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Introduction

The purpose of the Annual Report is to account for Council's achievements against objectives included in the 2011/2012 Annual Plan. The 2011/2012 year represents year three of the 2009 10-Year Plan. A revised 10-Year Plan was adopted in June, 2012.

The Council undertook significant consultation with the community during the 2010/11 year, resulting in the 2011/12 Annual Plan. Community participation strongly influenced a number of key decisions. Some of the key issues consulted through the Annual Plan process were:

Debt and Rates

Included in the budgets for 2011/12 were several proposals, which collectively reduced debt by an additional \$1.9m. These also impacted on rates, as approved budgets allowed for significant debt repayments over the next year with just over \$8m provided for. This was made possible through a combined approach of increased rate funding and applying the expected dividend to reduce debt.

Roading – level of service

Three options were consulted on in the 2011/12 Annual Plan involving road gritting, road oiling and the Crown Range. After considering submissions the Council decided to continue with gritting (based on revised funding arrangement with the New Zealand Transport Agency), cease road oiling due to environmental concerns but ensure oil can be privately purchased and any safety concerns are addressed. Note the Council will continue an on-going programme to Otta seal unsealed roads (a dust suppression seal with a seven year plus life expectancy).

Waste Management

The Council proposed paying lower rates (waste management charge) and maintain recycling user charges. This was supported through the submission process in the Annual Plan 2011/12.

Community Services Consolidation

The Council decided to defer a number of capital works in 2011/12 after a period of investment in previous years however it will continue to fund NZ Cycleways.

Financial Result 2011/2012

The Council and its subsidiaries; Queenstown Airport Corporation, Lakes Leisure Limited and Lakes Environmental Limited, have reported a surplus of \$17.3m for the year. Each entity within the group has contributed to an improved financial result when compared to last year's \$6.6m group surplus. This is a very good result in continuing difficult economic conditions and has been based on stronger revenues and effective controls of costs during the period.

The Council alone recorded an operating surplus of \$14.7m for the year. This is up from the \$0.6m surplus recorded last year. Operating revenues were up by 18.6% on last year but below budget by 8.5% (see below). Operating costs were 4.5% under budget for the year and also down on last year by 2.5%. The reported surplus includes \$4.3m of unrealised losses pertaining to the revaluation of investment property. This follows a 2011 value reduction of \$1.6m.

Revenue was below estimate by \$8.9m for the year ended 30 June, 2012. The following major items (all relating to

capital expenditure) contributed to this variance:

- Development contribution income was below budget by \$2.9m for the year principally because of the continued slowdown in consent related activity.
- Vested Assets (these are assets passed to Council through subdivision and include roads, infrastructure and reserves) were \$2.5m below budget for the year.
- Roothing subsidy was \$3.5m under budget for the year, mainly as a result of reduced roading capital expenditure due to the timing and deferral of some projects.

Operating expenditure was \$3.6m (4.5%) below budget for the year ended 30 June 2012. This is very pleasing and means that we were able to stay within budget from an operating perspective. It has been achieved through savings across most activities. These are the major items; mostly positive, that contributed to this variance:

- Interest expense for the year is \$1.93m less than budget. This is a result of the deferral of some capital works and lower than expected interest rates.
- Staff related costs for the year are \$0.56m lower than budget. This is a result of fewer staff being employed and modest increases to remuneration for the year.
- Depreciation expense for the year is \$0.17m lower than budget. This is a non-cash item and relates primarily to the timing of project expenditure and lower than anticipated levels of vested assets.
- Legal costs for the year are \$0.26m below budget. This variance is mostly due to the reduced cost of planning legal expenses including appeals.
- There is \$1.4m of project expenditure that was classified as capital expenditure within the budget but has been charged as an operating expense for the year. This is not an over-spend as there is budget provided to cover it.
- The balance of the positive variance of \$1.5m relates primarily to reduced maintenance and operational costs for utilities, roading and community services.

