal Charges Recovered	-	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	59	62	59	52
Total Sources of Operating Funding	**7,582**	**8,020**	**6,536**	**6,588**
Applications of Operating Funding				
Payments to Staff and Suppliers	4,796	5,044	4,104	4,067
Finance Costs	976	1,109	986	746
Internal Charges Applied	734	771	488	493
Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	**6,506**	**6,924**	**5,578**	**5,306**
Surplus/(Deficit) of Operating Funding	**1,076**	**1,096**	**958**	**1,282**
Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	-	-	-	-
Development and Financial Contributions	936	985	921	1,067
Increase/(Decrease) in Debt	1,645	2,457	444	1,088
Gross Proceeds from Sale of Assets	-	-	-	-
Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	**2,581**	**3,442**	**1,365**	**2,155**
Applications of Capital Funding				
Capital Expenditure				
- to meet additional demand	1,202	772	860	988
- to replace existing assets	1,874	1,577	1,127	1,868
- to improve the level of service	1,399	1,825	825	715
Increase/(Decrease) in Reserves	(818)	364	(489)	(135)
Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	**3,657**	**4,538**	**2,323**	**3,437**
Surplus/(Deficit) of Capital Funding	**(1,076)**	**(1,096)**	**(958)**	**(1,282)**
Funding Balance	**-**	**-**	**-**	**-**

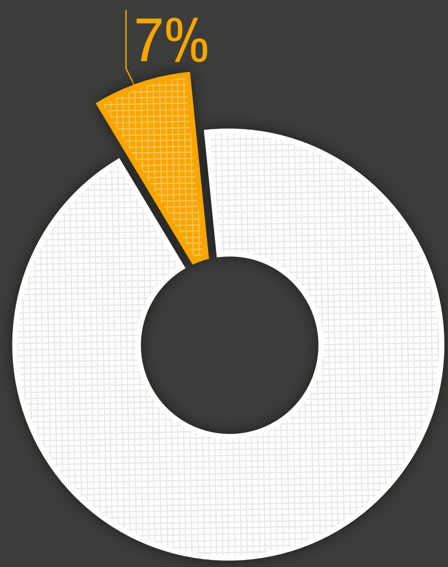
Significant Cost Of Services Variance	Significant Capital Expenditure	Significant Capital Expenditure Variances
Not applicable	There is $3.6m of capital work for water supply	Not applicable

Summary of internal borrowings				
Activity	30 June 2015 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	1,442	75	169	70



26,500 CUBIC METRES OF WATER PER DAY

AS A PERCENTAGE OF TOTAL EXPENDITURE



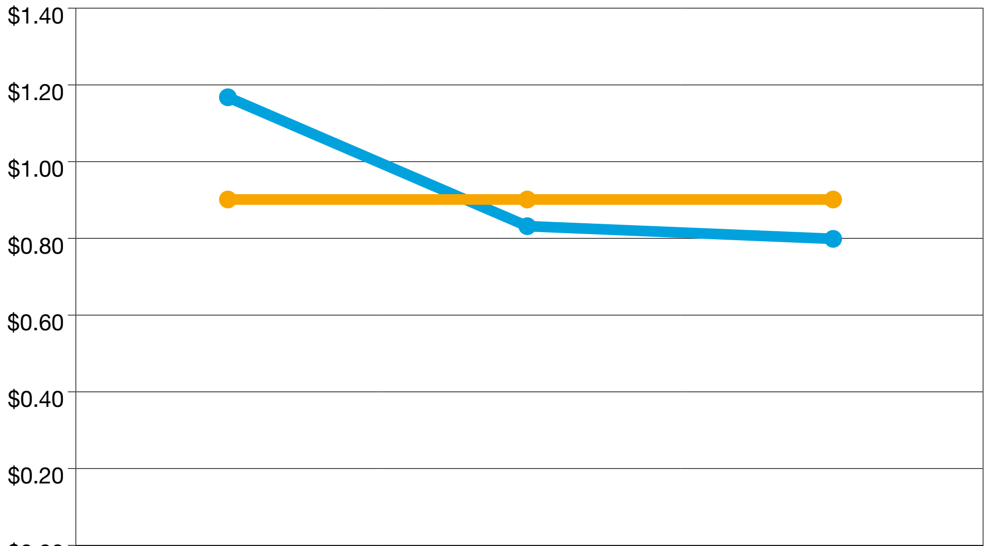
Total operating expenditure of **$72,068,000** (excluding depreciation)

Water supply expenditure of **$5,306,000**

How we performed

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

KPI: Annual cost of water supplied per cubic metre

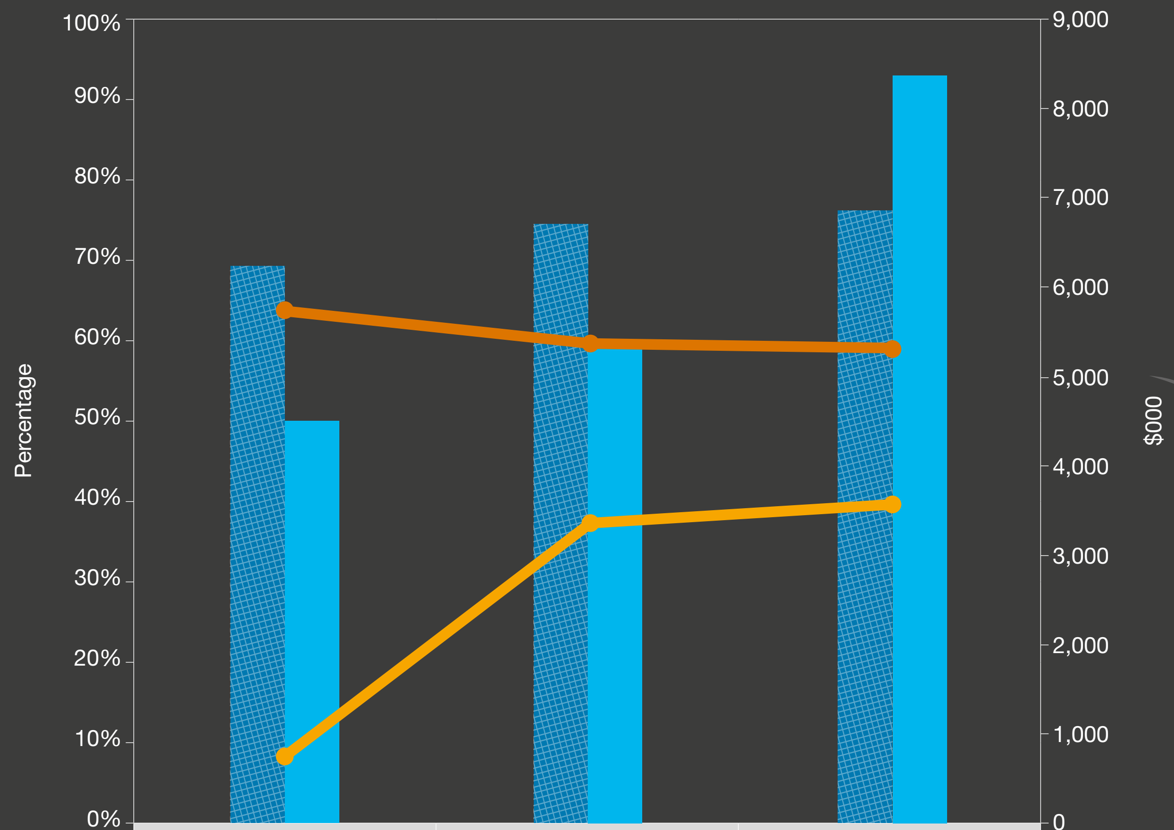


	2012/2013	2013/2014	2014/2015
Cost per cubic metre	$1.17	$0.83	$0.80
Target	<$0.90	<$0.90	<$0.90

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 production.

OVERALL PERFORMANCE OF WATER SUPPLY

Impact of expenditure on service performance



	2012/2013	2013/2014	2014/2015
Satisfaction with water supply	69.2	74.4	76.2
Urgent requests responded to within specified timeframe	50	60	92
Opex	5,729	5,371	5,306
Capex	783	3,368	3,572

Satisfaction with water supply has continued to increase over the last three years, rising from 64.4% to 76.2%. The Council remains committed to reducing demand and deferring the need for costly extensions to infrastructure.

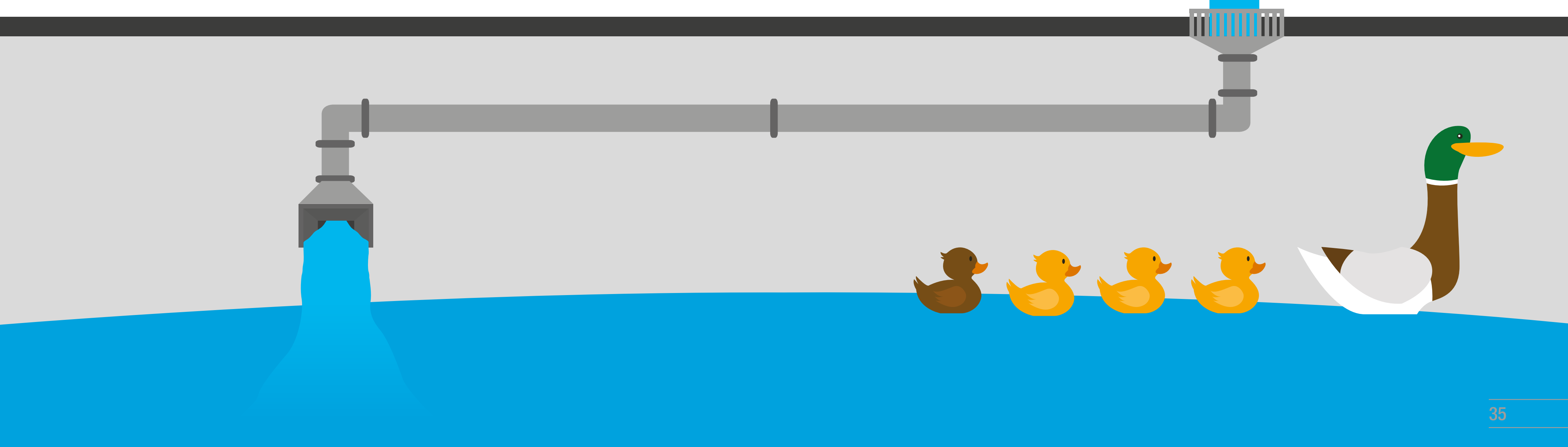
Response times have improved significantly over the past three years, with new contracts negotiated and an improved IT systems interface.

Compliance with New Zealand Drinking Water Standards (NZDWS) has been a main task over the last two years. Installation of new UV treatment reactors have been installed at the Kelvin Heights, Arrowton and Arthurs Point water supply.

STORMWATER

Why should you care?

LIQUIDS THAT ARE POURED DOWN THE STORMWATER DRAIN END UP IN THE LAKE. PROTECT OUR ENVIRONMENT BY DISPOSING OF WASTE RESPONSIBLY.



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 10,900 properties. The system caters for an average 10-year flood event.

PROGRESS AGAINST THE 10 YEAR PLAN 2012-2022

A conservative approach has been applied to investing in new Council stormwater infrastructure. Instead focus has been on effective maintenance of existing stormwater infrastructure and improving efficiency.

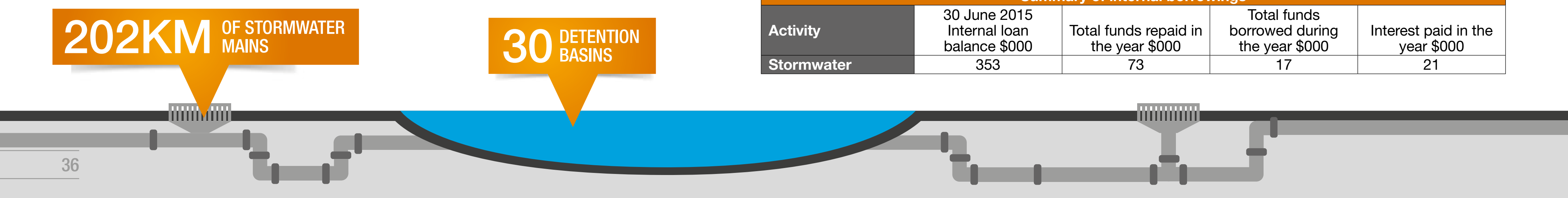
HOW MUCH IT COST

Breakdown of service cost

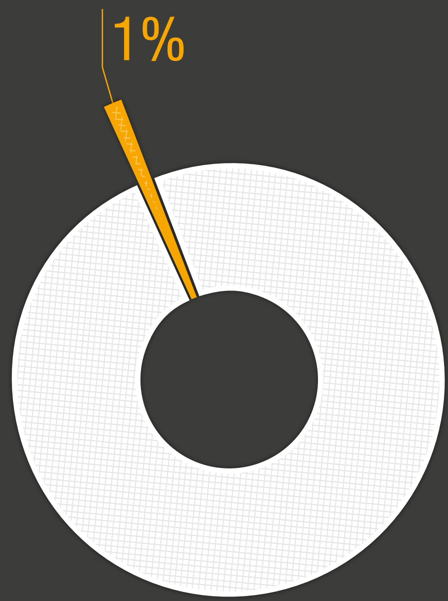
STORMWATER	2014 LTP $000	2015 LTP $000	2015 Annual Plan $000	2015 Actual $000
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	-	-	-	-
Targeted Rates	1,436	1,555	1,278	1,277
Subsidies & Grants for Operating expenditure	-	-	-	-
Fees & Charges	-	-	-	-
Internal Charges Recovered	-	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	285	301	321	378
Total Sources of Operating Funding	**1,721**	**1,856**	**1,599**	**1,655**
Applications of Operating Funding				
Payments to Staff and Suppliers	521	550	456	385
Finance Costs	303	278	248	225
Internal Charges Applied	237	249	149	150
Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	**1,061**	**1,077**	**853**	**760**
Surplus/(Deficit) of Operating Funding	**660**	**779**	**746**	**895**
Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	-	-	-	-
Development and Financial Contributions	270	280	267	136
Increase/(Decrease) in Debt	(541)	(709)	(622)	(646)
Gross Proceeds from Sale of Assets	-	-	-	-
Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	**(271)**	**(429)**	**(355)**	**(510)**
Applications of Capital Funding				
Capital Expenditure				
- to meet additional demand	84	275	131	104
- to replace existing assets	295	303	295	273
- to improve the level of service	96	299	114	126
Increase/(Decrease) in Reserves	(86)	(527)	(149)	(118)
Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	**389**	**350**	**391**	**385**
Surplus/(Deficit) of Capital Funding	**(660)**	**(779)**	**(746)**	**(895)**
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 2015 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	353	73	17	21



AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of **$72,068,000** (excluding depreciation)

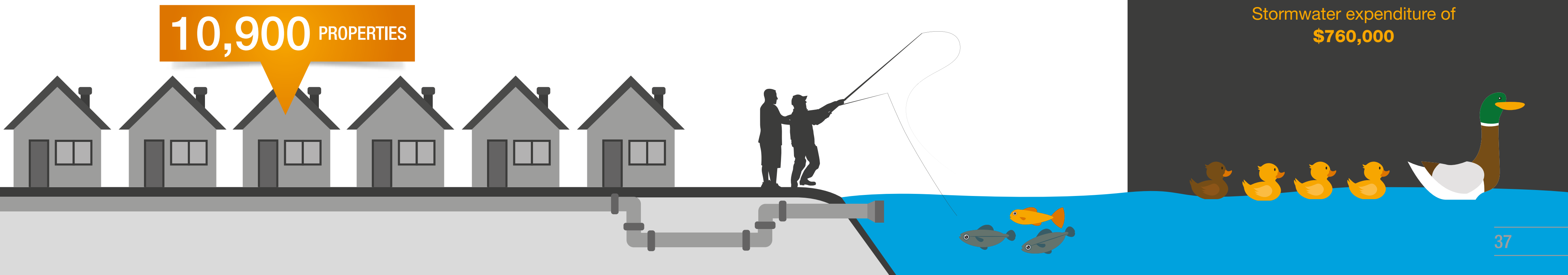
Stormwater expenditure of **$760,000**

How we performed

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

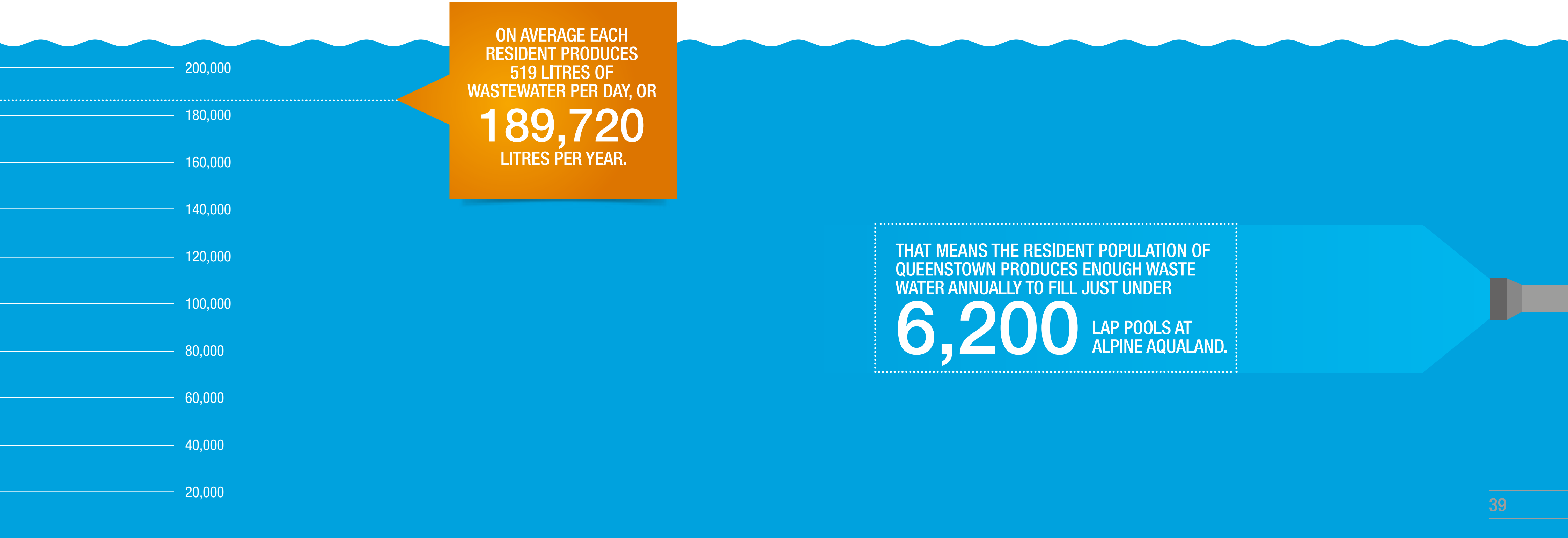
KPI: Number of flooding events each year to habitable floors per 1000 properties resulting from overflows from a municipal storm water system

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 in known problem areas, ahead of forecast events.



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 sewage 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 2012-2022

Work has been ongoing with several communities to assess options for managing their sewage in the future. Cardrona and Glenorchy currently have private sewage systems in place. Each community is looking to identify the options and costs for a Council reticulated scheme versus continuing to manage sewage on an individual basis. Funding has been provided in the next financial year for Cardrona ($200k) and Glenorchy ($250k). This funding is to develop proposals and cost estimates for potential inclusion of construction in the next 10-Year Plan (2015-2025).

The Council awarded Downer New Zealand a $23.6 million contract for Stage One of the Project Shotover upgrade. It involves the design, build and five years of operation of a new wastewater plant at the existing site downstream from the Shotover Bridge. The plant is due to be operational by December 2016. It will deliver higher standards of sewage treatment for Queenstown, Arrowtown, Frankton, Quail Rise, Arthur's Point, Lake Hayes and Shotover Country. The upgrade will bring environmental benefits including a significant reduction in the amount of nitrate and ammonia being discharged into the Shotover River.

HOW MUCH IT COST

Breakdown of service cost

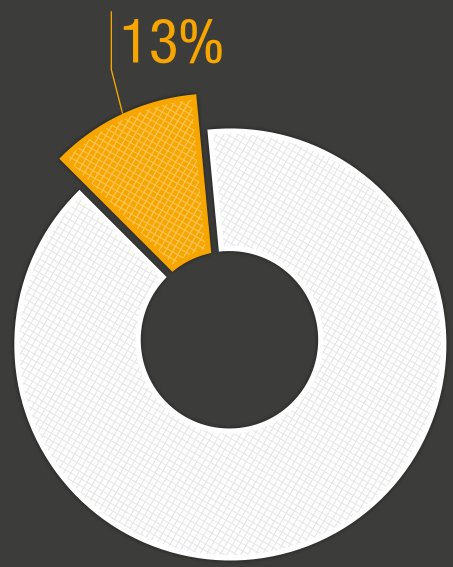
SEWERAGE	2014 LTP $000	2015 LTP $000	2015 Annual Plan $000	2015 Actual $000
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	237	332	366	366
Targeted Rates	6,823	7,625	6,589	6,618
Subsidies & Grants for Operating expenditure	-	-	-	-
Fees & Charges	-	-	22	2
Internal Charges Recovered	-	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	36	38	31	72
Total Sources of Operating Funding	**7,096**	**7,995**	**7,008**	**7,058**
Applications of Operating Funding				
Payments to Staff and Suppliers	3,713	3,914	3,486	7,324
Finance Costs	1,751	2,394	2,069	1,220
Internal Charges Applied	727	763	569	574
Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	**6,191**	**7,071**	**6,124**	**9,118**
Surplus/(Deficit) of Operating Funding	**905**	**924**	**884**	**(2,060)**
Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	-	-	-	-
Development and Financial Contributions	1,375	1,419	1,438	2,021
Increase/(Decrease) in Debt	2,283	18,640	18,192	(298)
Gross Proceeds from Sale of Assets	-	-	-	-
Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	**3,658**	**20,059**	**19,630**	**1,723**
Applications of Capital Funding				
Capital Expenditure				
- to meet additional demand	1,559	4,577	5,371	1,279
- to replace existing assets	2,032	3,742	4,222	1,442
- to improve the level of service	3,710	12,867	11,489	1,144
Increase/(Decrease) in Reserves	(2,738)	(203)	(568)	(4,202)
Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	**4,563**	**20,983**	**20,514**	**(337)**
Surplus/(Deficit) of Capital Funding	**(905)**	**(924)**	**(884)**	**2,060**
Funding Balance	**-**	**-**	**-**	**-**

Significant Cost Of Services Variance	Significant Capital Expenditure	Significant Capital Expenditure Variances
Costs are $2.99m higher than budget due to the expensing of non-capital costs ($3.75m) previously budgeted as capital items (related to option analysis, consultation and resource consent issues for Project Shotover). This has been offset by $849k of positive variance for interest costs	There is $3.8m of capital work for wastewater - with $1.3m spent on Project Shotover	The major variance relates to Project Shotover with $5.2m of the budget for the year carried forward to 201516.

Summary of internal borrowings				
Activity	30 June 2015 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	2,187	154	128	115

59 PUMP STATIONS

AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of **$72,068,000** (excluding depreciation)

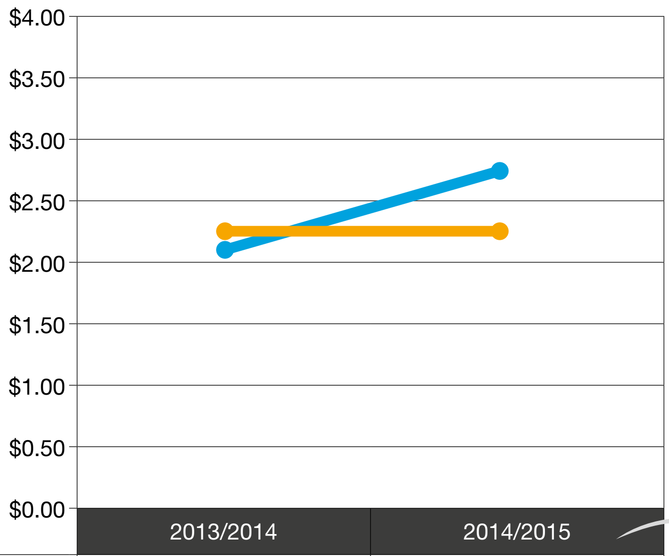
Wastewater expenditure of **$9,118,000**

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
Cost per cubic metre	$2.15	$2.76
Target	<$2.25	<$2.25

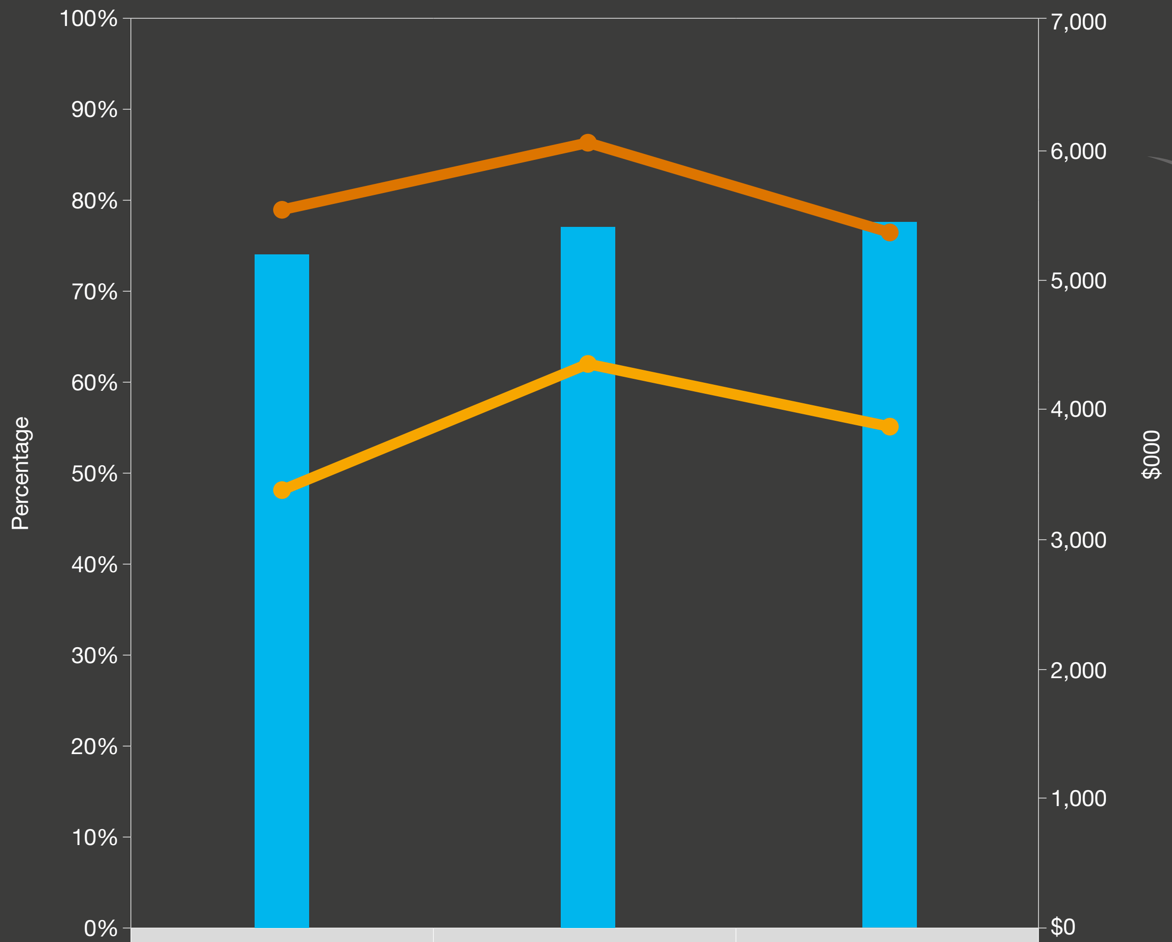
Costs in 2014/15 are slightly above target due to early work on Project Shotover Treatment Plant being underway.