Big Issues

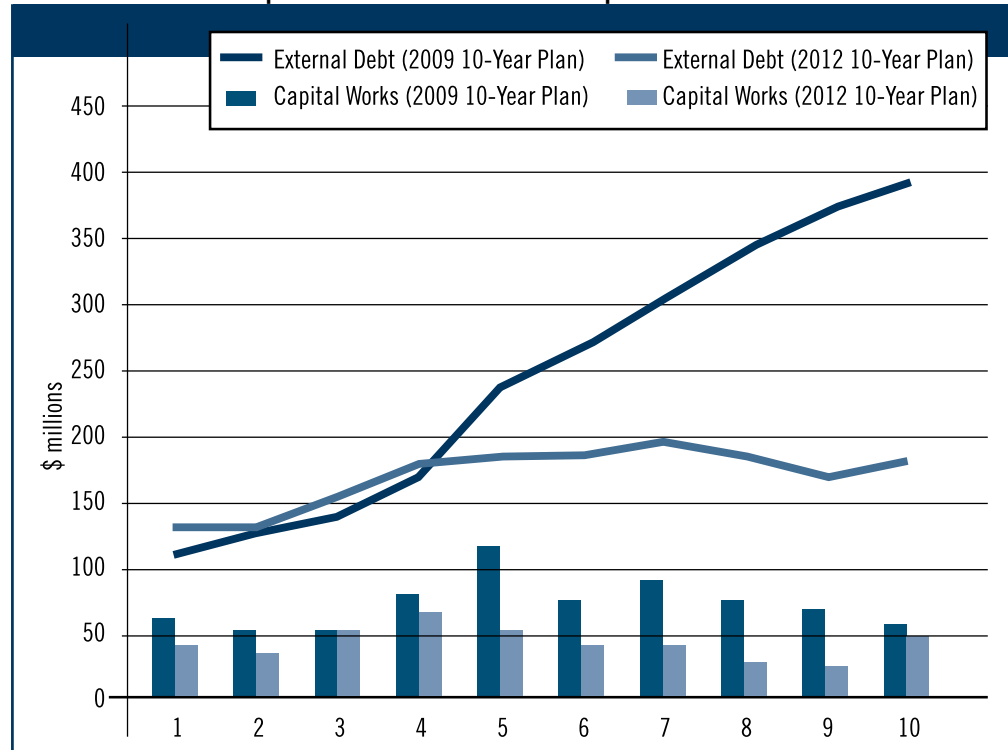
10-Year Plan

A 10-Year-Plan Steering Committee comprising elected members and staff was established in 2009 when the total forecast external debt was \$393 million. At that time forecast debt in the later years (2013-19) of the 10-Year Plan was unaffordable. The group has spent three years reviewing operating and capital expenditure, prioritising projects and focusing on debt reduction. This work continued successfully during the 2011/12 year culminating in the adoption of an affordable 10-Year-Plan 2012-22 in June 2012.

Debt reduction

Water demand management was identified as showing the greatest potential for saving (\$72.4 million from the 10-Year Plan capital programme). A review of infrastructure projects revealed potential savings of \$65.8 million, mainly through prioritisation and improvements to cost estimating methodology and market conditions. The revised 10-year capital expenditure programme with \$167.8million in savings has been incorporated in the financial models for development contributions and the 10-Year Plan. It showed peak debt levels in 2018/19 reducing by 32%, a reduction of \$125.7 million. Financial affordability has been the number one key driver over the last three years. The following graph shows a comparison of the 2012 10-Year Plan for capital works and external debt over the 10-Years. The improvement in the debt position is very obvious as the gap between the two lines is over \$220 million.

10 Year Financial Comparison – External Debt vs Capital Works



Value for money

The 2011/12 year saw a significant drive towards value for money, which included a three waters contract review, a reduction in the staff costs and a review of organisational performance management.

Project Shotover

This project is outlined in more detail on pg 81, however it should be acknowledged that a significant amount of work was done on this project to address affordability. The Council consulted on a treatment proposal only, recommending removal of 31% of the cost (\$8.8 million) by deferring disposal to land. Council consulted on the rate impact of 10-15% in 2016/17.

Wanaka Sports Facility

This project is outlined in more detail on pg 70 An important part of the 10-Year Plan consultation was ensuring the Wanaka community was consulted over the cost and the impact on rates, which will increase by 2.35% in 2015/16.

Project delivery

What have we delivered?

Here are some of the projects that have been delivered during 2011/12:

Infrastructure

A reduction in growth and the deferral of projects and savings - due to closer scrutiny by staff - are key reasons the Council district-wide infrastructure capital works was \$10.9 million under budget for the 2011/12 (\$20.1 million under budget for the 2010/11 year). A significant amount of the under-expenditure has been in roading and wastewater projects. In total this is a budget underspend of 26.5%. There were several reasons for the under expenditure:

- Short term deferrals.
- Long term deferrals (where a project may be set back for 5-10 years or more).
- Savings (where a project or part of a project is not needed or the scope can be reduced without changing the level of service).

The key advantage is that this means less borrowing on the part of the Council and therefore less debt. For work in progress but not completed in the financial year, funds have been carried forward into 2012/13 to allow completion.