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	<60mins	Response times to sewerage overflows were well within the target.
B)	2014/15	109.4 minutes	<240mins	

OVERALL PERFORMANCE OF WASTEWATER

Impact of expenditure on service performance



	2012/2013	2013/2014	2014/2015
Satisfaction with wastewater	74	76.9	77.6
Opex	5,515	6,096	5,374
Capex	3,369	4,349	3,865

77.6% of residents were satisfied with the wastewater service, an increase of 3.6% over three years. This is likely to reflect the continued profile of Project Shotover, which will deliver a wastewater treatment upgrade significant investment in wastewater treatment for Wanaka, namely Project Pure.

Negative variance to budget for Wastewater has been driven by the expensing of existing work in progress for Project Shotover ($3.1m). $1.5m of this amount being work completed prior to June 2007.

$648k of budget was carried forward from the 13/14 financial year, of which $618k was spent. $398k of this spend was for the infrastructure supporting the Eastern Arterial Road.

The Opex total is different from the Funding Impact Statement on page 41 because it excludes write of of $3.7m work in progress.

WASTE MANAGEMENT

Why should you care?

DIVERTING WASTE AWAY FROM THE DISTRICT'S LANDFILL EXTENDS THE LIFE OF THIS FINITE RESOURCE.

IN 2014/15 IN EXCESS OF

6.5 MILLION KILOGRAMS

OF WASTE WAS DIVERTED FROM THE LANDFILL

About waste management

Waste minimisation and recycling services include weekly kerbside refuse and recycling collections, recycling litterbins, resource recovery parks, green waste drop off sites, composting facilities and promoting other 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 2012-2022

In the past 12 months the Council has worked on developing a better understanding of the volumes of commercial and residential waste going to landfill. As a result, QLDC is now focusing on developing new initiatives to stop food waste and general green waste from going to the landfill.

HOW MUCH IT COST

Breakdown of service cost

(Costs are included under 'Environmental Management' for 2014/15, and will be reported separately as of 2015/16)

How we performed

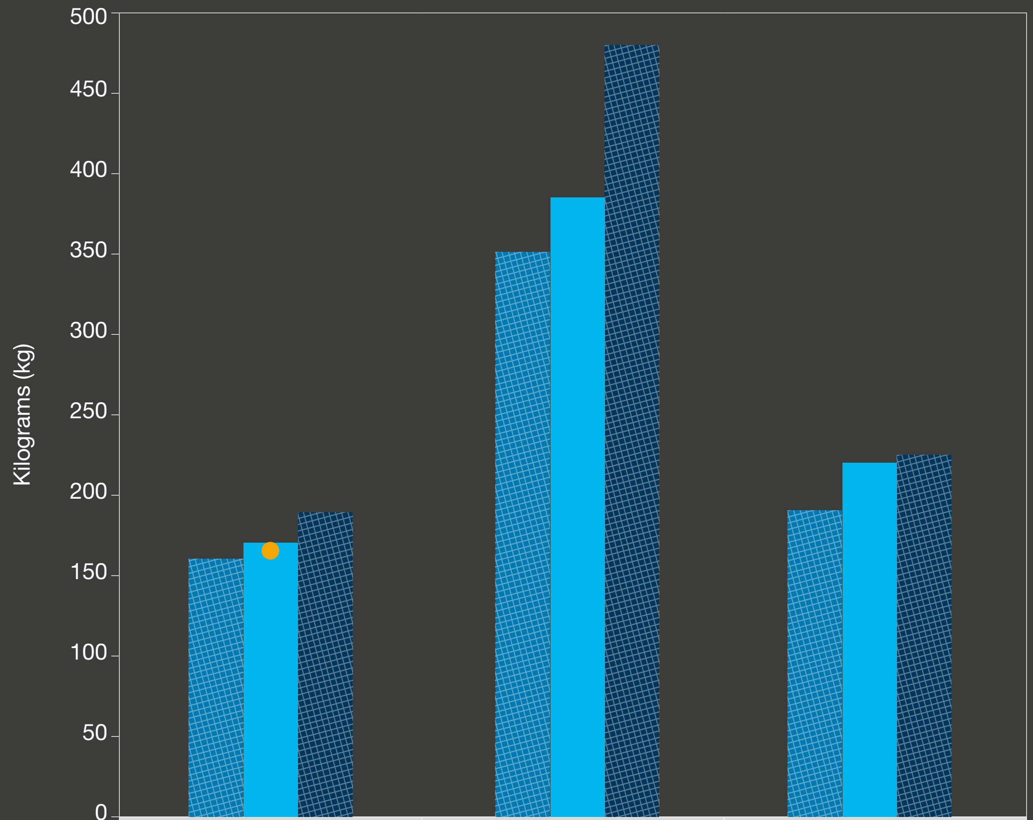
HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIS)

KPI: Satisfaction with street cleaning

Year	Result	Target	Commentary
2012/2013	68.7%	na	Residents continued to report high levels of satisfaction with street cleaning, with the result just above target for 2014/15. The Council has continued to improve levels of service around street cleaning, particularly following large events.
2013/2014	74.8%	na	
2014/2015	75.9%	>75%	

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
2012/2013	159.70	350.50	187.40
2013/2014	169.70	386.00	220.90
2014/2015	186.60	458.05	226.65
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.

Data for commercial waste and waste diverted from landfill is provided for context purposes.

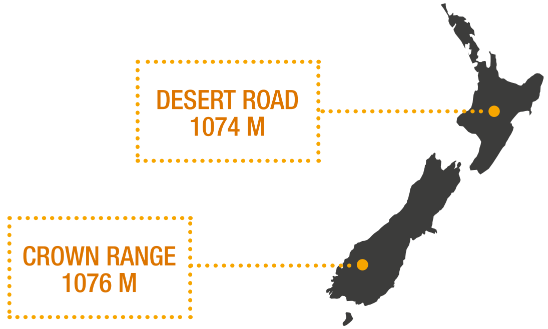
Total residential waste volumes are tracking above target at approximately 186 kilograms of residential waste per head of population. This is up from approximately 170 kilograms in 2013/14.

The significant movement in 2014/15 has been around commercial waste volumes. These are currently tracking at 458 kilograms per annum of residential waste per head of population up from 386 kilograms in 2013/14.

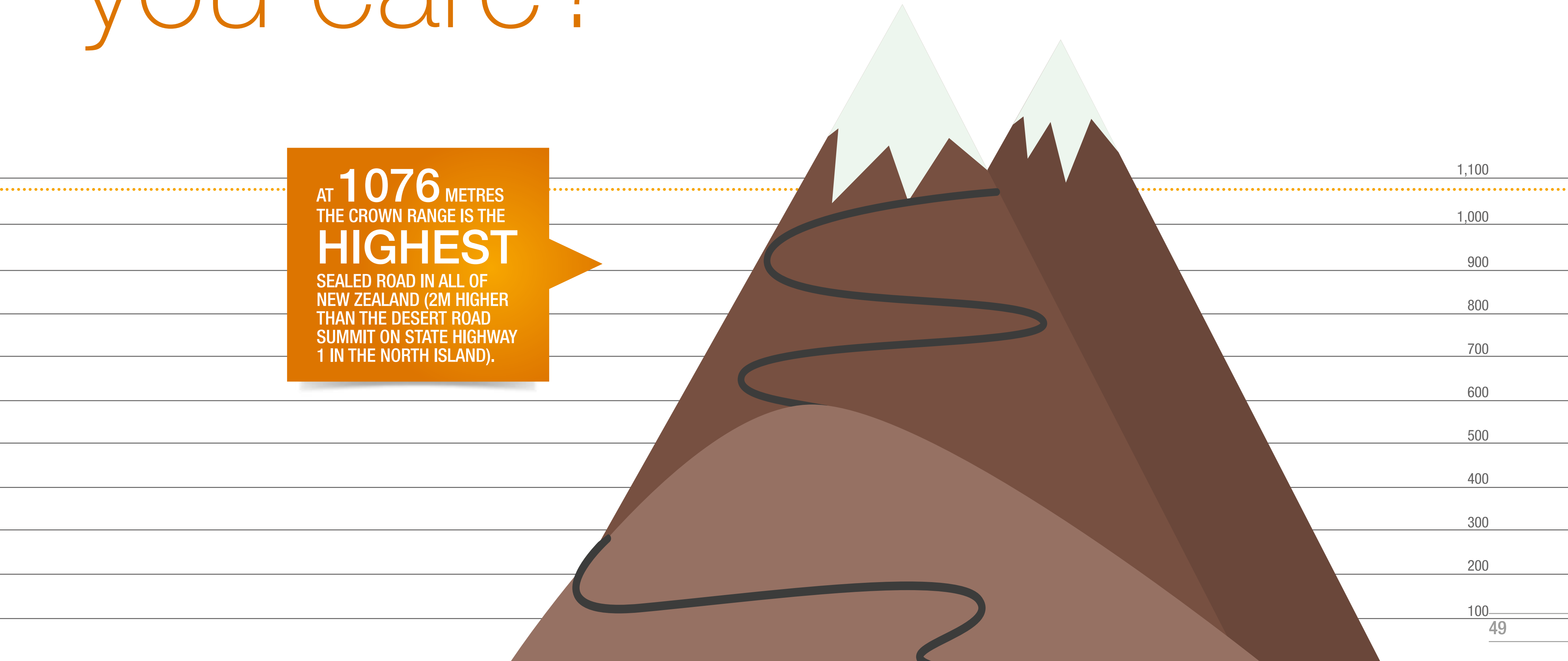
Better understanding of these volumes will result in targeted waste minimisation strategies in 2015/16.

TRANSPORT, INCLUDING ROADING, PARKING AND FOOTPATHS

Why should you care?



AT **1076** METRES
THE CROWN RANGE IS THE
HIGHEST
SEALED ROAD IN ALL OF NEW ZEALAND (2M HIGHER THAN THE DESERT ROAD SUMMIT ON STATE HIGHWAY 1 IN THE NORTH ISLAND).



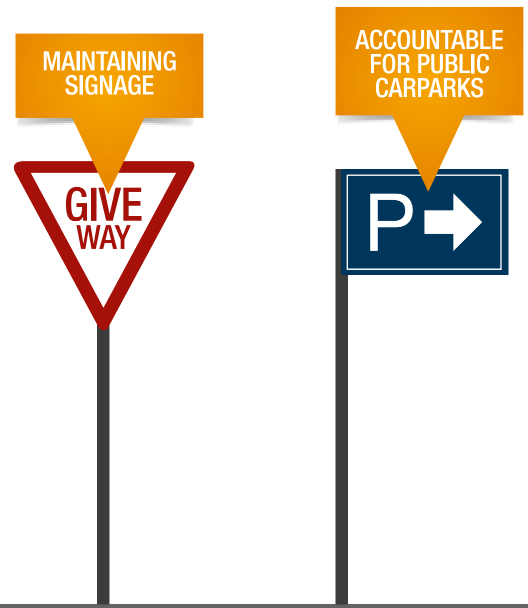
About roads and footpaths (including carparks)

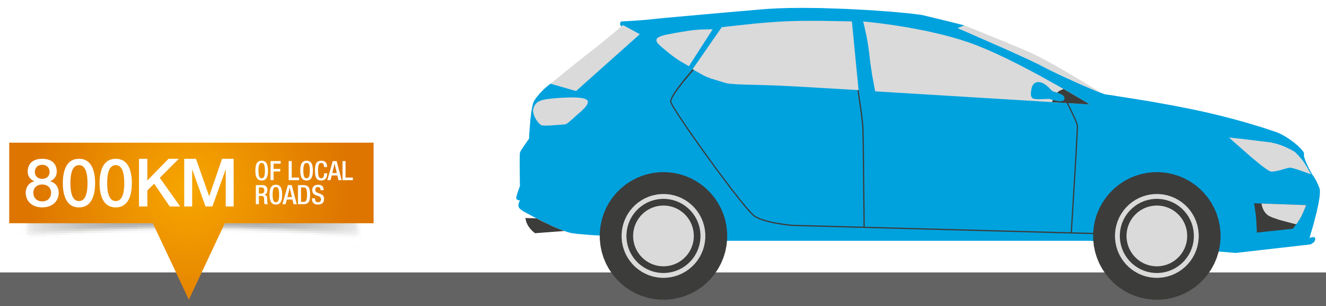
The Council is accountable for just over 800km of local roads with a number of public carparks located throughout the district. This includes maintaining street lights and signage. In addition, there are 232km of state highways within the district and these are managed by New Zealand Transport Agency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

PROGRESS AGAINST THE 10 YEAR PLAN 2012-2022

Significant consultation has occurred with respect to both Queenstown and Wanaka Transport Strategies. These strategies will be adopted in the 2015/16 financial year. Implementation of these strategies will progress throughout the 10 year plan period.

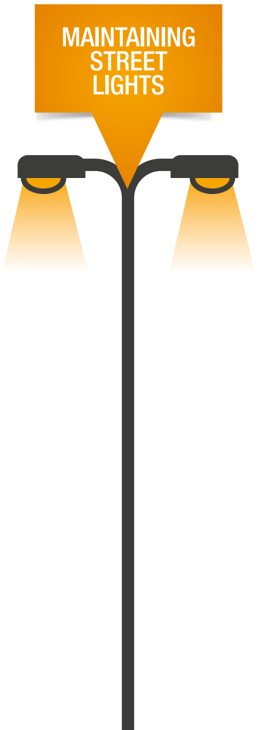
Key projects in the last 12 months have included awarding the new contract for the replacement of the Kawarau Falls Bridge, and the contract for the design of the new Eastern Access Road. Both projects will progress in the 2015/16 financial year.





HOW MUCH IT COST

Breakdown of service cost



ROADING AND FOOTPATHS	2014 LTP $000	2015 LTP $000	2015 Annual Plan $000	2015 Actual $000
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	-	-	-	-
Targeted Rates	12,836	12,755	12,771	12,748
Subsidies & Grants for Operating expenditure	3,591	3,763	3,206	3,634
Fees & Charges	963	993	977	1,262
Internal Charges Recovered	-	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	414	434	168	530
Total Sources of Operating Funding	**17,804**	**17,945**	**17,122**	**18,174**
Applications of Operating Funding				
Payments to Staff and Suppliers	8,092	8,313	6,758	8,310
Finance Costs	1,880	1,839	1,591	1,131
Internal Charges Applied	994	1,040	1,155	1,165
Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	**10,966**	**11,192**	**9,504**	**10,606**
Surplus/(Deficit) of Operating Funding	**6,838**	**6,753**	**7,618**	**7,568**
Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	6,900	5,460	9,771	3,616
Development and Financial Contributions	1,299	1,339	5,130	2,084
Increase/(Decrease) in Debt	(1,118)	(3,817)	(4,341)	(6,369)
Gross Proceeds from Sale of Assets	-	-	-	-
Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	**7,081**	**2,982**	**10,560**	**(669)**
Applications of Capital Funding				
Capital Expenditure				
- to meet additional demand	5,690	4,332	8,099	2,593
- to replace existing assets	4,726	3,826	3,317	3,721
- to improve the level of service	4,911	3,916	8,279	1,939
Increase/(Decrease) in Reserves	(1,408)	(2,339)	(1,517)	(1,353)
Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	**13,919**	**9,735**	**18,178**	**6,899**
Surplus/(Deficit) of Capital Funding	**(6,838)**	**(6,753)**	**(7,618)**	**(7,568)**
Funding Balance	**-**	**-**	**-**	**-**

Significant Cost Of Services Variance

Revenue is above estimate by $1.05m with most of this amount due to higher than forecast NZTA subsidy ($428k) and higher than expected parking revenue, petrol tax and other revenue.

Costs are $1.1m higher than budget due to high winter maintenance expenditure ($553k) and the expensing of non-capital costs ($1.01m) previously budgeted as capital items.

This has been offset by $460k of positive variance for interest costs.

Significant Capital Expenditure

There is $8.3m of capital work for roading - with $1.51m spent on the Eastern Arterial Road (Frankton Flats); there was also $2.09m spent on sealed road surfacing work.

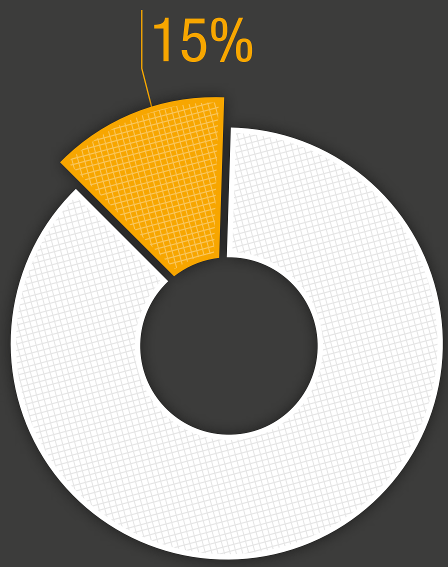
Significant Capital Expenditure Variances

The major variance relates to the Eastern Arterial Road (Frankton Flats) with $1.6m of the budget for the year carried forward to 2015/16.

Summary of internal borrowings

Activity	30 June 2015 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	1,501	621	68	107

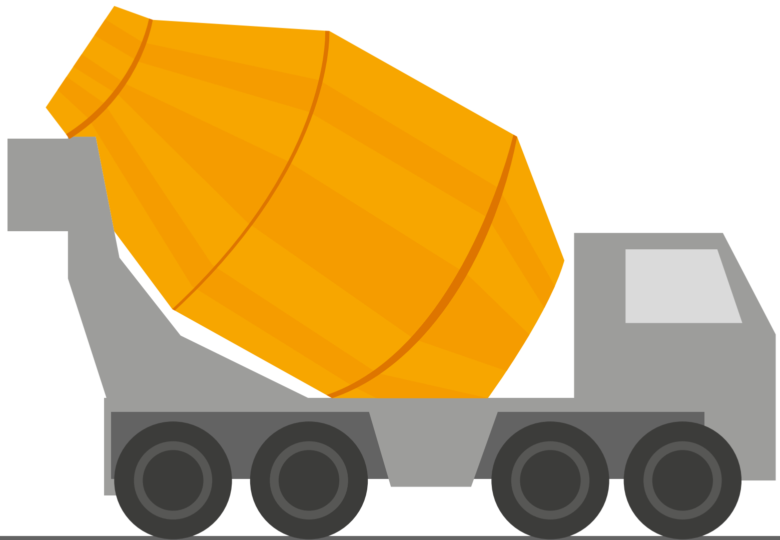
AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of **$72,068,000** (excluding depreciation)

Transport expenditure of **$10,606,000**

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

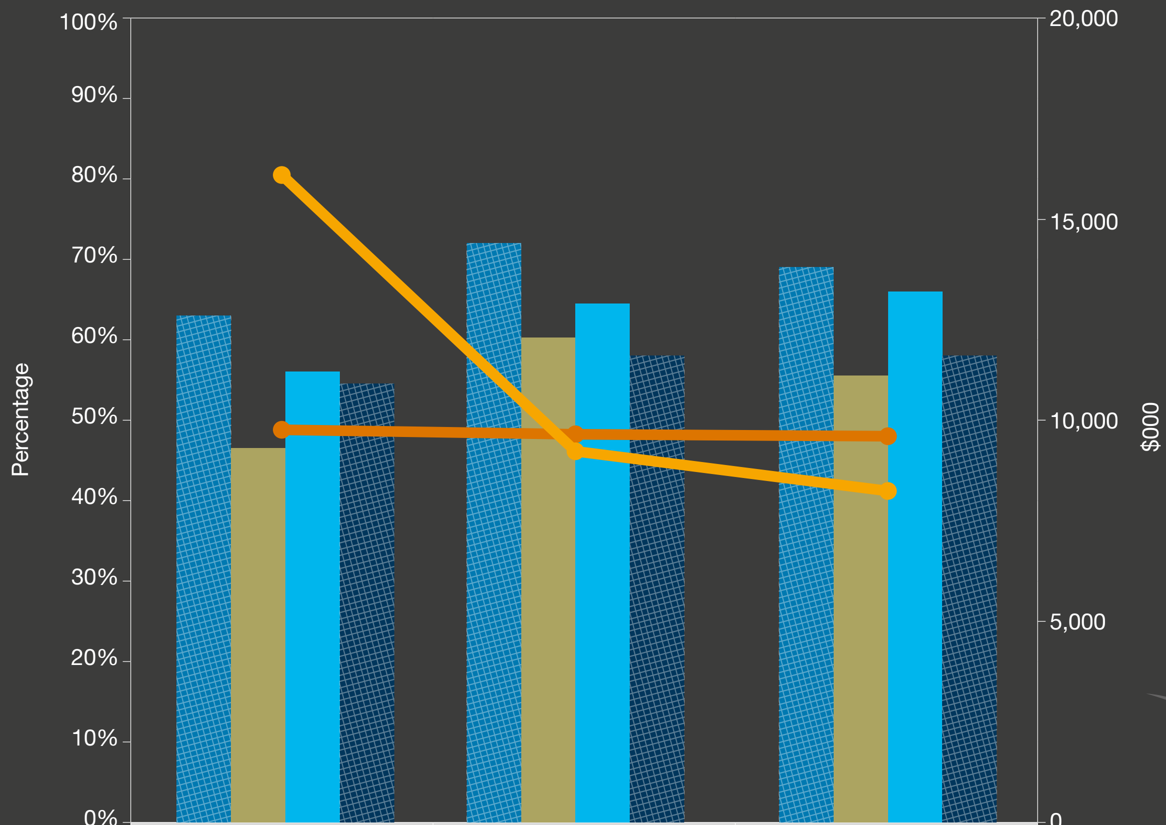
Year	Result	Target	Commentary
A) SEALED ROADS			
2014/15	$165	<$129	Sealed road costs were over the target of $129 per km due to additional budget being made available by the New Zealand Transport agency. Actual expenditure was within 1% of the final budget.
B) UNSEALED ROADS			
2014/15	$84.44	<$85	Unsealed road costs came in just under target.

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	Unplanned sealed road closures, exceeding the service standard, occurred in November, May and June. One was due to an accident, whilst the other two were due to heavy rain and snow.

OVERALL PERFORMANCE OF ROADS AND FOOTPATHS

Impact of expenditure on service performance



	2012/2013	2013/2014	2014/2015
Satisfaction with sealed roads	62.9	71.6	69.2
Satisfaction with unsealed roads	46.3	60.2	55.7
Satisfaction with footpaths	56	64.5	66.1
Satisfaction with street lighting	54.5	57.9	58.3
Opex	9,786	9,639	9,604
Capex	16,150	9,356	8,252

Satisfaction with the transport network remains high, and exceeds satisfaction levels reported for the 2012/13 year. Contracts awarded for major works (Kawarau Falls Bridge and Eastern Access Road) will see capex increase in 2015/16.

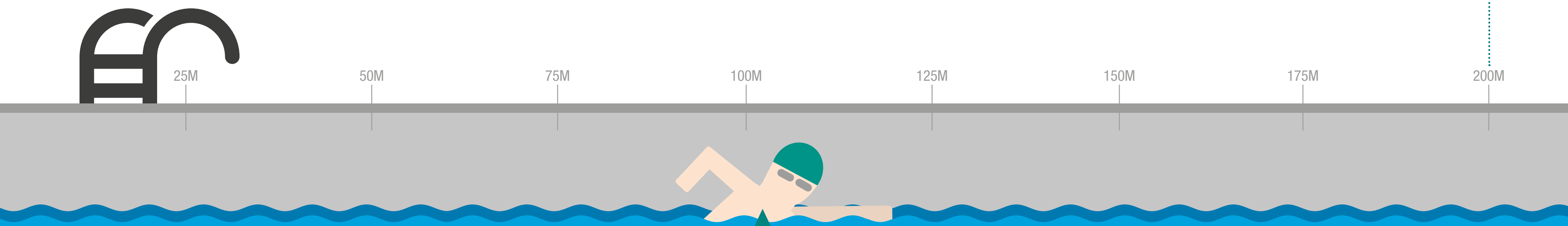
Opex varies from the Funding Impact Statement on pg 51 as it doesn't include write off of $1m work in progress.

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?

WATER SAFETY NZ FIGURES SUGGEST 70 PER CENT OF 12-YEAR-OLDS CAN'T SWIM 200 METRES



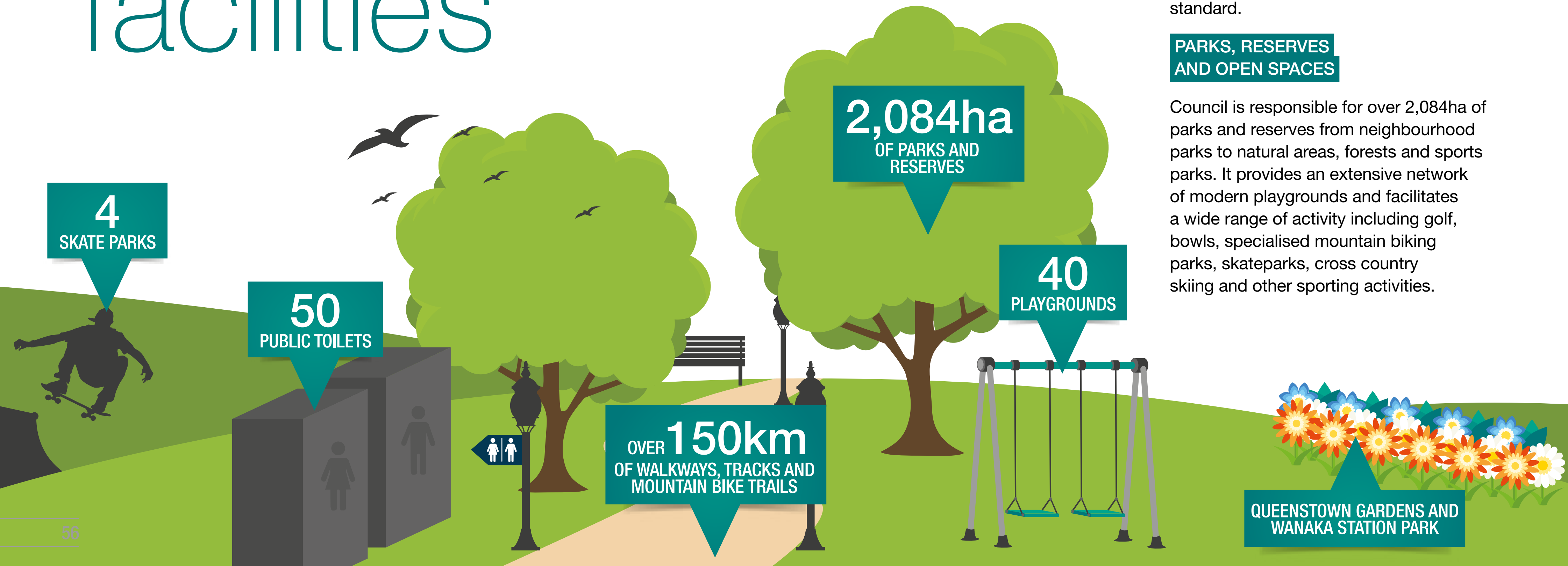
BY PROVIDING AQUATIC FACILITIES ACROSS THE DISTRICT THE COUNCIL PROVIDES OPPORTUNITIES FOR CHILDREN TO LEARN TO SWIM.

IN 2014/15, AROUND

900 CHILDREN

ATTEND SWIM SCHOOL SESSIONS EACH WEEK OF THE TERM.

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, 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.

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 facilities 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 by Asplundh (NZ) Limited.

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 poses 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 the QLDC as contained within the District Plan.

However given the wilding pine issue as outlined, the objectives have been revisited.

Coronet Forest only contains 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 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 with the area's opening 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 2012-2022

- Work started on the new Wanaka Sports Facility at Three Parks, with the $13.9 million contract awarded to Cook Brothers Construction Ltd. The facility is due to be open by 1 June 2016. It will include a sports hall with two full size indoor courts; changing rooms, meeting and office space, and multi-sport artificial turf. The design will allow for a swimming pool to be added as part of the complex in the future. The building housing the current pool was strengthened to meet the earthquake provisions of the building code.
- Libraries across the district enjoyed computer systems upgrade. The new Kotui System gives library users the ability to search for physical and electronic resources at a click of a button from home, school, work or on their smartphone, as well as inside their library.
- Renovations at Frankton Golf Club involved the construction of a new $800m^2$ practice green, including a $60m^2$ practice bunker. In addition, the first and ninth hole greens were also renovated and the irrigation system improved. The Wakatipu Junior Golf Club was also established with support from the Council.

HOW MUCH IT COST

Breakdown of service cost

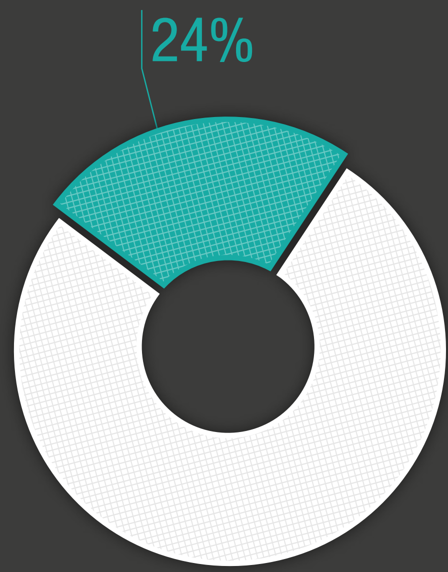
COMMUNITY	2014 LTP $000	2015 LTP $000	2015 Annual Plan $000	2015 Actual $000
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	541	558	673	675
Targeted Rates	11,704	12,617	12,920	12,892
Subsidies & Grants for Operating expenditure	82	84	132	371
Fees & Charges	1,481	1,541	4,643	3,407
Internal Charges Recovered	-	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	199	199	282	2,510
Total Sources of Operating Funding	**14,007**	**14,999**	**18,650**	**19,855**
Applications of Operating Funding				
Payments to Staff and Suppliers	9,356	9,701	11,490	11,977
Finance Costs	1,279	1,590	1,518	964
Internal Charges Applied	2,276	2,363	3,341	4,179
Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	**12,911**	**13,654**	**16,349**	**17,120**
Surplus/(Deficit) of Operating Funding	**1,096**	**1,345**	**2,301**	**2,735**
Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	-	2,462	675	35
Development and Financial Contributions	3,167	3,217	2,807	2,545
Increase/(Decrease) in Debt	(366)	8,939	4,159	(1,093)
Gross Proceeds from Sale of Assets	-	-	-	439
Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	**2,801**	**14,618**	**7,641**	**1,926**
Applications of Capital Funding				
Capital Expenditure				
- to meet additional demand	5,725	10,482	5,746	1,933
- to replace existing assets	863	1,026	1,521	793
- to improve the level of service	1,369	10,908	5,154	2,081
Increase/(Decrease) in Reserves	(4,060)	(6,453)	(2,479)	(146)
Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	**3,897**	**15,963**	**9,942**	**4,661**
Surplus/(Deficit) of Capital Funding	**(1,096)**	**(1,345)**	**(2,301)**	**(2,735)**
Funding Balance	**-**	**-**	**-**	**-**

Significant Cost Of Services Variance	Significant Capital Expenditure	Significant Capital Expenditure Variances
Revenue is above estimate by 1.2m with most of this amount due to increased lease and concession income.	The major item is the Wanaka Sports Facility ($1.93m)	The major variance item is the Wanaka Sports Facility which was behind the original schedule (budget unspent for the year $2.57m) There was also $2.9m of budget relating to reserve land purchase which was not spent.

Summary of internal borrowings

Activity	30 June 2015 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	1,660	144	50	91

AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of **$72,068,000** (excluding depreciation)

Community expenditure of **$17,120,000**

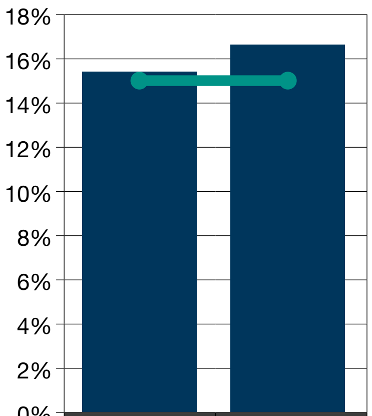
How we performed

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

SWIMMING POOLS

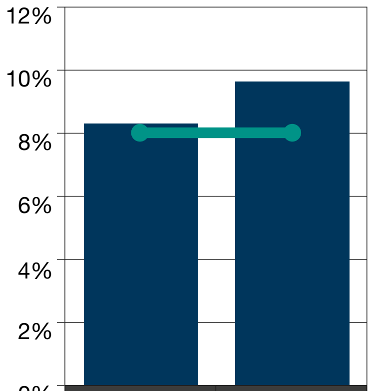
KPI: Percentage of residents who use their local pool at least once a month

ALPINE AQUALAND



	2013/2014	2014/2015
Percentage	15.41%	16.60%
Target	15%	15%

WANAKA POOL



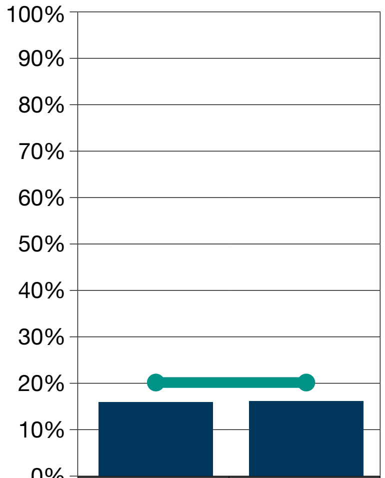
	2013/2014	2014/2015
Percentage	8.29%	9.69%
Target	8%	8%

Targets were met for 2014-15 and performance increased for both Alpine Aqualand and Wanaka Pool from 2013-14. Local pool use increased on last year partly due to new initiatives and programmes, as well as improved venue and equipment work completed during the year (Wanaka earthquake proofing and Aqualand boiler).

LIBRARIES

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

RESIDENTS WHO ARE LIBRARY MEMBERS



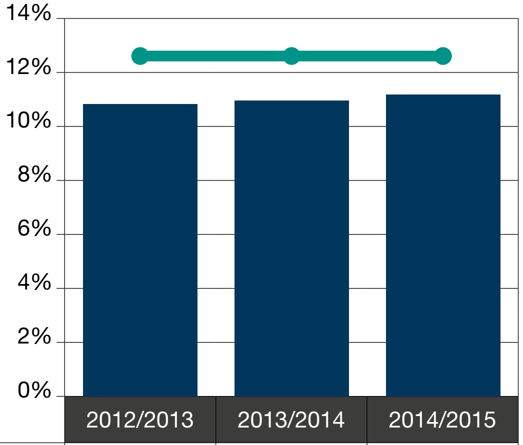
	2013/2014	2014/2015
Percentage	16.05%	16.15%
Target	20%	20%

Overall performance showed a slight increase on the previous year. The total number of new borrowers for the year was 2,614, an increase of 19% compared to last year (2,189). Libraries have seen an increase in attendance for other services including library readings, events and use of wifi services in the last quarter of the year.

GYM

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

RESIDENTS WHO ARE GYM MEMBERS



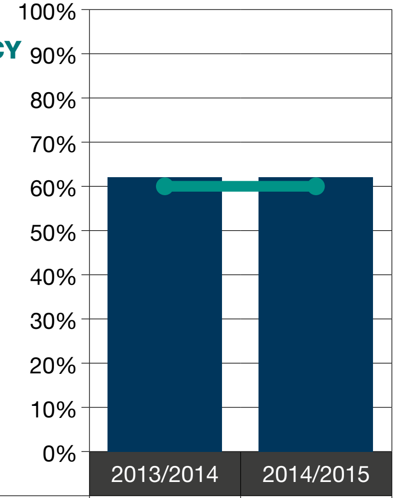
	2012/2013	2013/2014	2014/2015
Percentage	10.64%	10.81%	11.20%
Target	12.5%	12.5%	12.5%

Gym memberships were higher than last year for the final six months of the financial year, and ended just below the target of 12.5% with 11.2%. Alpine Health and Fitness created a variety of new initiatives throughout the year to retain and attract members. This increase in membership was achieved despite new facilities opening in the Wakatipu Basin.

COMMUNITY FACILITIES AND VENUES

KPI: Average occupancy rate of community facilities

AVERAGE OCCUPANCY RATE



	2013/2014	2014/2015
Percentage	62.68%	62.27%
Target	60%	60%

Venue use remains consistently high for many key venues including Queenstown Events Centre indoor courts and meeting rooms, Wakatipu Grounds and Lake Wanaka Centre. This increased performance includes temporary closure and subsequent reduction in capacity to the Arrowtown Athenaeum Hall following an earthquake evaluation of the building.

KPI: Net direct cost per pool admission

Year	Result	Target	Commentary
2013/2014	$2.12	no target set	Both the cost and volume of sodium hypochlorite (pool water disinfectant) increased by 5% and 7% respectively relative to the last financial year. Usage increased with the reinstatement of the UV units at Alpine Aqualand but has delivered a significantly higher water quality for our community. Alpine Aqualand is within the top 50% of facilities measured by Yardstick on net cost per admission.
2014/2015	$2.44	<$2.12 or within the top 50 pools nationally (as measured by Yardstick)	

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 translates to one serious accident per 83,653 visits (167,306 admissions), which is 0.119 serious accident per 10,000 visits. One staff incident was a back injury related to lifting. The other incident was a member of the community and related to an existing medical condition.
2014/2015	0.11	<0.17	

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%	The original annual plan capex budget of $175k was increased to $635k, with capital budget carried forward from the 13/14 year for Wanaka Airport. $263k or 95% of the overspend in this area was a result of spending brought forward in the capital budget. $473k of 13/14 capital budget was carried forward into 14/15 for the Wanaka Airport. Only $263k of this has been spent throughout the year.
COMMUNITY PROPERTY			
2014/15	**Capex:** 31.6% **Opex:** 3.9%	**Capex:** Range of 0% to -10% **Opex:** Range of 0% and -5%	$4.0m of 13/14 capital budget was carried forward into 14/15, only $916k of this carry forward was spent throughout the year. The majority of this underspend was $2.6m of Reserve land purchases in Queenstown. $320k of additional capital budget has been accepted through resolution. The largest underspend was $2.0m for the Wanaka Sports Facility which has been carried forward into the 15/16 year. The majority of the $309k underspend was $230k wages and salaries for Alpine Aqualand and Gym at Queenstown Events Centre. The balance is made up of smaller balances across a variety of different areas within community property.

PARKS AND TRAILS

KPI: Average daily use of trails

Trail	Average number of counts
Frankton Track	612.31
Old Lower Shotover River Track	258.76
Kelvin Peninsula New	183.89
Riverside Road	127.17
Swain Bridge	119.54
Billies Bridge	118.54
Morven Ferry Road	91.04
Speargrass Flat Road	75.25

This is the first year of data collection for this KPI, so no target has been set. There have been some initial teething issues with trail counter technology, including old counters replaced throughout the year, spider interference, weather interference and incidents of data corruption, which were adjusted by the service provider to correct data. Trails data shows seasonal use. Data can be viewed in a variety of ways including direction of travel, pedestrian versus cyclist and time of day. This presents an opportunity to improve management of licensed operators on the trails, planned maintenance schedules and opportunities for wider promotion of the trails network.

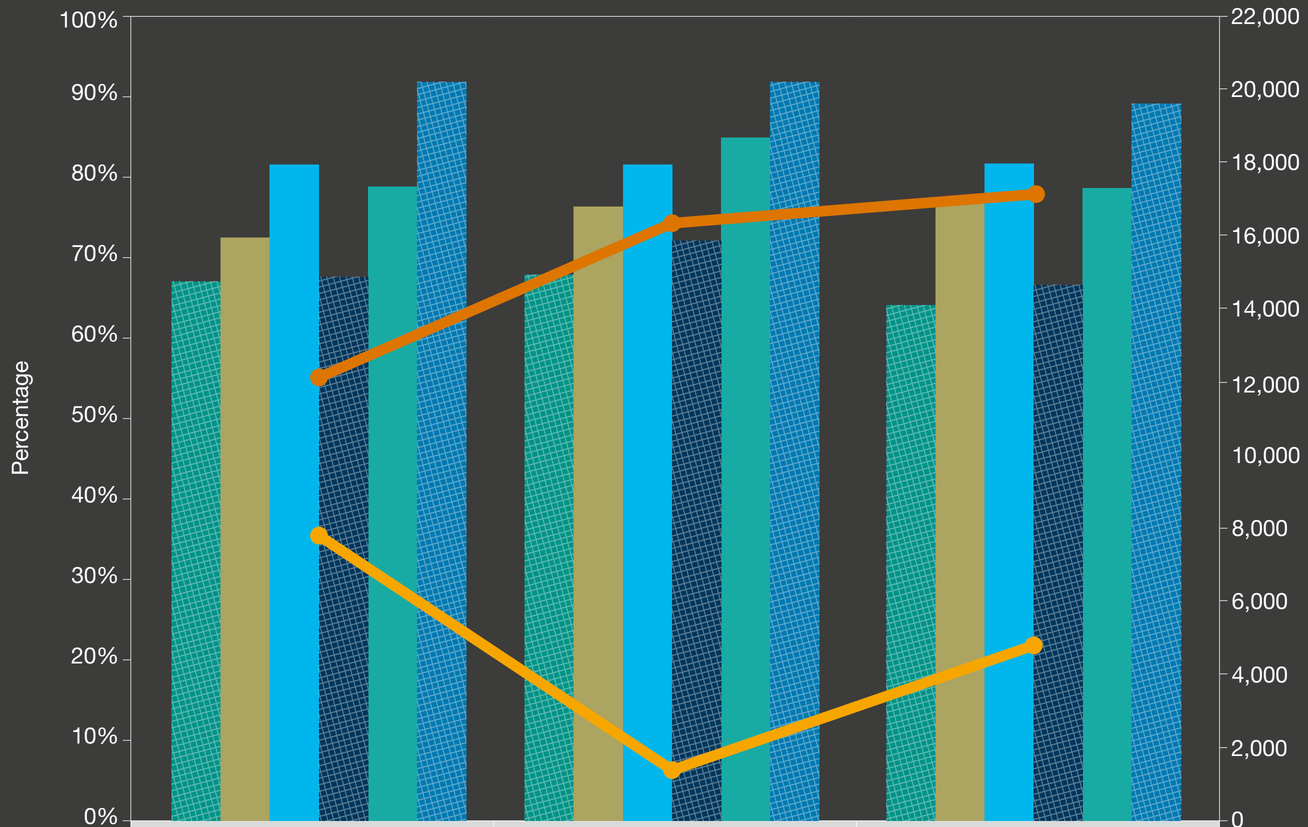
*KPI: Cost per hectare to maintain and manage the district's parks and reserves**

Year	Result	Target	Commentary
2013/2014	$1,967 per hectare	no target set	The majority of the overspend was due to sports turf maintenance, where services have been contracted out temporarily due to loss of qualified staff.
2014/2015	$2,421.70	<$1,967 per hectare	

** This is a change from the KPI originally consulted on in the Annual Plan 2014/15 'Percentage of parks and reserves maintained to an acceptable standard by the contractor'. The cost measure has been included in its place.*

OVERALL PERFORMANCE OF COMMUNITY SERVICES AND FACILITIES

Impact of expenditure on service performance



	2012/2013	2013/2014	2014/2015
Satisfaction with swimming pools	66.9	67.8	64.0
Satisfaction with community halls	72.4	76.2	77.2
Satisfaction with libraries	81.4	81.4	81.6
Satisfaction with toilets	67.6	71.9	66.5
Satisfaction with playgrounds	78.8	85.0	78.5
Satisfaction with trails	91.7	91.7	89.1
Opex	12,136	16,333	17,120
Capex	7,752	1,394	4,807

Satisfaction across all community services and facilities remains consistently high. In 2015, satisfaction with sports facilities, libraries, parks and community venues will also be measured and reported through user surveys.

Operational expenditure increased in 2013/14 due to the amalgamation of Lakes Leisure and Council.

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 LICENSES 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.

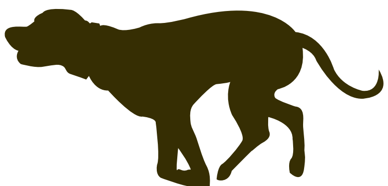
Littering

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, Roys Bay (Wanaka).



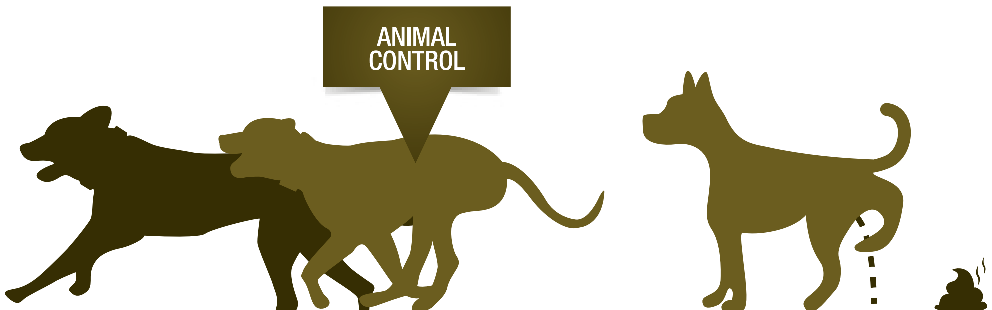
A programme of regular inspections are undertaken by qualified personnel to ensure waterway facilities are safe, that routine maintenance is being undertaken and that capital repairs are forecast and planned well ahead of time. The Council has also developed a Jetties and Moorings Policy which gives 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 Defibrillators (AEDs).



PROGRESS AGAINST THE 10 YEAR PLAN 2012-2022

This year has seen an increased focus on animal control, with free classes for dog owners and information sessions with schools. Increased freedom camping patrols have led to a greater number of infringements as the Council tightens enforcement of designated areas and appropriate vehicles. The number of food premises graded A and B has also increased as the Environmental Health Team implement improved food hygiene standards.

HOW MUCH IT COST

Breakdown of service cost

(Costs are included under 'Environmental Management' for 2014/15, and will be reported separately as of 2015/16)

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	92.00%	100%	Progress towards full compliance was achieved. The volume of work also increased by a factor of 44% which necessitated increasing staff numbers to cope. Balancing of staff resource as a result of increased demand is continuing to be addressed.
2014/2015	96.28%	100%	

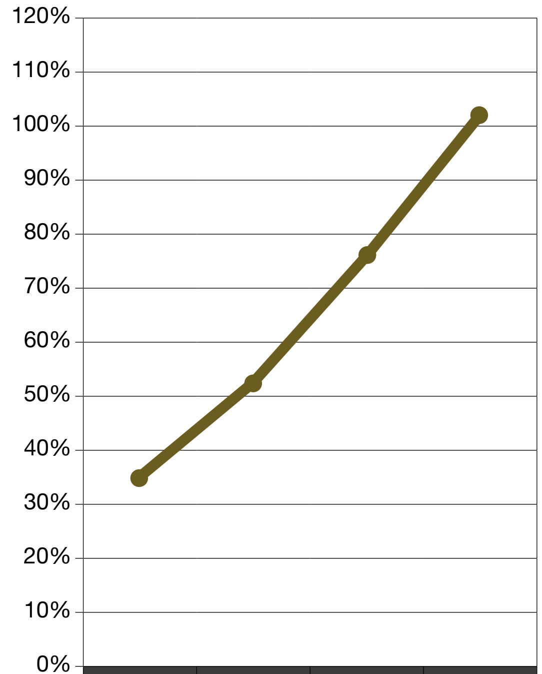
KPI: Percentage of urgent requests responded to within two hours
a) animal control b) excessive noise c) water safety

Year	Result	Target	Commentary
2014/2015			
Animal control	100%	100%	Urgent safety matters remain the priority for animal control and waterways safety.
Noise	100%	100%	
Water safety	100%	100%	

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

Year	Result	Target	Commentary
2014/2015	129.87%	100%	The overall number of premises monitored exceeds 100, as there have been multiple visits to some premises through the year. There were two premises which were not monitored during the financial year.

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

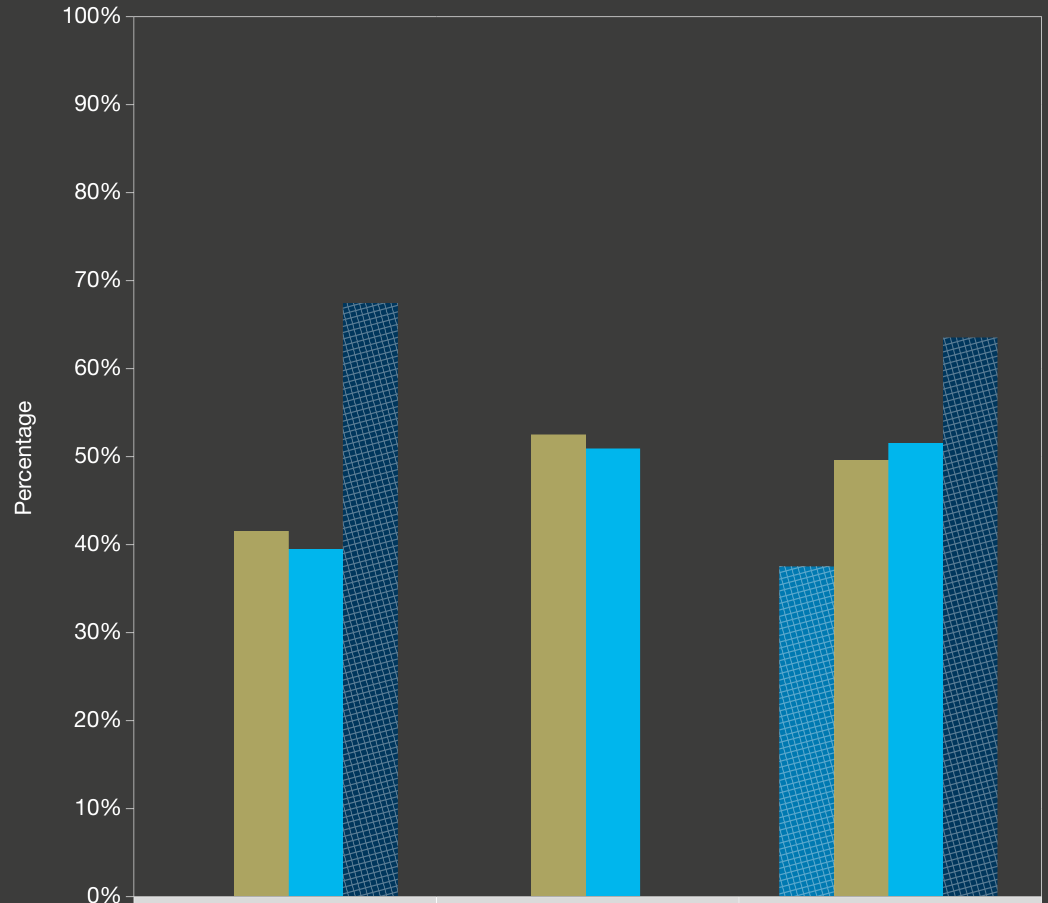


	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Percentage inspected (cumulative)	34.89%	52.44%	76.17%	101.92%

An average of over 25% of premises were inspected quarterly. In the last quarter two premises were not inspected, one was in Wanaka and the officer could not attend because of heavy snow. The other premises was in Arrowtown.

OVERALL PERFORMANCE OF REGULATORY SERVICES

Impact of expenditure on service performance



	2012/2013	2013/2014	2014/2015
Satisfaction with freedom camping	0	0	37.4%
Satisfaction with noise complaints	41.20%	52.30%	49.70%
Satisfaction with dog control	39.40%	50.80%	51.70%
Satisfaction with harbourmaster	67.40%	0	63.60%

Satisfaction with freedom camping was slightly below the target of 50%. This is the first year satisfaction has been measured. Satisfaction with noise control was slightly below the target of 55%, but still performs better than 2012/13. Satisfaction with dog control was below the target 55%, but is demonstrating significant improvement since 2012/13. Satisfaction with harbourmaster exceeded the target of 50%. The impact of expenditure on service performance will be reported from 2015/16 when the financial data for regulatory services will be separated from environmental management.

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?

QUEENSTOWN LAKES DISTRICT COUNCIL, AS GUARDIAN AND STEWARD OF THE DISTRICT'S PUBLIC URBAN TREE RESOURCE, CURRENTLY MAINTAINS SOME

8000 URBAN STREET TREES

AND COUNTLESS SPECIMEN TREES IN PARKS, RESERVES AND ON OTHER COUNCIL-OWNED LANDS

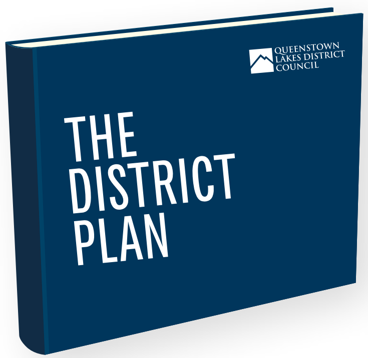
About environment

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 2012-2022

- A Queenstown Lakes Housing Accord was signed between Housing Minister Dr Nick Smith and Mayor Vanessa van Uden to provide an additional 1300 homes over the next three years. The Accord aims to deliver a 20 per cent increase on the number of houses that have been built in the area in the past and sets a target of 350 new sections and dwellings consented in its first year, 450 in its second, and 500 in its third.
- Expressions of interest were invited for Special Housing Areas. Qualifying developments in these areas might have the potential to be streamlined and fast-tracked, with some low-rise residential developments consented within 60 days.
- Consultation began on the Residential Chapter of the District Plan.

HOW MUCH IT COST

Breakdown of service cost

ENVIRONMENTAL MANAGEMENT	2014 LTP $000	2015 LTP $000	2015 Annual Plan $000	2015 Actual $000
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	539	537	1,004	1,004
Targeted Rates	7,929	8,161	7,949	7,934
Subsidies & Grants for Operating expenditure	167	173	85	184
Fees & Charges	3,987	4,153	9,146	10,204
Internal Charges Recovered	-	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	1,355	1,398	2,292	1,685
Total Sources of Operating Funding	**13,977**	**14,422**	**20,476**	**21,011**
Applications of Operating Funding				
Payments to Staff and Suppliers	11,323	11,765	15,002	15,161
Finance Costs	718	657	636	543
Internal Charges Applied	1,908	1,987	4,256	4,357
Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	**13,949**	**14,409**	**19,894**	**20,061**
Surplus/(Deficit) of Operating Funding	**28**	**13**	**582**	**950**
Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	-	-	-	-
Development and Financial Contributions	-	-	-	-
Increase/(Decrease) in Debt	(1,162)	(1,080)	(4,695)	(1,593)
Gross Proceeds from Sale of Assets	-	-	-	-
Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	**(1,162)**	**(1,080)**	**(4,695)**	**(1,593)**
Applications of Capital Funding				
Capital Expenditure				
- to meet additional demand	23	58	31	1
- to replace existing assets	13	47	-	-
- to improve the level of service	25	60	20	20
Increase/(Decrease) in Reserves	(1,195)	(1,232)	(4,164)	(664)
Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	**(1,134)**	**(1,067)**	**(4,113)**	**(643)**
Surplus/(Deficit) of Capital Funding	**(28)**	**(13)**	**(582)**	**(950)**
Funding Balance	**-**	**-**	**-**	**-**

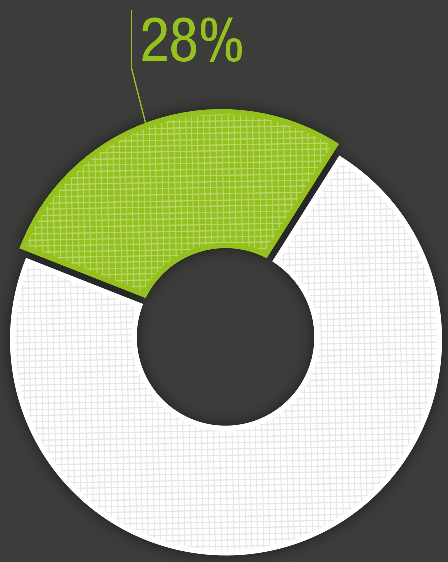
Significant Cost Of Services Variance
Revenue is above estimate by $535k with most of this amount due to higher than forecast solid waste user charges

Significant Capital Expenditure
Not Applicable

Significant Capital Expenditure Variances
Not Applicable

Summary of internal borrowings				
Activity	30 June 2015 Internal loan balance $000	Total funds repaid in the year $000	Total funds borrowed during the year $000	Interest paid in the year $000
Environmental management	843	138	0	51

AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of **$72,068,000** (excluding depreciation)

Environment expenditure of **$20,061,000**

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
2014/15	30.52%	40%	The target has proven difficult to achieve for several reasons: 1. The size and complexity of the District Plan has made it difficult for people to understand what requires consent and complete an assessment of environmental effects. 2. Government changes to the Resource Management Act (RMA), that came into effect on 3 March 2015, increased the amount of material and assessment that must be provided with an application. This meant every application must be assessed against the objectives and policies of the District Plan, and also Part 2 matters of the RMA, making it more complex for a lay person to lodge their own application. 3. Initiatives such as new application forms and revised guidance material have been introduced to encourage applications made by the owner as applicant. In recognition of the three matters identified above, a new initiative targeting non-planning professionals (NPPs) such as architects, house builders and draughtsmen was launched. This recognises that NPPs are now lodging a large proportion of applications on behalf of their clients. Training with NPPs was provided and a direct contact for assistance was established. We have subsequently revised this KPI to break it down further, to show three categories: 1. Applications lodged by planning professionals e.g. planning consultants, surveyors and lawyers 2. Applications lodged by non-planning professionals 3. Applications lodged by the owner as applicant (lay people) We would hope to see the proportion of applications lodged by categories 2 and 3 above increase gradually over time.

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

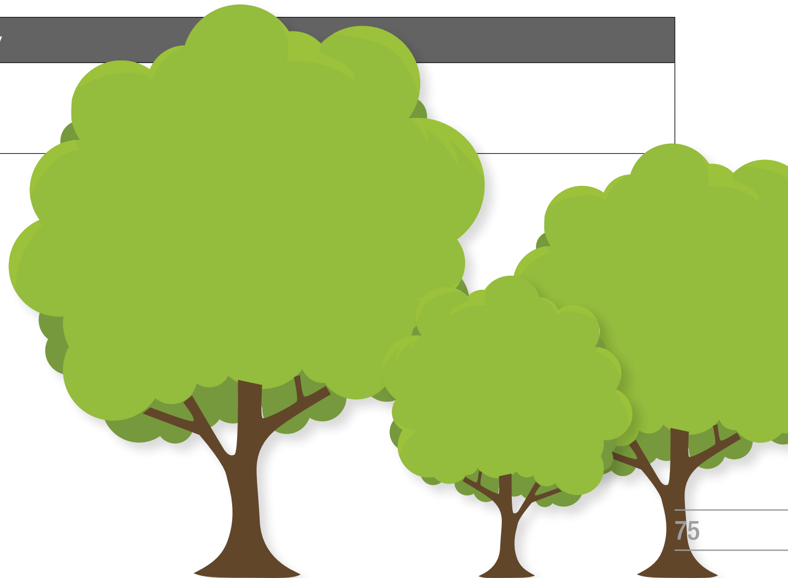
Year	Result	Target	Commentary
2014/15 a) Notified b) Non-notified	 a) $16,000 b) $1,279	 <$12,000 <$1,500	The target for notified consents has not been achieved. It is an expensive process to call for submissions, hold a hearing, and issue a report and decision, and much of the cost is Commissioner time. Council has used s.100 on a number of occasions to avoid the need for a hearing when there are no submitters wanting to be heard. Council also recommends a single Commissioner sits where possible to save on applicant costs. The target for non-notified consents has been achieved. This is pleasing, as the vast majority of consents (95%) are processed on a non-notified basis.

KPI: Percentage of resource consents processed within statutory timeframes

Year	Result	Target	Commentary
2013/14	100%	100%	100% of resource consents have been processed within statutory timeframes.
2014/15	100%	100%	

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.



The KPI 'Total resource consents numbers compared to regional economic growth' originally detailed in the Annual Plan 2014/15 has been removed from the performance framework. Following investigation, this indicator was not meaningful.

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

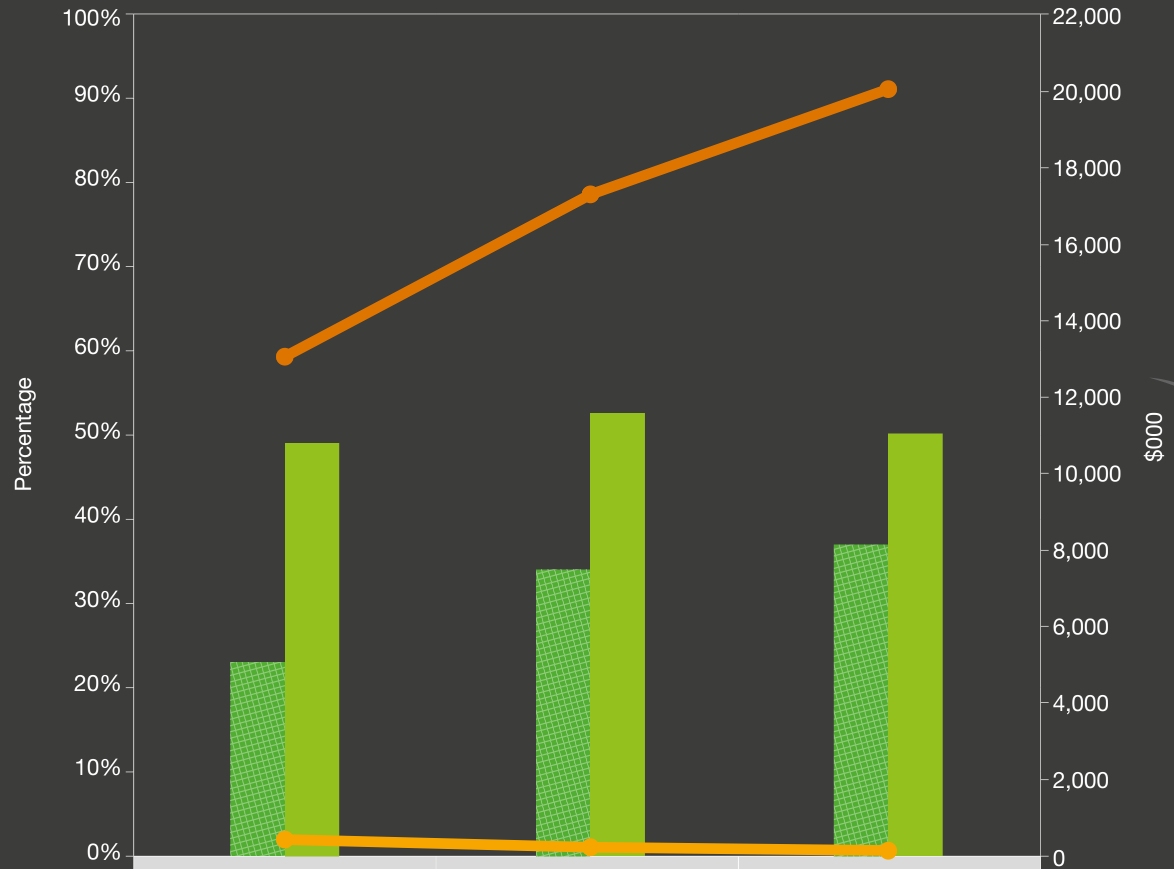
Year	Result	Target	Commentary
2014/15	37.4%	50%	This is the first year satisfaction has been measured through the Resident and Ratepayers Satisfaction survey. The result was split equally between those who said they were satisfied (37.4%), neutral (32.1%) and unsatisfied 30.5%. Environmental protect covers a number of activities, including recycling, storm water maintenance and wastewater treatment. During 2015/16 the Council's work programme will include a number of projects focused on protecting the environment. These include Project Shotover, Waste Management Strategy, trade waste enforcement and education, and a pilot programme for an Eco Design Advisor. The Council continues to monitor performance on a monthly basis of pollution related RFS (see below)

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

Year	Result	Target	Commentary
2014/15	95%	100%	43 pollution related RFS were received this year, with two not resolved within the specified timeframe. One was due to a blocked stormwater pipe, and the other an oil spill onto a road.

OVERALL PERFORMANCE OF ENVIRONMENT

Impact of expenditure on service performance



	2012/2013	2013/2014	2014/2015
Satisfaction with resource consents	23	33.8	36.9
Satisfaction with LIM reports	48.9	52.5	50.1
Opex	13,039	17,322	20,061
Capex	423	80	21

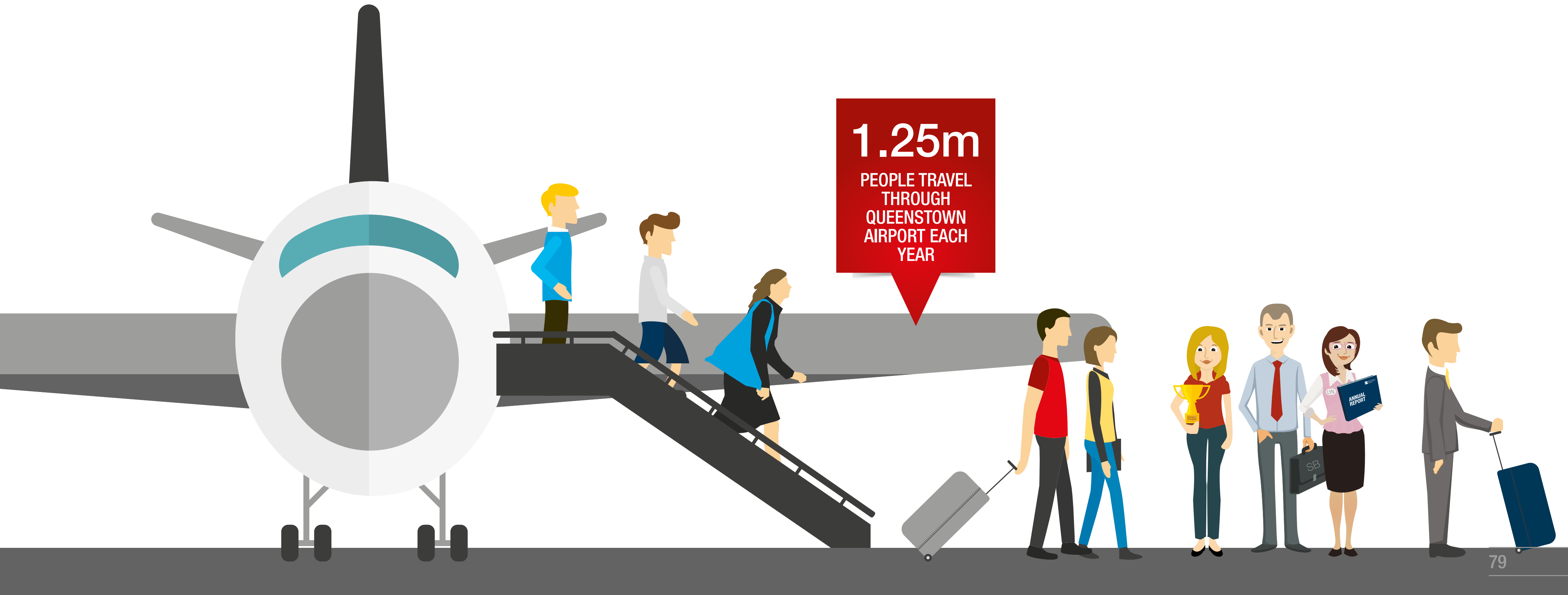
Satisfaction with resource consents shows considerable improvement from 2012/13 levels. Although dipping slightly, satisfaction with LIM reports remains higher than 2012/13. An overspend of $860k in the Engineering and Resource departments was due to budgeting of onchargeable costs net, rather than gross. Therefore, the majority of this variance is offset by income. This total expense variance has been offset by far less Private Plan Changes than budgeted for the 14/15 year, a positive variance of $1.0m.

Operational expenditure increased in 2013/14 due to the amalgamation of Lakes Environmental and Council.

ECONOMY

The District has a resilient and diverse economy.

Why should you care?



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 is currently undertaking a review of the film office.

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 2012-2022

The Council consulted on a draft economic development strategy during this year. Following feedback from the community, the Council no longer plans to form an economic development unit. Instead, the Council is establishing Memorandums of Understanding (MOUs) with the business community to undertake projects. Examples include the establishment of a new business hub in Wanaka, and funding for a study of Downtown Queenstown.

HOW MUCH IT COST

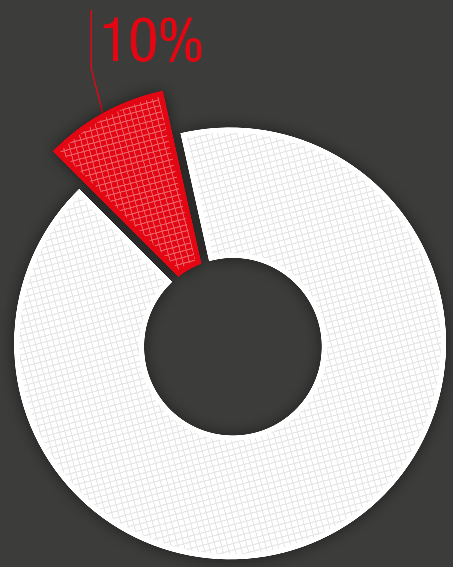
Breakdown of service cost

ECONOMIC DEVELOPMENT	2014 LTP $000	2015 LTP $000	2015 Annual Plan $000	2015 Actual $000
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	784	784	1,361	1,311
Targeted Rates	3,742	3,810	3,742	3,740
Subsidies & Grants for Operating expenditure	-	-	-	-
Fees & Charges	6,464	6,657	3,017	3,886
Internal Charges Recovered	-	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	-	-	-	2,361
Total Sources of Operating Funding	**10,990**	**11,251**	**8,120**	**11,298**
Applications of Operating Funding				
Payments to Staff and Suppliers	8,785	9,010	5,919	6,301
Finance Costs	1,094	1,091	1,074	848
Internal Charges Applied	244	256	105	148
Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	**10,123**	**10,357**	**7,098**	**7,297**
Surplus/(Deficit) of Operating Funding	**867**	**894**	**1,022**	**4,001**
Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	-	-	-	-
Development and Financial Contributions	-	-	-	-
Increase/(Decrease) in Debt	(177)	(258)	(271)	(1,227)
Gross Proceeds from Sale of Assets	-	-	-	359
Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	**(177)**	**(258)**	**(271)**	**(868)**
Applications of Capital Funding				
Capital Expenditure				
- to meet additional demand	189	132	163	74
- to replace existing assets	303	276	243	166
- to improve the level of service	356	274	398	135
Increase/(Decrease) in Reserves	(158)	(46)	(53)	2,759
Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	**690**	**636**	**751**	**3,133**
Surplus/(Deficit) of Capital Funding	**(867)**	**(894)**	**(1,022)**	**(4,001)**
Funding Balance	**-**	**-**	**-**	**-**

Significant Cost Of Services Variance	Significant Capital Expenditure	Significant Capital Expenditure Variances
Revenue is above estimate by $3.18m with most of this amount due to the lump sum paid in relation to the outsourcing of Council holiday parks	Not Applicable	Not Applicable

Summary of internal borrowings				
Activity	30 June 2015 Internal loan balance $000	Total funds repaid in the year $000	Total funds borrowed during the year $000	Interest paid in the year $000
Economic development	1,433	120	13	80

AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of **$72,068,000** (excluding depreciation)

Economy expenditure of **$7,297,000**

How we performed

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

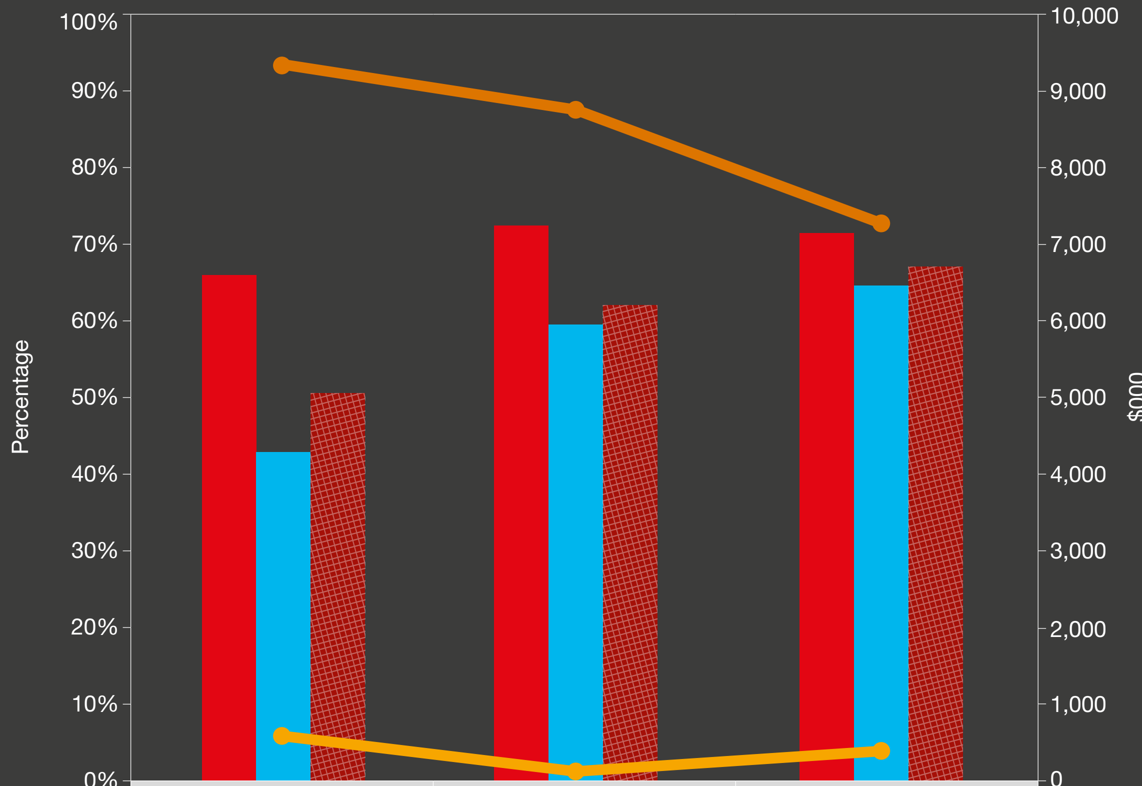
KPIs under this outcome have since been revised and will be reported in 2015/16 Annual report.

These KPIs are:

- *Percentage of commercial ratepayers satisfied with how the tourism promotion rate is being used to market the district*
- *Growth in new and emerging sectors*

OVERALL PERFORMANCE OF ECONOMY

Impact of expenditure on the level of service for economy



	2012/2013	2013/2014	2014/2015
Satisfaction with Destination Queenstown	66.1	72.6	71.4
Satisfaction with Arrowtown Promotional Board	43	59.3	64.5
Satisfaction with Lake Wanaka Tourism	50.6	61.7	66.7
Opex	9,458	8,711	7,297
Capex	583	121	374

Satisfaction with the Regional Tourism Organisations (RTOs) remains consistently high, despite a reduction in operating budget.

LOCAL DEMOCRACY

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

Why should you care?

BETWEEN 2013/14 AND 2014/15 THE NUMBER OF RATEPAYERS ENGAGING IN COUNCIL CONSULTATION DOUBLED. HOWEVER, THIS WAS STILL ONLY 4% OF THE POPULATION.

MAKE SURE YOU HAVE YOUR SAY ON THE THINGS THAT MATTER.

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 long-term 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
Mayor Vanessa van Uden
Cr Calum MacLeod
Mr Stuart McLauchlan (Chair)
Mr Ken Mathews

District Licensing Committee
Mr Bill Unwin
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.

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 2012-2022

- A New Councillor was elected to the Arrowtown ward, Scott Stevens replaced Councillor Lex Perkins.
- The Council appointed a joint Emergency Management Officer with Central Otago District Council.

HOW MUCH IT COST

Breakdown of service cost

GOVERNANCE	2014 LTP $000	2015 LTP $000	2015 Annual Plan $000	2015 Actual $000
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	-	-	-	-
Targeted Rates	4,569	4,676	2,349	2,394
Subsidies & Grants for Operating expenditure	-	-	-	-
Fees & Charges	-	-	18	14
Internal Charges Recovered	-	-	-	-
Fuel Tax, Fines, Infringement Fees & Other Receipts	3,702	3,633	3,038	3,241
Total Sources of Operating Funding	**8,271**	**8,309**	**5,405**	**5,649**
Applications of Operating Funding				
Payments to Staff and Suppliers	1,979	1,989	1,613	1,651
Finance Costs	-	-	-	-
Internal Charges Applied	2,797	2,899	734	810
Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	**4,776**	**4,888**	**2,347**	**2,461**
Surplus/(Deficit) of Operating Funding	**3,495**	**3,421**	**3,058**	**3,188**
Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	-	-	-	-
Development and Financial Contributions	-	-	-	-
Increase/(Decrease) in Debt	-	-	-	-
Gross Proceeds from Sale of Assets	-	-	-	-
Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	**-**	**-**	**-**	**-**
Applications of Capital Funding				
Capital Expenditure				
- to meet additional demand	-	-	-	-
- to replace existing assets	-	-	-	-
- to improve the level of service	-	-	-	-
Increase/(Decrease) in Reserves	3,495	3,421	3,058	3,188
Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	**3,495**	**3,421**	**3,058**	**3,188**
Surplus/(Deficit) of Capital Funding	**(3,495)**	**(3,421)**	**(3,058)**	**(3,188)**
Funding Balance	**-**	**-**	**-**	**-**

Significant Cost Of Services Variance
Not applicable

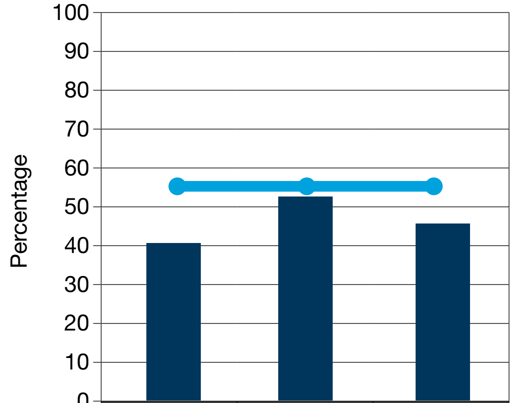
Significant Capital Expenditure
Not applicable

Significant Capital Expenditure Variances
Not applicable

How we performed

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

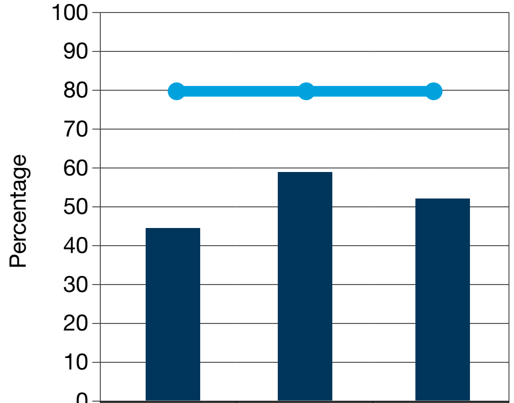
KPI: Percentage of ratepayers who are satisfied with Council consultation



	2012/2013	2013/2014	2014/2015
Result	40.6	53.9	46.2
Target	55	55	55

Satisfaction with Council consultation continues to track above 2012/13 levels. Large consultations were conducted this year for Plan Change 50, Queenstown Transport Strategy, and Special Housing.

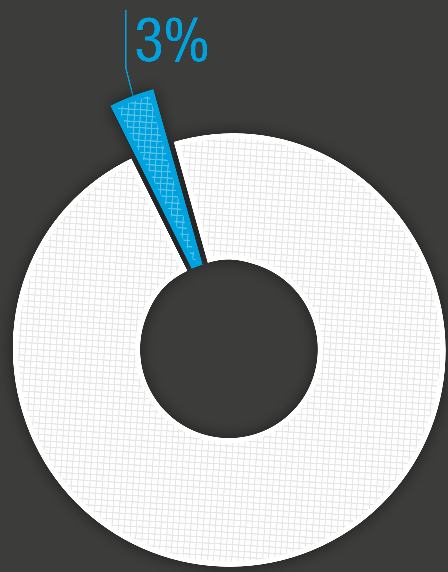
KPI: Percentage of ratepayers who are satisfied with Elected Member performance



	2012/2013	2013/2014	2014/2015
Result	44.1	59.3	51.9
Target	80	80	80

Satisfaction with Elected Members continues to track above 2012/13 levels. It is likely that both this result and the consultation result have been impacted by general dissatisfaction with temporary transport solutions and traffic congestion.

AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of **$72,068,000** (excluding depreciation)

Local democracy expenditure of **$2,461,000**

FINANCIAL MANAGEMENT

Council expenditure is cost effective and sustainable.

Why should you care?

COUNCIL'S FINANCE TEAM PROCESSED

14,799 INVOICES

IN 2014/15, RANGING FROM ABANDONED VEHICLE SALES, LAND INFORMATION MEMORANDUMS (LIM), TRAFFIC MANAGEMENT AND WATERWAYS SALVAGE.

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 development and careers;
- Leadership and employment relations; and
- Systems polices and processes.

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.

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:

- 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; and the
- Litter Act 1979.

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.

HOW MUCH IT COST

Breakdown of service 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 customer calls that meet the service level (answered within 20 seconds)

Year	Result	Target	Commentary
2013/14	71.96%	Not set for this year	The number of customer calls meeting the service level is now performing above the target of 80%, which demonstrates a significant improvement from 2013/14, and a direct response to appropriate resourcing of the Customer Service Team.
2014/15	81.69%	80%	

KPI: Percentage of rates invoices that are sent via email

Year	Result	Target	Commentary
2013/14	10.74%	Tracking towards 100%	This KPI continues to track steadily, and a targeted campaign in 2015/16 will ensure continued improvement.
2014/15	14.80%	Tracking towards 100%	

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

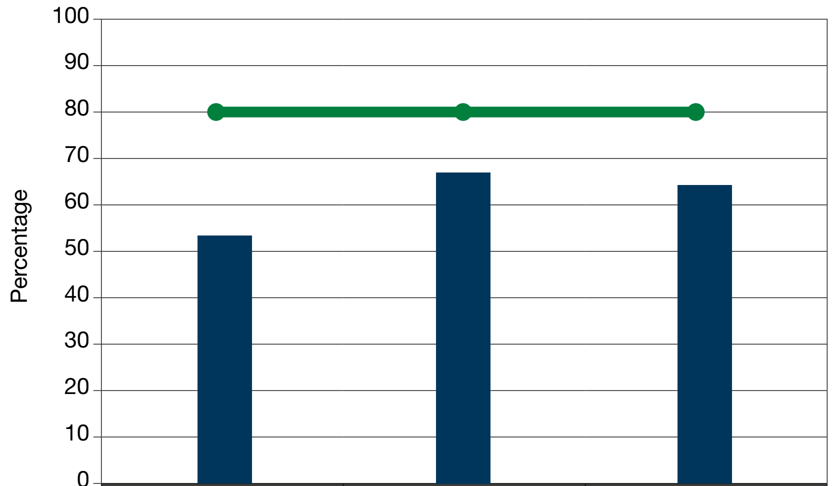
a) Official Information Act (OIA) Requests within 20 days

Year	Result	Target	Commentary
2013/14	94%	100%	A higher than usual volume of OIA requests were received during 2014/15. The majority of these related to significant projects including Plan Change 50, Convention Centre and Special Housing Areas. 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 the information was provided within a day of the deadline.
2014/15	89.77%	100%	

b) Councillor enquiries within 5 days

Year	Result	Target	Commentary
2013/14	61.71%	100%	Although not meeting the target of 100%, this measure shows significant improvement from 2013/14. Councillor enquires are monitored and now reported in the monthly report to Elected Members.
2014/15	93.14%	95%	

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



	2012/2013	2013/2014	2014/2015
Result	53.3	66.9	64.1
Target	80	80	80

Although the result is below target, satisfaction remains well above the 2012/13 level. This is the result of increased focus on customer service, including efficiency in processing of Requests for Service, improved and growing social media engagament, emergency management engagment with smaller communities, and event and grant funding.

KPI: Weighted average interest rate

Year	Result	Target	Commentary
2013/14	5.44%	<6.50%	Consistently below the target, as interest rates have not increased as per forecast.
2014/15	5.31%	<6%	

KPI: Debt servicing to rates revenue

Year	Result	Target	Commentary
2013/14	10.5%	Not set	The result for 14/15 is an improvement on the previous year and reflects lower borrowing costs.
2014/15	10%	<15%	

KPI: Percentage of debt owing 90 days plus

Year	Result	Target	Commentary
2013/14	24%	Not set	This result excludes rates debtors. There are a large number of historic infringement and sundry debtors which are deemed doubtful and need to be written off.
2014/15	41.22%	<30%	

KPI: Rates as a percentage of household income

Year	Result	Target	Commentary
2013/14	2.75%	<3%	The result for 14/15 is very similar to the year before and reflects low rates increases. The household income figure is based on 2013 census data.
2014/15	2.78%	<3%	

KPI: Capex to depreciation ratio

Year	Result	Target	Commentary
2013/14	1.64	1	The target has been comfortably met despite the large amount of capex deferred to 2015/16
2014/15	1.46	1	

Section 03: Financial statements

STATEMENT OF FINANCIAL PERFORMANCE

		Council			Group	
		2015	Budget	2014	2015	2014
For the Financial Year Ended 30 June 2015	**Notes**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Operating Revenue						
Revenue from non-exchange transactions						
Rates revenue	2 (a)	56,808	56,560	55,401	56,526	55,110
Other revenue	2 (a)	34,901	36,179	31,131	34,901	31,105
Revenue from exchange transactions						
Other revenue	2 (b)	24,653	19,192	19,730	46,087	38,813
Other gains/(losses)	2 (b)	7,503	-	1,906	7,461	1,835
Total Revenue	**2 (g)**	**123,865**	**111,931**	**108,168**	**144,975**	**126,863**
Operating Expenditure						
Employee benefits expense	2 (c)	16,374	16,594	16,051	18,750	18,116
Depreciation and amortisation expense	2 (d)	21,478	21,128	20,387	25,709	24,288
Finance costs	2 (e)	5,819	7,566	5,951	6,696	7,303
Other expenses	2 (f)	49,875	42,467	45,720	55,214	49,883
Total Operating Expenditure	**2 (g)**	**93,546**	**87,755**	**88,109**	**106,369**	**99,590**
Operating surplus before income tax		30,319	24,176	20,059	38,606	27,273
Income tax expense	3	-	-	-	3,194	3,351
Operating Surplus for the Year		**30,319**	**24,176**	**20,059**	**35,412**	**23,922**
Operating surplus attributable to:						
- Council	19	30,319	24,176	20,059	33,316	22,305
- Non-controlling interest	20	-	-	-	2,096	1,617
		30,319	**24,176**	**20,059**	**35,412**	**23,922**

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

		Council			Group	
	Notes	2015	Budget	2014	2015	2014
For the Financial Year Ended 30 June 2015		$'000	$'000	$'000	$'000	$'000
Surplus for the year		30,319	24,176	20,059	35,412	23,922
Other Comprehensive Revenue and Expense May be reclassified subsequently to surplus or deficit when specific conditions are met						
Gain/(loss) on revaluation	18 (a)	-	-	112,512	-	145,862
Income tax relating to revaluation	18 (a)	-	-	-	-	(1,695)
Gain/(loss) on cash flow hedging	18 (d)	-	-	-	(900)	694
Income tax relating to cash flow hedging	18 (d)	-	-	-	252	(194)
Total Other Comprehensive Revenue and Expense		**30,319**	**24,176**	**132,571**	**34,764**	**168,589**
Attributable to:						
- Council		30,319	24,176	132,571	32,830	158,936
- Non-controlling interest		-	-	-	1,934	9,653
		30,319	**24,176**	**132,571**	**34,764**	**168,589**

STATEMENT OF FINANCIAL POSITION

For the Financial Year Ended 30 June 2015	Notes	Council 2015 $'000	Council Budget $'000	Council 2014 $'000	Group 2015 $'000	Group 2014 $'000
Current assets						
Cash and cash equivalents	28	17,207	388	3,140	17,478	3,445
Trade and other receivables from non-exchange transactions	6	6,318	7,084	7,530	6,318	7,530
Trade and other receivables from exchange transactions	6	6,664	2,705	2,424	8,543	4,029
Inventories		27	-	24	27	24
Current tax refundable	3	-	-	107	-	107
Other financial assets	7	13	13	13	13	13
Other current assets	8	486	348	716	631	757
Development properties	9	293	292	293	293	293
Total current assets		**31,008**	**10,830**	**14,247**	**33,303**	**16,198**
Non-current assets						
Investment in subsidiaries	25	5,412	5,412	5,412	-	-
Other financial assets	7	2,145	1,214	1,924	1,457	1,295
Property, plant and equipment	10	1,000,026	1,026,796	988,936	1,195,308	1,171,864
Forestry assets	11	-	-	-	917	839
Intangible assets	12	1,679	-	2,043	4,193	4,468
Investment property	13	66,200	66,332	61,080	66,200	61,080
Total non-current assets		**1,075,462**	**1,099,754**	**1,059,395**	**1,268,075**	**1,239,546**
Total assets		**1,106,470**	**1,110,584**	**1,073,642**	**1,301,378**	**1,255,744**
Current liabilities						
Trade and other payables from exchange transactions	14	14,035	12,959	13,188	17,339	15,283
Borrowings	15	40,223	20,248	40,250	40,223	40,250
Other financial liabilities	16	3,526	3,259	1,977	3,526	2,023
Employee entitlements	17	1,667	-	1,651	1,966	1,931
Current tax payable	3 (c)	-	-	-	1,206	1,774
Total current liabilities		**59,451**	**36,466**	**57,066**	**64,260**	**61,261**

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

STATEMENT OF FINANCIAL POSITION CONTINUED

		Council			Group	
		2015	Budget	2014	2015	2014
For the Financial Year Ended 30 June 2015	**Notes**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-current liabilities						
Borrowings	15	60,911	114,737	61,017	86,171	77,517
Other financial liabilities	16	932	-	702	2,294	1,214
Deferred tax liabilities	3 (d)	-	-	-	7,601	8,385
Total non-current liabilities		**61,843**	**114,737**	**61,719**	**96,066**	**87,116**
Total liabilities		**121,294**	**151,203**	**118,785**	**160,326**	**148,377**
Net assets		**985,176**	**959,381**	**954,857**	**1,141,052**	**1,107,367**
Equity						
Reserves	18	446,632	401,164	440,011	526,117	519,983
Accumulated funds	19	538,544	558,217	514,846	574,458	547,763
Total equity attributable to the Council		985,176	959,381	954,857	1,100,575	1,067,746
Non-controlling interest	20	-	-	-	40,477	39,621
Total equity		**985,176**	**959,381**	**954,857**	**1,141,052**	**1,107,367**

Deputy Mayor
Date 29 October 2015

Chief Executive
Date 29 October 2015

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

STATEMENT OF CHANGES IN EQUITY

Council	Notes	Revaluation Reserves	Operating Reserves	Capital Reserves	Hedging Reserve	Accumulated Funds	Attributable to Equity Holders of Parent	Non-Controlling Interest	TOTAL EQUITY
Council as at 30 June 2015		**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2014	18/19	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	18/19	7,662	96	(1,137)	-	(6,621)	-	-	-
Balance at 30 June 2015		**420,719**	**16,058**	**9,855**	**-**	**538,544**	**985,176**	**-**	**985,176**
Council as at 30 June 2014									
Balance at 1 July 2013	18/19	299,786	13,940	11,520	-	497,040	822,286	-	822,286
Total Comprehensive Revenue and Expense for the year		112,512	-	-	-	20,059	132,571	-	132,571
Transfers from/(to) retained earnings	18/19	759	2,022	(528)	-	(2,253)	-	-	-
Balance at 30 June 2014		**413,057**	**15,962**	**10,992**	**-**	**514,846**	**954,857**	**-**	**954,857**

STATEMENT OF CHANGES IN EQUITY CONTINUED

Group	Notes	Revaluation Reserves	Operating Reserves	Capital Reserves	Hedging Reserve	Accumulated Funds	Attributable to Equity Holders of Parent	Non-Controlling Interest	TOTAL EQUITY
Group as at 30 June 2015		**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2014	18/19	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	18(d)/19	-	-	-	(487)	33,316	32,829	1,935	34,764
Dividends paid	20	-	-	-	-	-	-	(1,079)	(1,079)
Transfers from/(to) retained earnings	18	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**
Group as at 30 June 2014									
Balance at 1 July 2013	18/19	356,035	13,940	11,520	(396)	527,711	908,810	30,878	939,688
Total Comprehensive Revenue and Expense for the year	18(d)/19	136,256	-	-	375	22,305	158,936	9,653	168,589
Dividends Paid	20	-	-	-	-	-	-	(910)	(910)
Transfers from/(to) retained earnings	18	759	2,022	(528)	-	(2,253)	-	-	-
Balance at 30 June 2014		**493,050**	**15,962**	**10,992**	**(21)**	**547,763**	**1,067,746**	**39,621**	**1,107,367**

STATEMENT OF CASH FLOWS

For the Financial Year Ended 30 June 2015	Notes	Council 2015 $'000	Council Budget $'000	Council 2014 $'000	Group 2015 $'000	Group 2014 $'000
Cash flows from operating activities						
Receipts from customers		97,162	107,127	93,810	121,262	115,431
Interest received		420	-	-	420	-
Dividends received		3,238	-	2,730	-	-
Payments to suppliers and employees		(61,707)	(60,202)	(62,369)	(69,003)	(68,241)
Finance costs paid		(5,114)	(7,566)	(5,951)	(6,093)	(7,222)
Income tax paid		-	-	-	(4,294)	(2,379)
Net GST (payment) /receipt		1,266	-	254	1,266	254
Net cash inflow/(outflow) from operating activities	**28(c)**	**35,265**	**39,359**	**28,473**	**43,558**	**37,842**
Cash flows from investing activities						
Purchase of investments		(161)	-	(43)	(161)	(43)
Sale of other financial assets		-	-	-	-	-
Sale of investment property		130	-	(568)	130	(568)
Purchase of property, plant and equipment		(20,963)	(58,245)	(19,701)	(36,751)	(23,763)
Purchase of investment property		(8)	-	(46)	(8)	(46)
Purchase of intangible assets		(569)	-	(1,283)	(789)	(1,339)
Proceeds from sale of property, plant and equipment		667	-	174	667	174
Net cash inflow/(outflow) from investing activities		**(20,904)**	**(58,245)**	**(21,467)**	**(36,912)**	**(25,585)**
Cash flows from financing activities						
Proceeds from borrowings		39,956	38,163	39,892	48,716	39,892
Repayment of borrowings		(40,250)	(19,271)	(45,553)	(40,250)	(49,666)
Dividends paid		-	-	-	(1,079)	(910)
Net cash inflow /(outflow) from financing activities		**(294)**	**18,892**	**(5,661)**	**7,387**	**(10,684)**
Net increase/(decrease) in Cash and cash equivalents		14,067	6	1,345	14,033	1,573
Cash and cash equivalents at the beginning of the financial year		3,140	382	1,795	3,445	1,872
Cash and cash equivalents at the end of the financial year		**17,207**	**388**	**3,140**	**17,478**	**3,445**
Represented by:						
Cash and cash equivalents		17,207	388	3,140	17,478	3,445
Bank overdraft		-	-	-	-	-
		17,207	**388**	**3,140**	**17,478**	**3,445**

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

FUNDING IMPACT STATEMENT - WHOLE COUNCIL (QLDC ONLY)

For the Financial Year Ended 30 June 2015	2014 Annual Plan $000	2014 Actual $000	2015 Annual Plan* $000	2015 Actual $000
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	2,816	2,678	2,838	2,757
Targeted Rates	53,311	53,280	54,422	54,666
Subsidies & Grants for Operating purposes	3,749	3,482	3,423	4,189
Fees & Charges	21,386	18,990	17,823	18,897
Interest & Dividends from Investments	2,858	2,730	3,038	3,733
Local Authorities Fuel Tax, Fines, Infringement Fees & Other Receipts	2,317	2,547	3,430	7,624
Total Sources of Operating Funding	**86,437**	**83,707**	**84,974**	**91,866**
Applications of Operating Funding				
Payments to Staff and Suppliers	63,014	61,771	59,061	66,249
Finance Costs	7,869	5,951	7,566	5,819
Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	**70,883**	**67,722**	**66,627**	**72,068**
Surplus/(Deficit) of Operating Funding	**15,554**	**15,985**	**18,347**	**19,798**
Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	7,173	4,441	10,446	3,651
Development and Financial Contributions	5,474	5,520	10,563	7,853
Increase/(Decrease) in Debt	2,662	(5,661)	18,892	(294)
Gross Proceeds from sale of assets	-	174	-	798
Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	**15,309**	**4,474**	**39,901**	**12,008**
Applications of Capital Funding				
Capital Expenditure				
- to meet additional demand	13,788	7,489	20,495	6,983
- to replace existing assets	8,958	7,621	11,238	8,881
- to improve the level of service	8,119	6,959	26,512	6,482
Increase/(Decrease) in Reserves	(2)	(1,610)	3	9,460
Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	**30,863**	**20,459**	**58,248**	**31,806**
Surplus/(Deficit) of Capital Funding	**(15,554)**	**(15,985)**	**(18,347)**	**(19,798)**
Funding Balance	**-**	**-**	**-**	**-**

***** *Excluding internal charges*

RECONCILIATION OF FUNDING IMPACT STATEMENT TO STATEMENT OF FINANCIAL PERFORMANCE

For the Financial Year Ended 30 June 2015	2014 Annual Plan $000	2014 Actual $000	2015 Annual Plan* $000	2015 Actual $000
INCOME				
Statement of Comprehensive Revenue and Expense:				
Total Operating Income	**104,570**	**108,168**	**111,931**	**123,865**
Funding Impact Statement:				
Total Sources of Operating Funding	86,437	83,707	84,974	91,866
Plus Sources of Capital Funding:				
Subsidies & Grants for Capital expenditure	7,173	4,441	10,446	3,651
Development and Financial Contributions	5,474	5,520	10,563	7,853
Other Dedicated Capital Funding	-	-	-	-
Plus Non-Cash Items:				
Vested Assets	5,486	12,594	5,948	12,992
Other Gains/(Losses)	-	1,906	-	7,503
Total Income	**104,570**	**108,168**	**111,931**	**123,865**
EXPENDITURE				
Statement of Comprehensive Revenue and Expense:				
Total Operating Cost	**91,549**	**88,109**	**87,755**	**93,546**
Funding Impact Statement:				
Total Applications of Operating Funding	70,883	67,722	66,627	72,068
Plus Non-Cash Items:				
Depreciation & Amortisation Expense	20,666	20,387	21,128	21,478
Other	-	-	-	-
Total Expenditure	**91,549**	**88,109**	**87,755**	**93,546**

* *Excluding internal charges*

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.

Comparative amounts in the financial statements may not correspond to the 2014 financial statements due to reclassifications of 2014 balances. This has been done to provide a more meaningful comparison with current year classifications.

Effect of First-Time Adoption of PBE Standards on Accounting Policies and Disclosures

This is the first set of financial statements of the Council and Group that is presented in accordance with PBE Standards. The Council and Group have previously reporting in accordance with NZ IFRS (PBE).

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirements of a PBE standard are different to requirements under NZ IFRS (PBE) as outlined below. Some comparatives have been reclassified in order to be consistent with disclosure for the current year.

The changes in accounting policies and disclosures caused by first time application of PBE accounting standards are as follows:

(a) PBE IPSAS 1: Presentation of Financial Statements

There are minor differences between PBE IPSAS 1 and the equivalent NZ IFRS (PBE) standard. These differences have an effect on disclosure only. The main changes in disclosure resulting from the application of PBE IPSAS 1 are the following:

Receivables from exchange and non-exchange transactions:

In the financial statements of the previous financial year, receivables were presented as a single total in the statement of financial position. However, PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the statement of financial position. This requirement affected the presentation of both current and comparative receivables figures.

(b) PBE IPSAS 23: Revenue from Non-Exchange Transactions

PBE IPSAS 23 prescribes the financial reporting requirements for revenue arising from non-exchange transactions. There is no equivalent financial reporting standard under NZ IFRS. The Council and Group accounting policies for the recognition of revenue in prior years are consistent with the requirements of PBE IPSAS 23. Accordingly, the only impact is a change in presentation of revenue where revenue from non-exchange transactions is separately disclosed to revenue from exchange transactions.

The following accounting policies which materially affect the measurement of results and financial position have been applied:

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 struck 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.

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

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, a deferred revenue liability is recognised instead of revenue.

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 profit 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 profit. 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 a 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 also 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 in banks 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 does 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 profit or loss depends on the nature of the hedging relationship. QAC designates certain derivatives as cashflow 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 uses a variety of methods and makes assumptions that are based on market conditions existing as 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 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 non-financial 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 profit or loss.

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

- Infrastructure 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 accummulated 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 2014 to fair value. The runway was independently valued by Beca Valuations Limited (Beca), registered valuers, as at 30 June 2014. 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 - Basecourse	2.10%	SL
Roading - Bridges	2.60%	SL
Roading - Surfacing	8.60%	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 are 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 the 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 it's 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 (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 (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 (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 cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

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 invests in as part of its 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 NZ IAS-27 '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 profit and loss 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 identified in an economically feasible manner with 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, wastewater 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.

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 profit 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 capitalization 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 are 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 period ended 30 June 2015.

Valuation of Infrastructure Assets

Independent valuations are used to determine the fair value of infrastructure assets. The most common and accepted methods for assessing the fair value of infrastructure assets for public benefits 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 infrastructure 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.

Standards issued and not yet effective and not early adopted

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 will apply these updated standards in preparing its 30 June 2016 financial statements. The Council expects there will be minimal or no change in applying these updated accounting standards.

2. Surplus From Operations

For the Financial Year Ended 30 June 2015	Notes	Council 2015 $'000	Council 2014 $'000	Group 2015 $'000	Group 2014 $'000
(a) Revenue from non-exchange transactions					
Revenue from non-exchange transactions consisted of the following items:					
Rates Revenue:					
General rates		2,142	2,121	2,139	2,118
Targeted rates		54,666	53,280	54,387	52,992
		56,808	**55,401**	**56,526**	**55,110**
Other Revenue:					
User charges - subsidised		3,333	3,216	3,333	3,191
Development contributions		7,853	5,520	7,853	5,520
Grants and subsidies		7,840	7,924	7,840	7,924
Vested assets		12,992	12,594	12,992	12,594
Other revenue		2,883	1,877	2,883	1,876
		34,901	**31,131**	**34,901**	**31,105**

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

Rating base information

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

	30 June 2014
The number of rating units	22,683
The total land value of rating units	9,732,366,850
The total capital value of rating units	17,057,155,000

2. Surplus From Operations continued

		Council		Group	
		2015	2014	2015	2014
For the Financial Year Ended 30 June 2015	**Notes**	**$'000**	**$'000**	**$'000**	**$'000**
(b) Revenue from exchange transactions					
Revenue from exchange transactions consisted of the following items:					
Other Revenue:					
User charges - full cost recovery		15,564	15,774	17,667	17,659
Landing dues		-	-	15,005	13,541
Dividend income		3,238	2,730	-	-
Operating lease rental revenue		-	-	6,883	5,743
Other revenue - full cost recovery		5,356	1,226	6,037	1,866
Finance Income:					
Bank deposits		491	-	491	-
Inland Revenue Department		4	-	4	4
		24,653	**19,730**	**46,087**	**38,813**
Other Gains/(Losses)					
Gain/(loss) on revaluation of investment property		7,663	1,193	7,663	1,193
Gain/(loss) on disposal of investment property		(40)	(576)	(40)	(576)
Gain/(loss) on disposal of property, plant and equipment		50	171	(11)	141
Gain/(loss) in fair value of shares		2	(2)	2	(2)
Gain/(loss) in fair value of forestry assets		-	-	77	(163)
Gain/(loss) in fair value of forestry investment		58	(122)	-	-
Gain/(loss) in fair value of derivative financial instruments classified at fair value through surplus or deficit		(230)	1,242	(230)	1,242
		7,503	**1,906**	**7,461**	**1,835**

2. Surplus From Operations continued

For the Financial Year Ended 30 June 2015	Notes	Council 2015 $'000	Council 2014 $'000	Group 2015 $'000	Group 2014 $'000
(c) Employee Benefits Expense					
Salaries and wages		16,374	16,051	18,750	18,116
Other employee benefits		-	-	-	-
		16,374	**16,051**	**18,750**	**18,116**
(d) Depreciation and Amortisation Expense					
Depreciation of property, plant and equipment	10	20,545	19,949	24,645	23,797
Amortisation of intangible assets	12	933	438	1,064	491
		21,478	**20,387**	**25,709**	**24,288**
(e) Finance Costs					
Interest on loans		5,819	5,951	6,696	7,303
Other interest expense		-	-	-	-
		5,819	**5,951**	**6,696**	**7,303**
(f) Other Expenses					
Increase/(decrease) in allowance for doubtful debts		670	357	684	357
Operating lease rental expenses:					
Minimum lease payments		880	937	880	937
Loss provision - claims against Council		-	(1,000)	-	(1,000)
Operating expenses		48,325	45,426	53,650	49,589
		49,875	**45,720**	**55,214**	**49,883**

2. Surplus From Operations continued

For the Financial Year Ended 30 June 2015	Council 2015 $'000	Council 2014 $'000
(g) Summary Cost of Services by Activity (Council only)		
(i) Income*		
Governance	3,254	2,747
Community	16,575	9,492
Economic Development	13,860	4,279
Environmental Management	12,073	10,927
Roading and Parking	12,537	12,946
Water Supply	2,586	2,992
Stormwater	2,968	3,517
Wastewater	2,167	4,542
Other	1,037	1,325
Targeted Rates	55,728	54,424
General Rates	2,142	2,121
Internal Rates	(1,062)	(1,044)
Total Income	**123,865**	**108,168**
(ii) Expenditure*		
Governance	2,461	5,497
Community	20,622	19,928
Economic Development	7,448	8,670
Environmental Management	20,364	17,538
Roading and Parking	19,484	18,183
Water Supply	7,732	7,673
Stormwater	2,375	2,541
Wastewater	12,557	9,177
Other	1,565	46
Internal Rates	(1,062)	(1,044)
Total Operating Expenditure	**93,546**	**88,109**

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

For the Financial Year Ended 30 June 2015	Council 2015 $'000	Council 2014 $'000
(iii) Depreciation and Amortisation Expense		
Community	3,502	3,590
Economic Development	151	219
Environmental Management	303	217
Roading and Parking	8,878	8,544
Water Supply	2,427	2,302
Stormwater	1,615	1,547
Wastewater	3,439	3,081
Other	1,163	887
Total Depreciation and Amortisation Expense	**21,478**	**20,387**

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 Profit and Loss

	Council		Group	
	2015	2014	2015	2014
For the Financial Year Ended 30 June 2015	**$'000**	**$'000**	**$'000**	**$'000**
Tax expense/(income) comprises:				
Current tax expense/(credit):				
Current year	-	-	3,718	3,084
Adjustments for prior years	-	-	8	137
	-	**-**	**3,726**	**3,221**
Deferred tax expense/(credit):				
Origination and reversal of temporary differences	-	-	(546)	144
Other movements	-	-	14	-
Adjustments for prior years	-	-	-	(14)
	-	**-**	**(532)**	**130**
Total tax expense/(income)	**-**	**-**	**3,194**	**3,351**
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	30,319	20,059	38,606	27,273
Income tax expense (credit) calculated at 28%	8,489	5,617	10,810	7,637
Non-assessable income and expenses	(8,489)	(5,617)	(7,584)	(4,887)
Reversal of temporary difference	-	-	(22)	478
Adjustments for prior years	-	-	7	123
Other	-	-	(17)	-
	-	**-**	**3,194**	**3,351**
Loss carried forward	-	-	-	-
Tax loss offset	-	-	-	-
	-	**-**	**3,194**	**3,351**
Taxation effect of imputation credits:				
Imputation credits utilised	-	-	-	-
(Over)/under provision of income tax in previous year	-	-	-	-
Income tax expense/(credit)	**-**	**-**	**3,194**	**3,351**

The tax rate used in the above reconciliation is the corporate tax rate of 28% (2014: 28%) payable by New Zealand corporate entities on taxable profits under New Zealand tax law.

3. Income Taxes continued

(b) Income Tax Recognised Directly In Other Comprehensive Income

Deferred tax of $252,009 (2014: $194,430 charge) has been credited directly to other comprehensive income during the year, relating to the fair value movement of derivative financial instruments for Queenstown Airport Corporation. Deferred tax of $1,695,212 was charged to other comprehensive income during the prior year, relating to the fair value movement of fixed assets for Queenstown Airport Corporation.

(c) Current Tax Assets and Liabilities

	Council		Group	
	2015	2014	2015	2014
For the Financial Year Ended 30 June 2015	$'000	$'000	$'000	$'000
Current Tax Refundable:				
Current tax refundable	-	107	-	107
Current Tax Payable:				
Current tax payable	-	-	1,206	1,774

(d) Deferred Tax Balances Comprise

Taxable and deductible temporary differences arising from the following:

	Group			
2015	**Opening Balance $'000**	**Charged to Income $'000**	**Charged to other Comprehensive Income $'000**	**Closing Balance $'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
Provision for doubtful debts	-	-	-	-
Derivatives	144	(14)	252	382
Trade and other payables	-	106	-	106
Losses recognised	-	-	-	-
Gross deferred tax asset/(liability)	**(8,385)**	**532**	**252**	**(7,601)**

	Group			
2014	**Opening Balance $'000**	**Charged to Income $'000**	**Charged to other Comprehensive Income $'000**	**Closing Balance $'000**
Gross deferred tax asset/(liability):				
Property, plant and equipment	(6,645)	448	(1,695)	(7,892)
Intangible assets	(138)	(530)	-	(668)
Employee entitlements	50	(19)	-	31
Provision for doubtful debts	-	-	-	-
Derivatives	338	-	(194)	144
Trade and other payables	29	(29)	-	-
Losses recognised	-	-	-	-
Gross deferred tax asset/(liability)	**(6,366)**	**(130)**	**(1,889)**	**(8,385)**

(e) Imputation Credit Account Balances

For the Financial Year Ended 30 June 2015	Council 2015 $'000	Council 2014 $'000	Group 2015 $'000	Group 2014 $'000
Balance at beginning of year	589	589	8,766	7,595
Taxation paid	-	-	3,715	3,079
Income tax payable	-	-	-	-
Income tax refunded	-	-	-	-
Imputation credits on dividends paid	-	-	(1,679)	(1,416)
Prior year adjustment	-	-	-	(492)
Balance at end of year	**589**	**589**	**10,802**	**8,766**
Imputation credits available directly and indirectly to Council through:				
Council	589	589	589	589
Subsidiaries	-	-	10,213	8,177
	589	**589**	**10,802**	**8,766**

4. Key Management Personnel Compensation

The compensation of the Councillors, Chief Executive, Directors and other senior management, being the key management personnel of the entity, is set out below:

For the Financial Year Ended 30 June 2015	Council 2015 $'000	Council 2014 $'000	Group 2015 $'000	Group 2014 $'000
Councillors				
Remuneration	496	480	496	480
Full-time equivalent members	15	15	15	15
Senior Management Team, including the Chief Executive				
Remuneration	1,129	1,456	1,447	1,736
Full-time equivalent members	5	8	6	9
Directors fees	-	-	178	156
	1,625	**1,936**	**2,121**	**2,372**

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

For the Financial Year Ended 30 June 2015	Council 2015 $'000	Council 2014 $'000	Group 2015 $'000	Group 2014 $'000
Audit fees for financial statement audit	198	192	242	235
Audit of long term plan	131	-	131	-
Audit fees for assurance and related services	-	48	39	86
Fees for tax services	8	11	8	11
	337	**251**	**420**	**332**

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

6. Trade and Other Receivables

	Council		Group	
	2015	2014	2015	2014
For the Financial Year Ended 30 June 2015	$'000	$'000	$'000	$'000
From non-exchange transactions				
Trade receivables (i)	1,173	2,071	1,173	2,071
Infringement receivables (i)	1,126	911	1,126	911
Rates receivables (i)	2,621	1,627	2,621	1,627
New Zealand Transport Agency	2,604	2,207	2,604	2,207
Other (i)	99	1,379	99	1,379
Allowance for doubtful debts (ii)	(1,305)	(665)	(1,305)	(665)
	6,318	**7,530**	**6,318**	**7,530**
From exchange transactions				
Trade receivables (i)	4,737	1,245	6,630	3,138
Other (i)	2,120	1,365	2,120	1,091
Allowance for doubtful debts (ii)	(193)	(186)	(207)	(200)
	6,664	**2,424**	**8,543**	**4,029**
	12,982	**9,954**	**14,861**	**11,559**

(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	
	2015	2014	2015	2014
Trade and Other Receivables (excluding Rates)	**$'000**	**$'000**	**$'000**	**$'000**
Current (0-30 days)	7,662	5,758	9,174	6,969
31-60 days *	291	387	662	718
61-90 days *	210	211	210	249
90 days + *	2,215	1,979	2,215	2,004
	10,378	**8,335**	**12,257**	**9,940**
Rates Receivables				
Current (0-30 days)	894	627	894	627
31 days - 1 Year *	1,128	736	1,128	736
1 Year + *	582	256	582	256
	2,604	**1,619**	**2,604**	**1,619**
Total Receivables	**12,982**	**9,954**	**14,861**	**11,559**

* Amounts are considered past due.

	Council		Group	
	2015	2014	2015	2014
For the Financial Year Ended 30 June 2015	$'000	$'000	$'000	$'000
Disclosed in the financial statements as:				
Current				
Exchange transactions	6,318	7,530	6,138	7,530
Non-exchange transactions	6,664	2,424	8,543	4,029
Non-current	-	-	-	-
	12,982	**9,954**	**14,861**	**11,559**
(iii) Movement in the allowance for doubtful debts:				
Balance at beginning of year	(851)	(862)	(851)	(862)
Transfer of reintergrated CCO's	-	-	-	-
Amounts written off during year	33	375	33	375
Additional allowance recognised in Statement of Financial Performance	(680)	(364)	(694)	(364)
Balance at end of year	**(1,498)**	**(851)**	**(1,512)**	**(851)**

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 believes no further credit provision is required in excess of the allowance for doubtful debts.

7. Other Financial Assets

	Council		Group	
	2015	2014	2015	2014
For the Financial Year Ended 30 June 2015	$'000	$'000	$'000	$'000
Other investments held	1,685	1,464	997	835
Advances to community organisations	460	460	460	460
Short term investments	13	13	13	13
	2,158	**1,937**	**1,470**	**1,308**
Represented by:				
Current	13	13	13	13
Non-current	2,145	1,924	1,457	1,295
	2,158	**1,937**	**1,470**	**1,308**

Other financial assets are recognised at amortised cost. There are no impairment provisions for other financial assets.

Included in other investments held is a 75% share in Lakes Combined Afforestation Committee. The principal activity of this entity is Forestry.

8. Other Current Assets

	Council		Group	
	2015	2014	2015	2014
For the Financial Year Ended 30 June 2015	$'000	$'000	$'000	$'000
Prepayments	486	716	631	757
	486	**716**	**631**	**757**

9. Development Properties

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.

	Council		Group	
	2015	2014	2015	2014
For the Financial Year Ended 30 June 2015	$'000	$'000	$'000	$'000
Land	293	293	293	293
	293	**293**	**293**	**293**

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	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 21) 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

Council 2014

	Cost/ Valuation 1-Jul-13 $'000s	Additions $'000s	Disposals/ Write Offs $'000s	Transfers $'000s	Adjustments $'000s	Transfer to Intangibles $'000s	Revaluation $'000s	Cost/ Valuation 30-Jun-14 $'000s	Accumulated depreciation and impairment charges 1-Jul-13 $'000s	Adjustments $'000s	Accumulated depreciation and impairment charges reversed on revaluation $'000s	Depreciation expense $'000s	Accumulated depreciation reversed on disposal $'000s	Accumulated depreciation and impairment charges 30-Jun-14 $'000s	Carrying amount 30-Jun-14 $'000s
Council Operational Assets															
At Cost															
Land	61,450	1,669	-	(4)	124	-	-	63,239	-	-	-	-	-	-	63,239
Buildings	51,946	106	(1,310)	96	(428)	-	-	50,410	(9,549)	82		(1,160)	-	(10,627)	39,783
Building Improvements	33,276	1,179	(732)	122	216	-	-	34,061	(13,768)	-	-	(1,839)	-	(15,607)	18,454
Plant and Machinery	9,963	266	-	(244)	-	-	-	9,985	(3,781)	-	-	(667)	-	(4,448)	5,537
Motor Vehicles	1,414	-	(22)	-	-	-	-	1,392	(839)	-	-	(142)	11	(970)	422
Furniture and Office Equipment	4,398	371	-	30	-	-	-	4,799	(3,575)	-	-	(247)	-	(3,822)	977
Computer Equipment	3,132	138	-	-	-	(543)	-	2,727	(2,207)	-	-	(331)	-	(2,538)	189
Library Books	3,256	160	-	-	-	-	-	3,416	(2,859)	-	-	(327)	-	(3,186)	230
Total Operational Assets	**168,835**	**3,889**	**(2,064)**	**-**	**(88)**	**(543)**		**170,029**	**(36,578)**	**82**	**-**	**(4,713)**	**11**	**(41,198)**	**128,831**
Council Infrastructural Assets															
At Fair Value															
Water Supply	91,544	5,324	(109)	-	1	-	25,892	122,652	(6,057)	-	6,057	(2,302)	-	(2,302)	120,350
Sewerage	133,131	7,482	(450)	-	(2)	-	20,244	160,405	(8,978)	-	8,978	(3,080)	-	(3,080)	157,325
Stormwater	74,228	4,072	-	-	1	-	18,238	96,539	(4,034)	-	4,034	(1,547)	-	(1,547)	94,992
Roading	475,345	12,028	(4)	-	6	-	8,370	495,745	(20,699)	-	20,699	(8,307)	-	(8,307)	487,438
Total Infrastructural Assets	**774,248**	**28,906**	**(563)**	**-**	**6**	**-**	**72,744**	**875,341**	**(39,768)**	**-**	**39,768**	**(15,236)**	**-**	**(15,236)**	**860,105**
Total Council Property, Plant and Equipment	**943,083**	**32,795**	**(2,627)**	**-**	**(82)**	**(543)**	**72,744**	**1,045,370**	**(76,346)**	**82**	**39,768**	**(19,949)**	**11**	**(56,434)**	**988,936**

The Council's obligation under finance leases (note 21) are secured by the lessors' title to the leased assets which have a carrying amount of $nil (2013: $nil).

10. Property, Plant and Equipment continued

Group 2015

	Cost/ Valuation 1-Jul-14 $'000s	Additions $'000s	Disposals/ Write Offs $'000s	Transfers $'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	Other $'000s	Accumulated depreciation and impairment charges 30-Jun-15 $'000s	Carrying amount 30-Jun-15 $'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 Equipment	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 21) 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

	Group 2014															
	Cost/ Valuation 1-Jul-13	Additions	Disposals/ Write Offs	Transfers	Adjustments	Transfer to Intangibles	Revaluation	Cost/ Valuation 30-Jun-14	Accumulated depreciation and impairment charges 1-Jul-13	Accumulated depreciation and impairment charges reversed on revaluation	Adjust Accumulated depreciation and impairment charges	Depreciation expense	Accumulated depreciation reversed on disposal	Adjustments	Accumulated depreciation and impairment charges 30-Jun-14	Carrying amount 30-Jun-14
	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s
Group Operational Assets																
At Cost																
Land	62,425	1,669	-	(979)	124	-	-	63,239	-	-	-	-	-	-	-	63,239
Buildings	53,974	106	(1,310)	(1,934)	(426)	-	-	50,410	(9,549)	-	82	(1,160)	-	-	(10,627)	39,783
Building Improvements	29,139	1,179	(732)	4,259	216	-	-	34,061	(13,780)	-	-	(1,839)	-	12	(15,607)	18,454
Plant and Equipment	15,670	732	-	(1,598)	-	-	-	14,804	(6,100)	-	-	(1,200)	-	-	(7,300)	7,504
Motor Vehicles	2,505	40	(22)	1,183	-	-	-	3,706	(1,908)	-	-	(281)	11	-	(2,178)	1,528
Furniture and Office Equipment	8,910	1,848	-	(922)	-	-	-	9,836	(4,517)	-	-	(675)	-	-	(5,192)	4,644
Computer Equipment	3,130	138	-	-	2	(543)	-	2,727	(2,207)	-	-	(331)	-	-	(2,538)	189
Library Books	3,257	160	-	-	-	-	-	3,417	(2,859)	-	-	(327)	-	-	(3,186)	231
Total Operational Assets	**179,010**	**5,872**	**(2,064)**	**9**	**(84)**	**(543)**	**-**	**182,200**	**(40,920)**	**-**	**82**	**(5,813)**	**11**	**12**	**(46,628)**	**135,572**
Airport Assets at Fair Value																
Land	78,238	444	-	-	-	-	27,297	105,979	-	-	-	-	-	-	-	105,979
Land Improvements	10,327	(37)	-	(1)	-	-	(521)	9,768	(246)	364	-	(118)	-	-	-	9,768
Building	35,555	1,023	-	(17)	1	-	(1,417)	35,145	(3,826)	5,060	-	(1,234)	-	-	-	35,145
Airport Runway	20,934	336	(30)	1	(15)	-	(3,164)	18,062	(2,529)	3,537	-	(1,023)	-	15	-	18,062
Roading and Carparking	6,281	354	-	-	1	-	614	7,250	(1,226)	1,582	-	(373)	-	-	(17)	7,233
Total Airport Assets	**151,335**	**2,120**	**(30)**	**(17)**	**(13)**	**-**	**22,809**	**176,204**	**(7,827)**	**10,543**	**-**	**(2,748)**	**-**	**15**	**(17)**	**176,187**
Group Infrastructural Assets																
At Fair Value																
Water Supply	91,545	5,324	(109)	-	1	-	25,892	122,653	(6,057)	6,057	-	(2,302)	-	-	(2,302)	120,351
Sewerage	133,131	7,482	(450)	-	(2)	-	20,244	160,405	(8,978)	8,978	-	(3,080)	-	-	(3,080)	157,325
Stormwater	74,228	4,072	-	-	1	-	18,238	96,539	(4,034)	4,034	-	(1,547)	-	-	(1,547)	94,992
Roading	475,350	12,028	(4)	-	-	-	8,370	495,744	(20,700)	20,700	-	(8,307)	-	-	(8,307)	487,437
Total Infrastructural Assets	**774,254**	**28,906**	**(563)**	**-**	**-**	**-**	**72,744**	**875,341**	**(39,769)**	**39,769**	**-**	**(15,236)**	**-**	**-**	**(15,236)**	**860,105**
Total Group Property, Plant and Equipment	**1,104,599**	**36,898**	**(2,657)**	**(8)**	**(97)**	**(543)**	**95,553**	**1,233,745**	**(88,516)**	**50,312**	**82**	**(23,797)**	**11**	**27**	**(61,881)**	**1,171,864**

The Group's obligation under finance leases (note 21) are secured by the lessors' title to the leased assets which have a carrying amount of $nil (2013: $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 (2014: $nil).
(ii) Sewer, stormwater and water 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. Bridges and lighting are stated at valuation which is optimised depreciated replacement cost value.
(iv) Airport assets held by QAC comprising land, buildings, runways, roading and car parking assets were revalued as at 30 June 2014 as set out below. Runway assets are valued by Beca Valuations Ltd. Other airport assets at fair value are valued by Seager and Partners. Acquisitions subsequent to 30 June 2014 are at cost.

Asset	Valuation Approach
Terminal and Fire Rescue Buildings	Optimised Depreciated Replacement Costs
Runway and Aprons	Optimised Depreciated Replacement Costs
Land, Roading and Car Parking	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		Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Land	6	-	3,402	2,633
Buildings	2,769	293	17,549	929
Building Improvements	421	470	421	470
Plant and Equipment	19	-	698	140
Computer Equipment	51	-	51	-
Furniture and Office Equipment	-	-	-	40
Library Books	4	-	4	-
Airport Runway	-	-	-	67
Water Supply	2,874	4,597	2,874	4,597
Sewerage	9,504	12,716	9,504	12,716
Stormwater	230	174	230	174
Roading and Car Parking	3,297	3,244	3,297	3,468
	19,175	**21,494**	**38,030**	**25,234**

11. Forestry Assets

	Council		Group	
	2015	2014	2015	2014
For the Financial Year Ended 30 June 2015	$'000	$'000	$'000	$'000
Balance at the beginning of year	-	-	839	1,002
Increases due to purchases	-	-	-	-
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to physical changes	-	-	121	129
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to price changes	-	-	(43)	(292)
Balance at end of year	**-**	**-**	**917**	**839**

Through its investment in Lakes Combined Afforestation Trust, the Council owns a 75% share of 191.6 hectares of Douglas Fir forest, which are at varying stages of maturity ranging from 18 to 30 years in age.

No forests have been harvested during the period (2014: nil).

Independent registered valuers Guild Forestry have valued forestry assets as at 30 June 2015 at $917,000 (30 June 2014: $839,000). A pre-tax discount rate of 8% has been used in discounting the present value of 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 has not taken any measures to manage the risks of a decline in timber prices. The Group reviews its outlook for timber prices regularly in considering the need for active financial risk management.

12. Intangible Assets

(a) Finite Life Intangible Assets

	Council		Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Gross carrying amount				
Balance at beginning of the year	3,346	1,521	5,901	4,020
Additions	569	1,825	789	1,881
Balance at end of the year	**3,915**	**3,346**	**6,690**	**5,901**
Accumulated amortisation & impairment				
Balance at beginning of the year	1,303	865	1,433	942
Amortisation expense (i)	933	438	1,064	491
Balance at end of the year	**2,236**	**1,303**	**2,497**	**1,433**
Net Book Value	**1,679**	**2,043**	**4,193**	**4,468**

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

The gross carrying amount of $6,690,000 for the Group comprises:

- The Finite Life Intangible Asset of $3,915 ,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 $2,775,000 represents costs incurred by the Queenstown Airport Corporation Limited in relation to district planning costs for extension of noise boundaries and amendments to flight fans. These costs will be amortised on a straight line basis over 23 years and 15 years respectively from the date they are completed and ready to use.

13. Investment Property

	Council		Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Balance at beginning of the year	61,080	60,425	61,080	60,425
Additions from subsequent expenditure	8	46	8	46
Sale of property	(170)	(584)	(170)	(584)
Reclassified to property, plant and equipment	(2,381)	-	(2,381)	-
Net gain/(loss) from fair value adjustments	7,663	1,193	7,663	1,193
Balance at end of year	**66,200**	**61,080**	**66,200**	**61,080**

The fair value of the Council's investment property at 30 June 2015 (30 June 2014) 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 valuer with extensive market knowledge in the types of investment properties owned by the Council.

14. Trade and Other Payables

	Council		Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade payables (i)	6,628	8,496	7,342	9,625
Other accrued charges	4,025	2,096	6,615	3,062
Deposits and bonds	2,960	2,596	2,960	2,596
Other	422	-	422	-
	14,035	**13,188**	**17,339**	**15,283**

(i) The average credit period on purchases is 30 days.

15. Borrowings

	Council		Group	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
At amortised cost				
Bank borrowings (secured) (i), (ii)	30,000	30,000	55,260	46,500
Bonds (secured) (i), (iv), (v)	71,054	71,214	71,054	71,214
Other borrowings (iii)	80	53	80	53
	101,134	**101,267**	**126,394**	**117,767**
Disclosed in the financial statements as:				
Current	40,223	40,250	40,223	40,250
Non-current	60,911	61,017	86,171	77,517
	101,134	**101,267**	**126,394**	**117,767**

(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 2015 was $80,000 of which $20,000 is repayable within 1 year.

(iv) Bonds (total $10m) - during the 2010/11 year there was one bond issue of $10m with a maturity date of 15/6/2016 and interest rate of 5.79%.

(v) 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, 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 15/05/2021 and an interest rate of 5.85%.

During the 2014/15 year there was one bond issue of $10m with a maturity date of 15/05/2023 and an interest rate of 5.44%.

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+.

The Council is one of 30 local authority shareholders and 8 local authority guarantors of the NZLGFA. The uncalled capital of all shareholders is $20m and this is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2015, NZLGFA had borrowings totalling $4,955m (2014: $3,745m).

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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Income in advance (i)	3,049	1,505	3,049	1,551
Rates in advance	477	472	477	472
Interest rate swaps (ii), (iii)	932	702	2,294	1,214
	4,458	**2,679**	**5,820**	**3,237**
Represented by:				
Current	3,526	1,977	3,526	2,023
Non-current	932	702	2,294	1,214
	4,458	**2,679**	**5,820**	**3,237**

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

(ii) The Council holds 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 5.705%, 4.355% and 3.955% respectively.

(iii) QAC holds four interest rate swap agreements for $5m each, which are effective from 1 July 2013, 4 January 2012, 1 July 2014 and 1 April 2014. The interest rates range from 4.78-5.62% (2014: 4.74-5.7%)

QAC designated the interest rate swaps as effective hedges in accordance with NZ IAS 39 in the current year. 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 expense and accumulated as a separate component of equity in the hedging reserve. All financial liabilties are recognised at amortised cost except interest rate swaps which are recognised at Fair Value Through Surplus or Deficit (FVTSD).

17. Employee Entitlements

	Council		Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Accrued salary and wages	886	951	1,028	1,119
Annual leave	781	700	938	812
	1,667	**1,651**	**1,966**	**1,931**
Disclosed in the financial statements as:				
Current	1,667	1,651	1,966	1,931
Non-current	-	-	-	-
	1,667	**1,651**	**1,966**	**1,931**

18. Reserves

	Council		Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Revaluation reserve (a)	420,719	413,057	500,712	493,050
Operating reserves (b)	16,058	15,962	16,058	15,962
Capital reserves (c)	9,855	10,992	9,855	10,992
Cash flow hedge reserve (d)	-	-	(508)	(21)
	446,632	**440,011**	**526,117**	**519,983**

(a) Revaluation Reserve

	Council		Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Balance at beginning of year	413,057	299,786	493,050	356,035
Revaluation of Roading	-	29,069	-	29,069
Revaluation of Sewer	-	29,222	-	29,222
Revaluation of Water	-	31,949	-	31,949
Revaluation of Stormwater	-	22,272	-	22,272
Revaluation of Airport Assets	-	-	-	23,744
Transferred from /(to) retained earnings:				
Revaluation of Investment Property	7,662	759	7,662	759
Balance at end of year	**420,719**	**413,057**	**500,712**	**493,050**

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

	Council		Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Individual reserve balances are as follows:				
Investment properties	56,096	48,434	56,096	48,434
Roading	155,756	155,756	155,756	155,756
Sewer	75,236	75,236	75,236	75,236
Water	68,527	68,527	68,527	68,527
Stormwater	65,104	65,104	65,104	65,104
Airport Assets	-	-	79,993	79,993
	420,719	**413,057**	**500,712**	**493,050**

(b) Operating Reserves

	Council		Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Balance at beginning of year	15,962	13,940	15,962	13,940
Transferred from /(to) retained earnings:				
Contributions	7,852	5,651	7,852	5,651
Other	(7,756)	(3,629)	(7,756)	(3,629)
Balance at end of year	**16,058**	**15,962**	**16,058**	**15,962**

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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Balance at beginning of year	10,992	11,520	10,992	11,520
Transferred from /(to) retained earnings:				
Interest	-	-	-	-
Contributions	15,426	14,599	15,426	14,599
Disbursements	(16,563)	(15,127)	(16,563)	(15,127)
Balance at end of year	**9,855**	**10,992**	**9,855**	**10,992**

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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Balance at beginning of year	-	-	(21)	(396)
Gain/(Loss) recognised on cash flow hedges:				
Interest rate swaps	-	-	(676)	521
Income tax related to gains/losses recognised in other comprehensive income	-	-	189	(146)
Balance at end of year	**-**	**-**	**(508)**	**(21)**

(e) Reserve Funds held for Specific Purpose

	Operating Balance 1 July 2014 $'000	Deposits $'000	Withdrawals $'000	Closing Balance 30 June 2015 $'000
Development Funds	15,962	7,852	7,756	16,058
These arise from Development and Financial Contributions levied by the Council for capital works and are intended to contribute to the growth related capital expenditure of Roading, Water Supply, Sewerage, Stormwater, Reserve Land and Improvements and Community Facilities.				
Asset Renewal Funds	1,151	12,187	11,702	1,636
The Council sets aside funding to meet the renewal of its infrastructural and operating assets to ensure the continued ability to provide services.				
Emergency Reserve	1,322	-	-	1,322
Funds set aside to assist with the repair of infrastructural assets such as Roading, Water Supply and Sewerage, in case of natural disaster.				
Asset Sale Reserves	3,739	-	1,517	2,222
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.				
Arrowtown Endowment Land Reserve	740	-	-	740
Proceeds from asset sales from Arrowtown endowment land.				
Trust Funds	16	1	-	17
Funds held on behalf of various community organisations.				
Queenstown Airport Dividend Reserve	828	3,238	3,344	722
Unallocated portion of dividends received from QAC.				
Lakes Leisure Reserve	3,196	-	-	3,196
Funds transferred from Lakes Leisure at dis-establishment that are to be used to fund charitable purposes in line with the company's constitution.				
Total Council Reserve Funds	**26,954**	**23,278**	**24,319**	**25,913**
QAC Cash Flow Hedge Reserve	(21)	189	676	(508)
Total Group Reserve Funds	**26,933**	**23,467**	**24,995**	**25,405**

19. Accumulated Funds

	Council		Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Balance at beginning of year	514,846	497,040	547,763	527,711
Net surplus	30,319	20,059	33,316	22,305
Transfers from/(to) reserves:				
Revaluation reserve	(7,662)	(759)	(7,662)	(759)
Operating reserves	(96)	(2,023)	(96)	(2,023)
Capital reserves	1,137	529	1,137	529
Balance at end of year	**538,544**	**514,846**	**574,458**	**547,763**

20. Non-Controlling Interest

	Council		Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Balance at beginning of year	-	-	39,621	30,878
Share of surplus for the year	-	-	2,096	1,617
Dividends paid	-	-	(1,079)	(910)
Share of other comprehensive income	-	-	(161)	8,036
Balance at end of year	**-**	**-**	**40,477**	**39,621**

21. Commitments for Expenditure

(a) Capital Expenditure Commitments

	Council		Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Queenstown Lakes District Council (i)	26,403	1,108	26,403	1,108
Queenstown Airport Corporation Limited	-	-	2,731	1,340
Balance at end of year	**26,403**	**1,108**	**29,134**	**2,448**

(i) Council has a significant capital works programme scheduled for 2015/16. Major projects contracted as at 30 June 2015 included Project Shotover ($20.6m) and the Eastern Access Road ($2.6m).

(b) Lease Commitments

No Finance lease liabilities exist and non-cancellable operating lease commitments are disclosed in Note 23 to the financial statements.

22. Contingent Liabilities and Contingent Assets

Council

(a) Legal Claims
There were eleven building related legal claims received for buildings within the district as at 30 June 2015. 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. No loss provision has been recognised based on current knowledge (note 16). 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.

(b) Guarantees
Queenstown Lakes Community Housing Trust entered into a suspensory loan agreement with Housing New Zealand Corporation. This loan has a facility limit of $2m. The loan is secured over land owned by Council and a guarantee has been provided by the Council. 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 (v) for further details.

(c) Employment Claims
Council is currently involved in two employment disputes which it is defending. The likely cost of these to council, if any, is unknown. Any cost in relation to these would be expensed to the statement of financial performance when incurred.

Queenstown Airport Corporation Limited

(d) Property
The Company 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 $3.4 million has been capitalised by the Company. However, if the decision is unfavourable for the Company, then all costs will need to be expensed.The Company is confident that Lot 6 will be acquired as planned.

(e) Noise Mitigation
The Company has announced 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 136 homeowners. Noise levels are monitored regularly and as the noise zones expand, further offers will be made. 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. 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 of mitigation work.

If a homeowner accepts the offer, the Company records a provision for the estimated cost of delivering the mitigation package. As at 30 June 2015, no offers had been made and no provision has been recognised in the financial statements for noise mitigation.

(f) Tax Dispute
The Company is involved in a dispute with the Inland Revenue Department with regard to the deductibility of depreciation for the construction of Runway End Safety Area East. Advice has been received that gives the Company confidence that this will be resolved in its favour. Should this not be resolved in the Company's favour, the Company would recognise a deferred tax liability of approximately $2.7 million.

23. 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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Not longer than 1 year	663	479	680	496
Longer than 1 year and not longer than 5 years	787	432	801	461
Longer than 5 years	710	1	710	1
Balance at end of year	**2,160**	**912**	**2,191**	**958**

(c) Non-Cancellable Operating Lease Receipts

	Council		Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Not longer than 1 year	3,092	1,652	7,810	6,267
Longer than 1 year and not longer than 5 years	11,122	3,540	22,949	17,416
Longer than 5 years	16,979	-	20,327	4,857
Balance at end of year	**31,193**	**5,192**	**51,086**	**28,540**

24. Insurance on Assets

Buildings, Plant & Equipment

The Council has a total asset value for insurance purposes of $203,832,545. The insurance is based on full Replacement Value. The Council carries the first $10,000 of any loss for Fire and Perils and 5% of the site value for Natural Disaster losses.

3 Waters - Buildings/Plant & Equipment

The Council has a total asset value for insurance purposes of $39,361,675. These assets are split into Replacement Value $18,541,580, and Depreciated Replacement Value Indemnity $20,820,095. 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 5% of the site sum insured for Natural Disaster losses.

Forestry

The Coronet Forest is insured for Fire to the value of $866,460 plus re-establishment costs of $362,376. The Council carries an excess of 1.5% of the Property Declared value, subject to a minimum per loss of $10,000 per Occurrence.

Vehicles

The Council has a total asset value for insurance purposes of $1,738,571. 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.

There are no assets covered by financial risk sharing arrangements and no assets that are self insured.

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

		Ownership Interest		
	Country of Incorporation	2015 %	2014 %	Principal activity of the entity
Council				
Queenstown Lakes District Council (i)	NZ			
CCO's:				
Queenstown Airport Corporation Limited (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 21 August 2015 a final dividend for the year ended 30 June 2015 of $0.2588 per share (total dividend $4,156,074) was paid to holders of fully paid ordinary shares. Council's share of this dividend was $3,117,471.

On 4 February 2015 an interim dividend for the year ended 30 June 2015 of $0.0623 per share (total dividend of $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. 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:

	Group	
The following transactions took place between Council and related parties:	**2015 $'000**	**2014 $'000**
Queenstown Airport Corporation Limited		
Payment of rates on its property	282	291
Resource consent costs and collection fines	54	47
Parking infringement recovery	-	(30)
Wanaka airport management fee	(110)	(70)
Dividends	3,238	2,730
Balances owed (to) / from at 30 June 2015 were:		
Owed to Queenstown Airport Corporation Ltd	(25)	(29)
The following transactions took place between Council and Councillors or senior management which were for other than normal ratepayer obligations and user charges:		
Mannmade Events (Councillor Mann - Councillor to October 13)	-	(1)
***There are no Councillors in Queenstown Lakes District Council who own shares in Auckland International Airport which has a non-controlling interest in Queenstown Airport Corporation Ltd.**		

	2015 $'000	2014 $'000
The following transactions took place between Queenstown Airport Corporation and related parties:		
Hadley Consultants Limited (J Hadley - Director) - Consulting	(3)	(5)
Auckland International Airport Ltd - Rescue Fire Training	-	(8)
Aviation Security Service		
- Airport Security Cards	(3)	-
- Rental, Power Recovery and Parking Revenue	156	180
Civil Aviation Of New Zealand (G Lilly Director) - CAA Certification Audit Fees	(3)	(8)
Pioneer Generation Limited (A Gerry Director) - Power	(312)	(265)
Balances owed (to) / from at 30 June 2015 were:		
Owed to Queenstown Lakes District Council	(10)	(2)
Owed to CAA	-	(1)
Owed to Auckland International Airport	-	(6)
Owed to Pioneer Generation Limited	(33)	-
Owed from Aviation Security Service	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. Negotiations between QLDC and QAC for lease of the land are continuing. Revenue from this arrangement amounted to $25,000 in the year (2014:$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 the Company has applied to have the bond released.

3. QAC 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 preparation of consolidated financial statements of the group.

27. Subsequent Events

Queenstown Airport Corporation Ltd (QAC)

On 21 August 2015 the QAC Board resolved to pay a final dividend for the year ended 30 June 2015 of $0.2588 per share, resulting in a dividend of $4,156,074 (2014: $3,316,766). Council's share of this dividend will be $3,117,471 (2014: $2,487,906).

There were no other significant events after balance date.

28. Notes to the Cash Flow Statement

	Council		Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
(a) Reconciliation of Cash and Cash Equivalents				
For the purposes of the cash flow statement, 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 Cash Flow Statements is reconciled to the related items in the Statement of Financial Position as follows:				
Cash and cash equivalents	17,207	3,140	17,478	3,445
Bank overdraft	-	-	-	-
	17,207	**3,140**	**17,478**	**3,445**
(b) Borrowings - Facilities				
Details of the amounts drawn down on the available borrowing facility are as follows:				
Amount used	100,000	100,000	125,260	116,500
Amount unused	12,000	12,000	26,740	25,500
	112,000	**112,000**	**152,000**	**142,000**

28. Notes to the Cash Flow Statement continued

	Council		Group	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
(c) Reconciliation of Surplus/(Deficit) for the Period to Net Cash Flows from Operating Activities				
Surplus for the year	30,319	20,059	35,412	23,922
Add/(less) non-cash items:				
Depreciation and amortisation	21,478	20,387	25,709	24,288
Loss provision	-	(1,000)	-	(1,000)
Vested assets	(12,992)	(12,594)	(12,992)	(12,594)
(Gain)/loss on sale of property, plant & equipment	(50)	2,449	11	2,479
(Gain)/loss on revaluation of forestry investment	(58)	122	(77)	163
(Gain)/loss on revaluation of investment property	(7,663)	(1,193)	(7,663)	(1,193)
(Gain)/loss on sale of investment property	40	576	40	576
Net change in fair value of derivative financial instruments	230	(1,242)	230	(1,242)
(Gain)/loss on revaluation of shares	(2)	2	(2)	2
Reclassification of assests under construction	4,867	-	4,867	-
Other	-	-	(36)	-
	36,169	**27,566**	**45,499**	**35,401**
Movement in working capital:				
Trade and other receivables	(3,028)	(725)	(3,306)	(654)
Inventories	(3)	-	(3)	-
Current tax refundable/payable	107	(39)	(461)	865
Other current assets	230	155	126	151
Deferred tax asset/liability	-	-	(546)	130
Trade and other payables	848	878	2,027	1,290
Employee entitlements	16	130	35	174
Other financial liabilities	1,549	(439)	1,537	(417)
	(281)	(40)	(591)	1,539
Movement in items treated as investing/financing activities	(623)	947	(1,350)	902
Net cash inflow from operating activities	**35,265**	**28,473**	**43,558**	**37,842**

29. Severance Payments

For the year ended 30 June 2015 Council made no severance payments to employees.

30. Remuneration (Council Only)

During the year to 30 June 2015, 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	
Elected Representatives	**2015 $**	**2014 $**
Council		
Vanessa van Uden - Mayor	106,850	102,155
Lyal Cocks - Deputy Mayor/ Councillor Wanaka	43,260	43,379
Cath Gilmour - Councillor Wakatipu/Portfolio Leader	38,625	37,653
John Mann - Councillor Wakatipu (to Oct 2013)	-	11,858
Mel Gazzard - Councillor Wakatipu/Portfolio Leader	38,625	34,419
Leigh Overton - Councillor Wanaka (to Oct 2013)	-	11,858
Lex Perkins - Councillor Arrowtown (to Mar 2015)	23,175	28,868
Scott Stevens - Councillor Arrowtown (from May 2015)	4,537	-
Jude Battson - Councillor Wanaka (to Oct 2013)	-	8,624
Russell Mawhinney - Councillor Wakatipu (to Oct 2013)	-	8,624
Trevor Tattersfield - Councillor Wakatipu (to Oct 2013)	-	8,624
Simon Stamers-Smith - Councillor Wakatipu	30,900	29,260
Ella Lawton - Councillor Wanaka (Elected Oct 2013)	30,900	20,636
Callum McLeod - Councillor Wanaka (Elected Oct 2013)	30,900	20,636
Craig Ferguson - Councillor Wakatipu (Elected Oct 2013)	30,900	20,636
Alexa Forbes - Councillor Wakatipu (Elected Oct 2013)	30,900	20,636
Merv Aoake - Councillor Wakatipu (Elected Oct 2013)	30,900	20,636
Wanaka Community Board		
Ken Copland - Board Member (to Oct 2013)	-	2,042
Dick Kane - Board Member (to Oct 2013)	-	3,622
Bryan Lloyd - Board Member	11,100	11,369
Mike O'Connor - Board Member	11,100	11,369
Rachel Brown - Board Chair (Elected Oct 2013)	22,200	15,495
Ross McRobie - Board Member (Elected Oct 2013)	11,100	7,747

Chief Executive

For the year ended 30 June 2015, 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 $326,533 (2014: $314,150).

Employee staffing levels and remuneration

The number of employees who were employed by Queenstown Lakes District Council at 30 June 2015 was 276 (262 at 30 June 2014). The number of full-time employees and full time equivalents of all the other employees as at 30 June 2015 was 182 and 43 respectively (164 and 51 at 30 June 2014).

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:

	2015	2014
< $60,000	177	171
$60,001 to $80,000	36	40
$80,001 to $100,000	33	27
> $100,000	30	24
Total # of Employees	**276**	**262**

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.

2015	Pre 1990 Forest	Total
Productive area (hectares)	296	296
Opening Balance	17,760	17,760
NZUs allocated/transferred during the year	(3,127)	(3,127)
NZUs on hand at balance date	14,633	14,633

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 alone recorded a surplus of $30.3m for the year. This is up from the $20.1m surplus recorded last year and against the budget of $24.2m. The main reasons for the higher surplus, which is not profit, are related to both higher revenue ($4.4m) to budget and $7.66m of unrealised net gains on revaluation of council assets.

Operating revenues were above budget by 4.0% for the year ended 30 June, 2015. This was above estimate by $4.43m.

The following major items contributed to this variance:

- Vested Assets were $7.0m 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 $6.15m under budget for the year, mainly as a result of reduced roading capital expenditure due to the timing of some projects i.e. Eastern Arterial Road at Frankton Flats. Similarly, capital contributions were $2.7m under budget for the year.
- Roading subsidy for maintenance works was $469k above budget for the year, mainly as a result of increased winter expenditure due to the severe winter.
- User Charges were $3.8m above budget for the year, mainly as a result of the outsourcing of the Council Holiday Parks ($1.0m) in November 2014. There were also strong revenue results for regulatory activities ($901k above budget); lease income ($778k above budget) and consenting ($153k above budget).
- Interest income was also $420k ahead of budget

The surplus includes $7.66m of unrealised gains relating to the annual revaluation of council investment property. This follows a 2014 value gain of $1.2m. There is also a $0.23m unrealised loss as a result of the revaluation of interest rate swaps as at 30 June 2015. Other items result in a net gain of $70k.

Operating expenditure was $5.8m (6.6%) over budget for the year ended 30 June 2015. This negative variance is almost all due to $5.51m of project expenditure that was classified as capital expenditure within the budget but which has now been charged as an operating expense for the year. This is not an over-spend as there is budget provided to cover it.

These are the major remaining expenditure variances which largely offset each other:

- Interest expense for the year is $1.75m less than budget. This is a result of the timing of some capital works and lower than expected interest rates.
- Staff related costs for the year are $220k lower than budget.
- Depreciation expense for the year is $350k higher than budget.
- Costs for professional services were $944k above budget for the year, mainly as a result of an increase in on-chargeable consultant costs related to consents ($538k) and an additional $347k in the sport and recreation areas.
- Roading maintenance costs were $546k above budget for the year, mainly as a result of increased winter expenditure. These are largely offset by increased NZTA subsidy ($469k).
- Parks & reserves maintenance costs were $776k above budget for the year, mainly as a result of contractor expenditure for sports turf. The budget assumed that council staff would be available to perform this work but recruitment has proved unsuccessful.

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 $26.8m for the year ended 30 June 2015.

- This relates mostly to timing differences for several large projects; including Project Shotover (2014/15 Budget of $16.9m - construction commenced August 2015); Frankton Flats Eastern Arterial Road (2014/15 Budget of $8.8m - project now programmed for 2015/16); and Wanaka Sports Facility (2014/15 Budget of $4.5m - project now programmed for 2015/16).

As a result of the reduced capital expenditure, borrowings are $33.8m below forecast; total debt as at 30 June 2015 is $101.1m compared to a forecast of $134.9m.

Statement of Changes in Equity

Accumulated differences between actual and budgeted net surpluses (for 2015 as described above) as well as the impact of the investment property revaluation and reduced borrowings has resulted in an equity variance of $25.8m above forecast.

Statement of Cash Flows

The budget variations explained above also contribute to budget variations in the Cash Flow Statement, particularly cash flows from investing and financing activities. Purchase of property, plant and equipment (i.e. capital expenditure) was $37 million below estimate and net borrowings were consequently around $19 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 2015 and 2014.

(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 Instruments

	Council		Group	
	2015	**2014**	**2015**	**2014**
For the Financial Year ended 30 June 2015	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets				
Cash and cash equivalents (AC)	17,207	3,140	17,478	3,445
Trade and other receivables (AC)	12,982	10,128	14,861	11,733
Other financial assets (AC)	473	473	473	473
Other financial assets (FVTSD)	-	-	-	-
Other financial assets (AFS)	1,685	1,464	997	834
Financial Liabilities				
Trade and other payables (AC)	14,035	13,195	17,339	15,289
Borrowings (AC)	101,134	101,267	126,394	117,767
Finance Lease liabilities (AC)	-	-	-	-
Other financial liabilities (AC)	3,526	2,144	3,526	2,190
Other financial liabilities (FVTSD)	932	702	2,294	1,214

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 below 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.

The impact to Profit for the Period and Total Equity as a result of a 50 basis point increase in interest rates is as follows (note () represents a loss in the table below):

		Council				Group			
		2015		2014		2015		2014	
		$'000		$'000		$'000		$'000	
		+50 bps		+50 bps		+50 bps		+50 bps	
Interest Rate Risk	**Note**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**
Financial Liabilities:									
Borrowings	(i)	(50)	(50)	(50)	(50)	(102)	(102)	(58)	(58)
		(50)	**(50)**	**(50)**	**(50)**	**(102)**	**(102)**	**(58)**	**(58)**

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 (2014: $10,000,000).

QAC has floating rate debt with a principal amount totalling $10,260,000 (2014: $1,500,000).

(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	
	2015	**2014**
For the Financial Year Ended 30 June 2015	**$'000**	**$'000**
Council		
Financial Assets and Other Credit Exposures	32,347	15,031
Group		
Financial Assets and Other Credit Exposures	33,809	16,312

(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 observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 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).

For the Financial Year ended 30 June 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	-

For the Financial Year ended 30 June 2014	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Council				
Financial Assets				
Derivatives	-	-	-	-
Other Investments	1,464	-	-	1,464
Financial Liabilities				
Derivatives	702	-	702	-
Group				
Financial Assets	-	-	-	-
Other Investments	835	-	-	835
Financial Liabilities				
Derivatives	1,214	-	1,214	-

33. Financial Instruments continued

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

Fixed Maturity Dates

2015 Council	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
Other financial liabilities	-	3,526	3,526	3,526	-	-	-	-	-
		118,695	**134,050**	**61,476**	**3,042**	**12,817**	**22,384**	**1,717**	**32,614**

2014 Council	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	-	13,188	13,188	13,188	-	-	-	-	-
Borrowings	5.27%	101,267	115,543	43,709	13,061	2,503	12,264	21,801	22,205
Other financial liabilities	-	1,977	1,977	1,977	-	-	-	-	-
		116,432	**130,708**	**58,874**	**13,061**	**2,503**	**12,264**	**21,801**	**22,205**

33. Financial Instruments continued

2015 Group	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	4.79%	126,394	142,896	70,322	3,042	12,817	22,384	1,717	32,614
Other Financial Liabilities	-	3,526	3,526	3,526	-	-	-	-	-
		147,259	**163,761**	**91,187**	**3,042**	**12,817**	**22,384**	**1,717**	**32,614**

2014 Group	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	-	15,283	15,283	15,283	-	-	-	-	-
Borrowings	5.15%	117,767	132,769	60,935	13,061	2,503	12,264	21,801	22,205
Other Financial Liabilities	-	2,023	2,023	2,023	-	-	-	-	-
		135,073	**150,075**	**78,241**	**13,061**	**2,503**	**12,264**	**21,801**	**22,205**

Annual Report Disclosure Statement for year ended 30 June 2015

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.

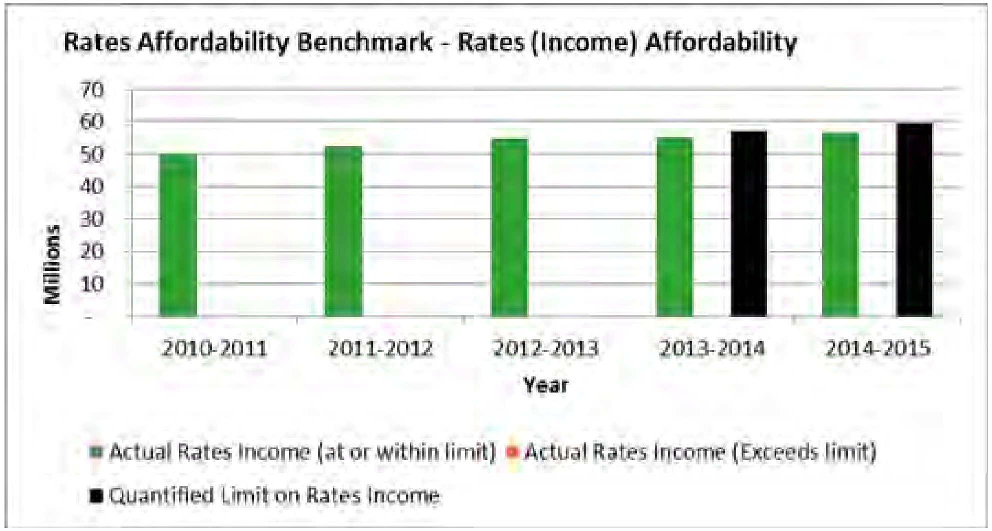
RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if—

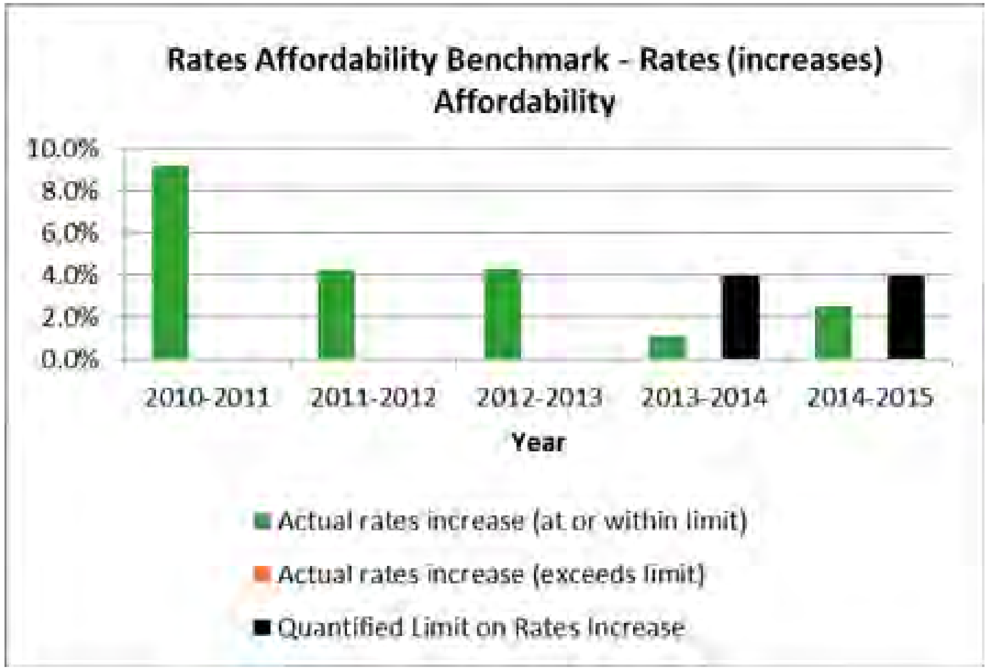
its actual rates income equals or is less than each quantified limit on rates; and

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 increases set at a maximum of 4% per annum (subject to changes in growth or increased levels of service). There were no quantified limits prior to 2013-14.



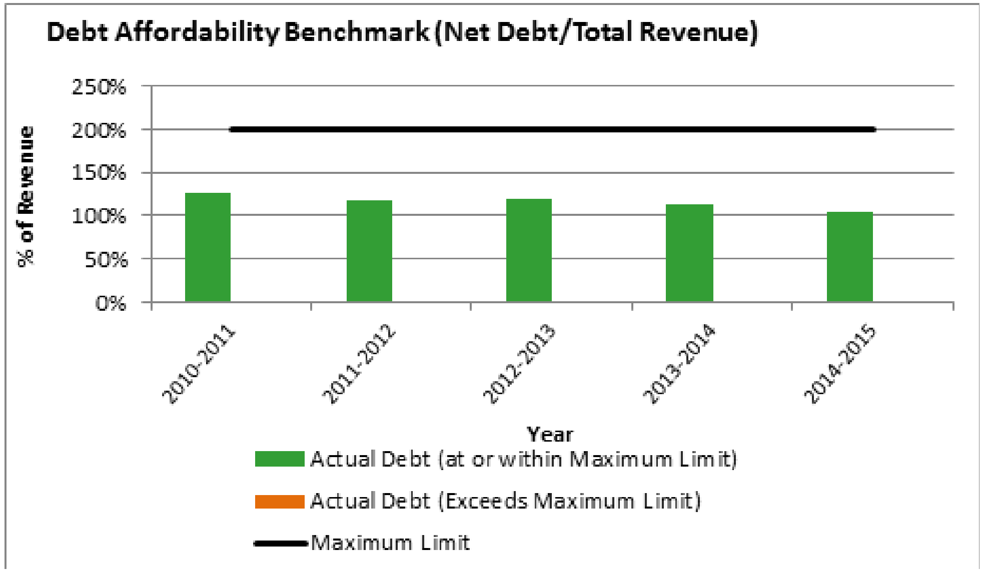
Rates (increases) affordability - The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is that rates increases set at a maximum of 4% per annum (subject to changes in growth or increased levels of service). There were no quantified limits prior to 2013-14.



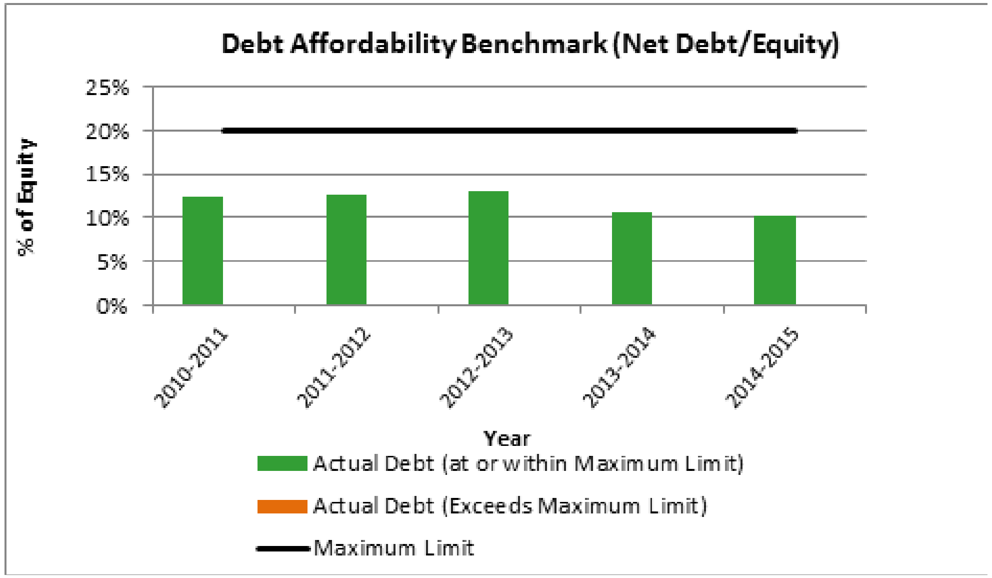
DEBT AFFORDABILITY BENCHMARKS

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

The following graphs compares 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%.



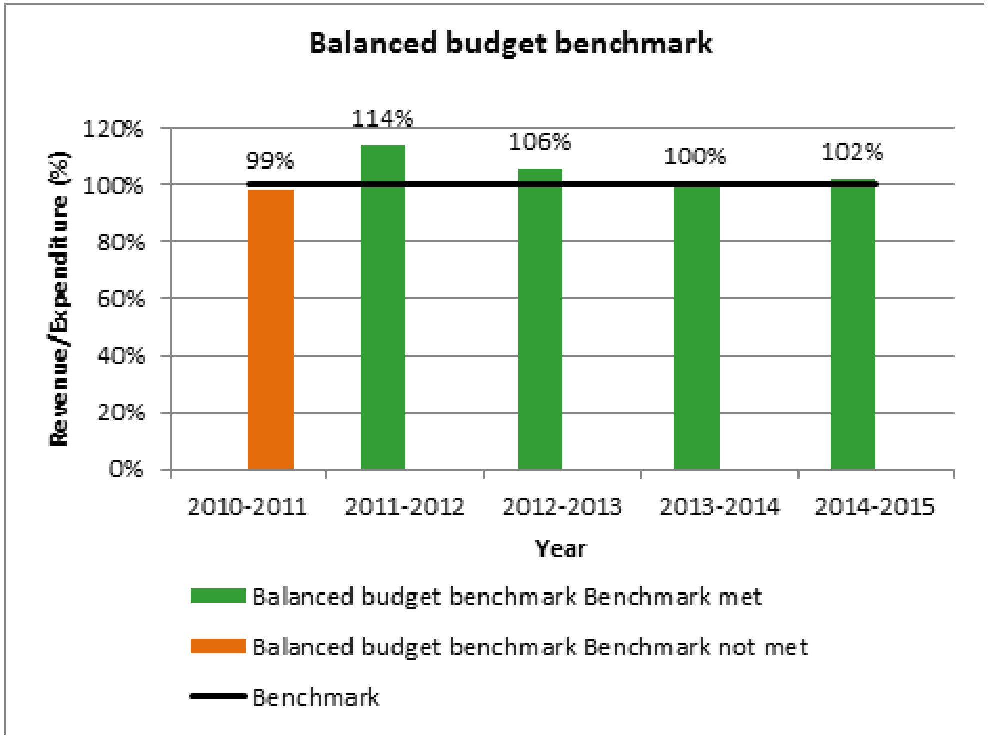
The quantified limit is that the debt to equity ratio will be under 20%.



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).

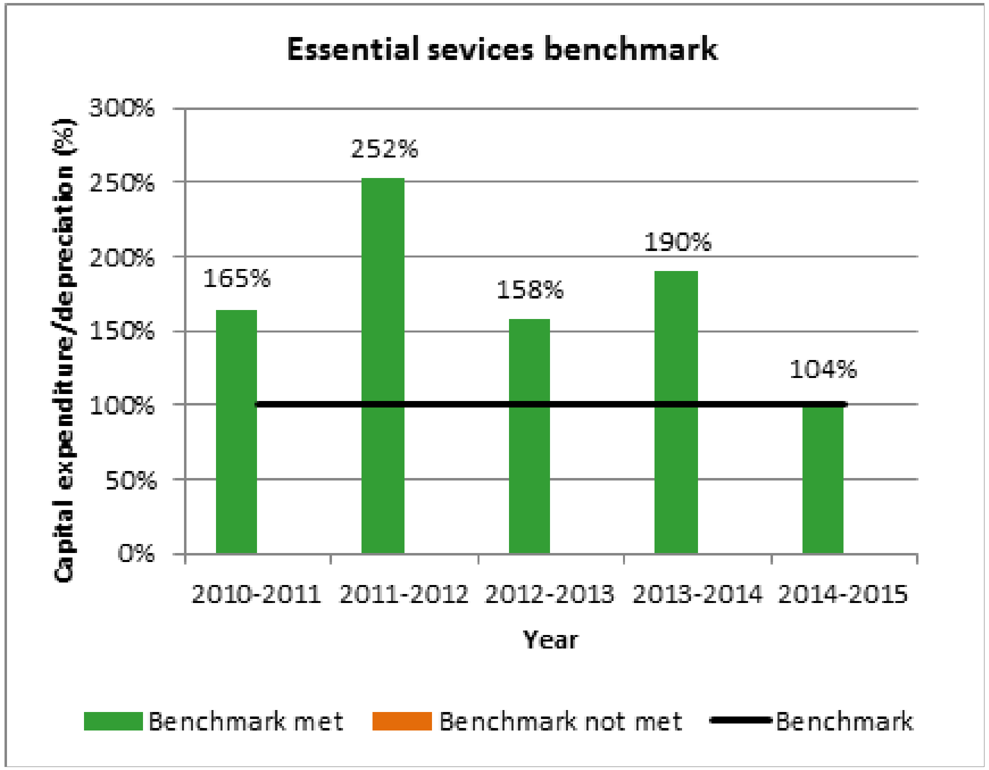
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



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.

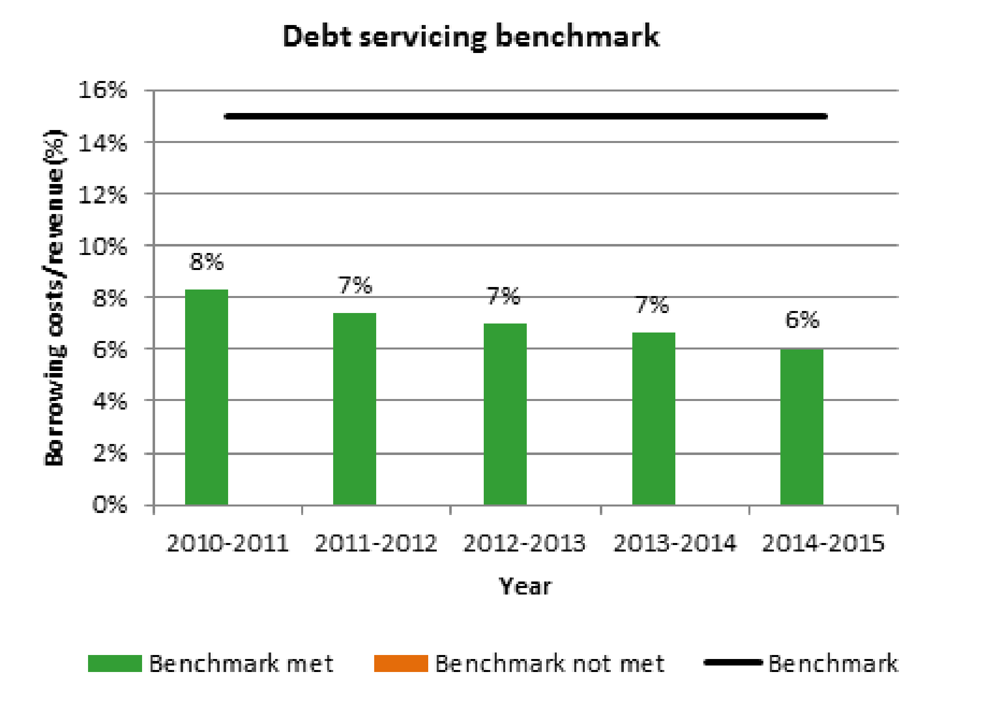


DEBT SERVICING BENCHMARK

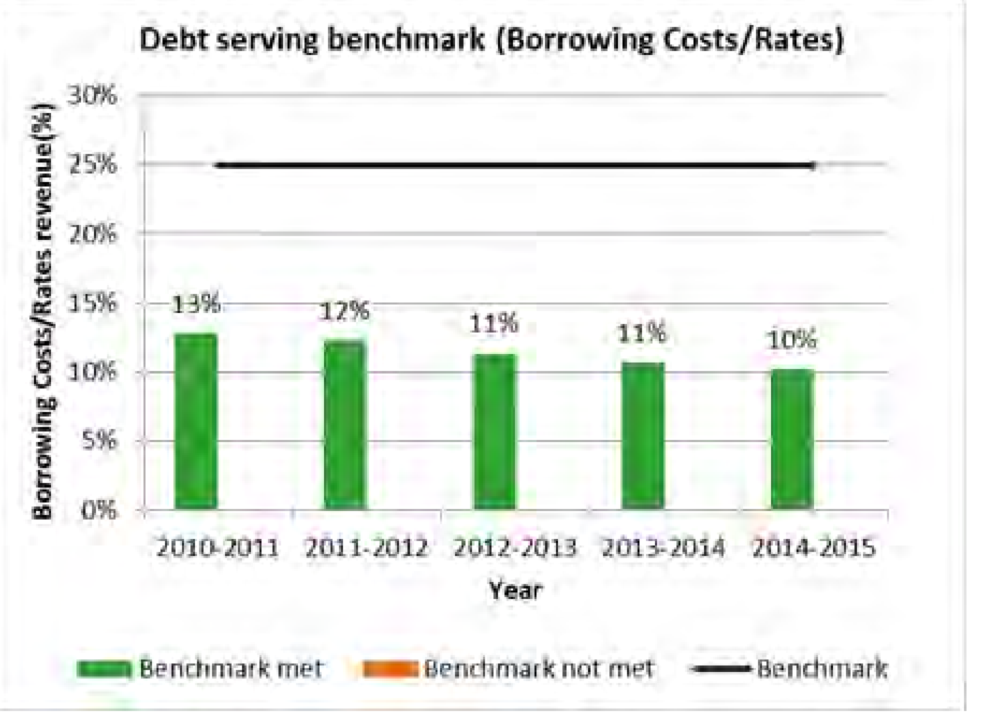
The following graphs compares the council's actual debt servicing with the quantified limits on borrowing stated in the financial strategy included in the council's long-term plan.

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.



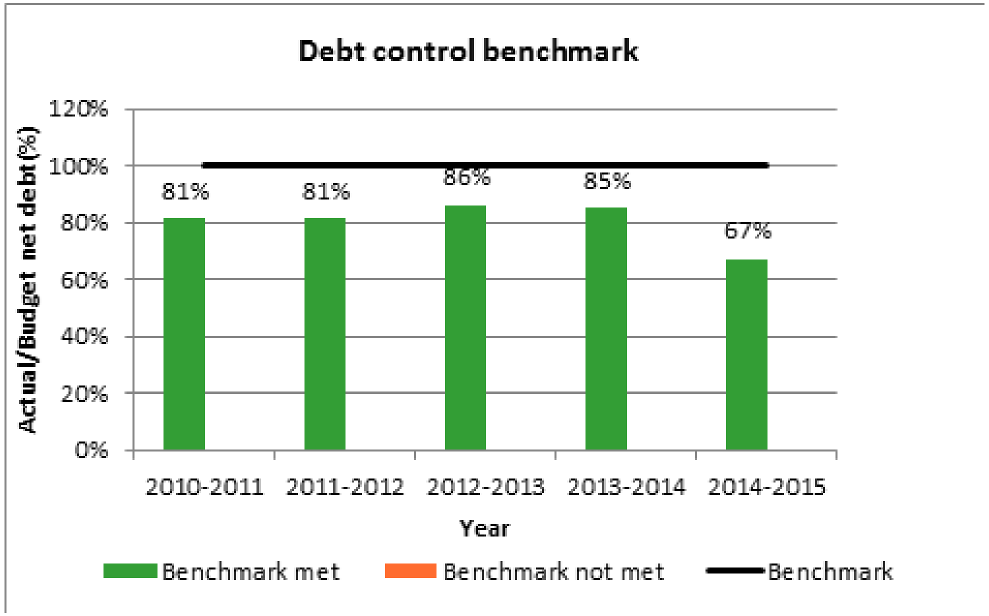
The following graph displays the council's borrowing costs as a proportion of rates revenue. The quantified limit is that its debt servicing costs equal or are less than 25% of its rates revenue.



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).

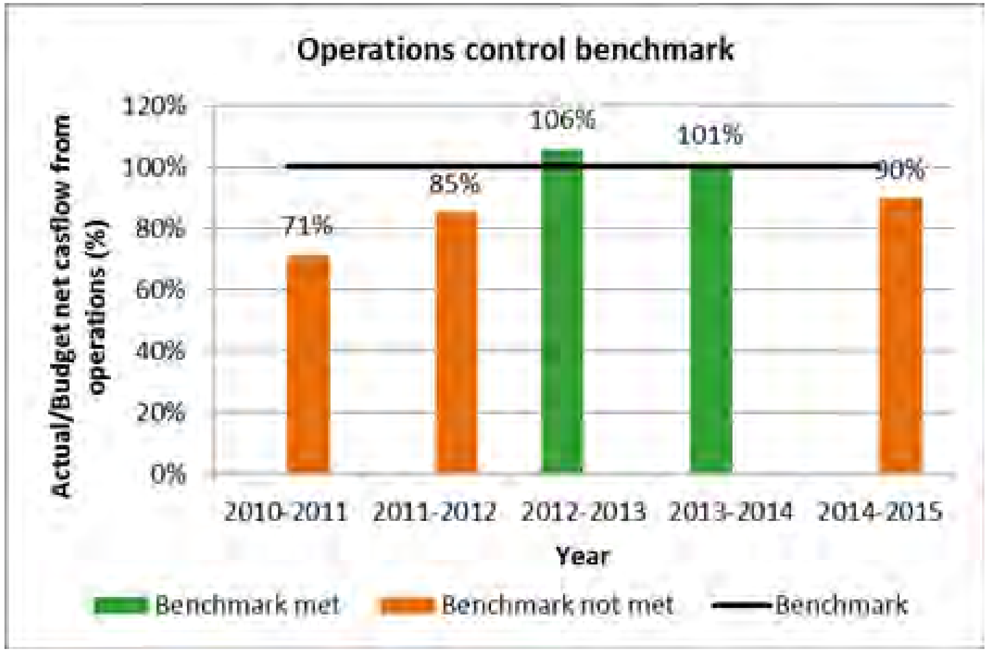
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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 one of the benchmarks for past three years. The reason for the breach in the “Operations control benchmark” relates 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 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-15 $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	25,790	2,915	-	34,355
Water Supply	Other assets (such as reticulation systems)	93,898	1,980	1,467	124,693
Sewerage	Treatment plants and facilities	27,529	773	-	35,162
Sewerage	Other assets (such as reticulation systems)	117,918	2,631	873	154,876
Stormwater Drainage		95,303	447	1,653	124,720
Roads & Footpaths		484,334	7,607	1,410	508,237

Note: There are no flood protection or control works.

** excluding assets under construction*

Auditor's Report

Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF QUEENSTOWN LAKES DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

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 to audit:

- the financial statements of the District Council and group that comprise:
  - the statement of financial position as at 30 June 2015 on pages 99 and 100;
  - the statement of financial performance, statement of other comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ending 30 June 2015 on pages 97, 98, 101, 102 and 103;
  - the funding impact statement of the District Council on page 104;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 21 to 95;
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 106 to 153;
- the statement of service performance of the District Council on pages 21 to 95 and the funding impact statements in relation to each group of activities of the District Council on pages 21 to 95; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 154 to 160.

In addition, the Auditor-General has appointed me to report on whether the District Council and group's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - internal borrowing;
  - council-controlled organisations on page 142;
  - reserve funds on page 136 to 138;
  - each group of activities carried out by the District Council on pages 21 to 95;
  - remuneration paid to the elected members and certain employees of the District Council on pages 146 to 147;
  - employee staffing levels and remuneration on page 125; and
  - severance payments on page 146;
  - rating base units on page 119; and
  - insurance of assets on page 141;
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 19; and
- a statement of compliance signed by the Deputy Mayor of the District Council, and by the District Council and group's chief executive on page 20.

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Opinion

Audited information

In our opinion:

- the financial statements of the District Council and group on pages 97 to 153:
    - present fairly, in all material respects:
        - the District Council and group's financial position as at 30 June 2015;
        - 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.
- the funding impact statement of the District Council on page 104, 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's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 21 to 95, present fairly, in all material respects, by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the statement of service performance of the District Council on pages 21 to 95:
    - presents fairly, in all material respects, the District Council's levels of service for the year ended 30 June 2015, including:
        - the levels of service as measured against the intended levels of service adopted in the long-term plan;
        - the reasons for any significant variances between the actual service and the expected service; and
    - complies with generally accepted accounting practice in New Zealand.
- the funding impact statements in relation to each group of activities of the District Council on pages 21 to 95, present fairly, in all material respects, by each group of activities, 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's long-term plan.
- the disclosures on pages 154 to 160 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

Compliance with the other requirements of schedule 10

The District Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 29 October 2015. 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.

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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 financial statements and the statement of service performance. 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 within the 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 annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

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

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statement of service performance that:
  - comply with generally accepted accounting practice in New Zealand;
  - present fairly the District Council and group's financial position, financial performance and cash flows;

- present fairly its service performance, including achievements compared to forecast;

- a funding impact statement that presents fairly 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's annual plan;

- funding impact statements in relation to each group of activities that presents fairly by each group of activities, 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's long-term plan;

- statements about budgeted and actual capital expenditure in relation to each group of activities that presents fairly by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan; and

- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and

- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council's responsibilities arise under the Local Government Act 2002.

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 information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001.

Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to this audit which includes our report on the Other Requirements, we have carried out assurance services in the form of the audit of the District Council's 2015-25 Long Term Plan, a disclosure audit and tax services. Other than the audit and these assignments, we have no relationship with or interests with in the District Council or any of its subsidiaries.

B E Tomkins
Deloitte

B E Tomkins
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On behalf of the Auditor-General

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