The following projects were completed in the 2011/12 year:

- Wastewater: Frankton Beach Pump Upgrade (Wastewater). Started 2011/12, completed September 2012 (cost \$3.87 million).
- Water Supply: Arrowtown Reservoir Stability (cost estimate \$292,750).
- Water Supply: Arrowtown Burst Valve (cost estimate \$222,695)
- Roading: Hensman- Edinburgh Upgrade (cost estimate \$981,027)
- Roading: Adamson Drive Upgrade (cost estimate \$881,278)
- Roading: Centennial Avenue Upgrade (cost estimate \$574,410)
- Roading: Buckingham Upgrade (cost estimate \$412,128)
- Roading: Littles Road Upgrade (cost estimate \$648,388)
- Roading: Perkins West Upgrade (cost estimate \$187,124)

Community

Key projects included the Queenstown Cycleway, Earnslaw Park Toilets and the Wanaka Sports Facility. Funds were carried forward for the latter two projects and the toilets are subject to on-going consultation with a decision anticipated in October 2012. The Wanaka Sports Facility has proceeded to a hearing on the designation (September 2012). The Queenstown Cycleway project is a major enhancement to the local trails network. In conjunction with the Wakatipu Trials Trust, this project is on target for its official opening on October 18, 2012. Consolidation in Community Services expenditure continues, however a number of important minor projects have been listed under Delivering Community Outcomes.

Other Project Highlights

Shaping our Future - Consultation

This is a community driven project of major significance to the Council as it brings together residents, business, local government and other agencies to debate the important issues for the future of the district. The first community forums commenced in the last financial year and have focused initially on the economic future and events in the district. The forums have been well attended. Ultimately the work being undertaken by the community has fed into the 10-Year

Plan process where appropriate. The Council provided \$25,000 to the Shaping Our Future process to allow for a visioning component in 2011/12.

Wanaka Sports Facilities/Aquatic Centre

In March 2011 the Council took a decision on the location of the proposed Wanaka facility. The decision was to locate the new facility, future aquatic centre and associated courts on land located on Three Parks and North Three Parks. It is scheduled to be constructed in the next four years. The 10-Year Plan 2009 has \$10.6 million to build the sports facility. Work was on-going in the 2011/12 year. The Stage one project (indoor sports facility and hard court area) is scheduled to commence next year (2013).

Shotover Delta – flood protection

Work has continued on the \$1.2 million Shotover Delta training and revetment line, which was completed in the later part of 2011. The structure is a joint venture between the Council and the Otago Regional Council and is designed to mitigate flooding by channelling the Shotover River at peak flows.

Project Shotover

Council has continued to work towards the upgrade of the Wakatipu Waste Treatment Plant by 2014 (when the current consent expires). The existing system is continuing to deliver for the short to medium term with minor upgrades that have been undertaken in the 2011/12 year and are on-going including the de-sludging of the ponds (commenced in April 2012 and to be completed in October 2012 with an estimated cost of \$1 million) and carrying out some other operational improvements. Staffs has continued to engage with the various stakeholders and interested and affected parties, with significant consultation on the project taking place in the 2012 10-Year Plan. The \$27.1 million project is to be tendered 2012/13.

Delivering Community Outcomes:

Sustainable growth management and Quality landscapes, natural environment and enhanced public access

District Plan Review

A three year project was commenced that aims to notify a reviewed District Plan in November 2013. A project plan for the review has been agreed by Council. Initial consultation and monitoring reports have been undertaken and the project is currently meeting timelines. Our aim of the review is to simplify the plan and to:

- Protect the natural environment and landscape values of the District.
- Ensure that growth is provided for in appropriate locations.
- Ensure new development is of high quality.
- Ensure the future social and economic wellbeing of the District.

District Plan

Following the resolution of the only outstanding matter (financial contributions) the District Plan was made fully operative in December 2009.

Plan Changes Notified

None

Private Plan Changes Notified

Plan Change 43 Frankton Mixed Use Zone

Plan Changes Under Appeal

Plan Change 19 Frankton Flats (B)
Plan Change 24 Community and Affordable Housing
Plan Change 26 Wanaka Airport
Plan Change 34 Remarkables Park
Plan Change 36 Wanaka Industrial Zoning Extension
Plan Change 41 Shotover Country

Plan Changes Operative

Plan Change 18 Mount Cardrona
Plan Change 27A Updating Noise Measurement and Assessment Standards
Plan Change 30 Urban Boundary Framework
Plan Change 37 Quail Rise

Wilding Tree Strategy Rollout

The Wilding Control Group was set up in April 2009 to meet the communities desire to see wilding conifers controlled. Spend and total area cleared over the last two years is displayed below:

Operational Year	Total Ha Controlled	WCG Spend	DOC Spend	Total Spend
2010-11	10,332	\$260,500	\$365,000	\$625,500
2011-12	7,397	\$402,200	\$235,600	\$637,800

QLDC contributes \$129,000 to the group and the other funding has come from Central Lakes Trust, Lottery Grants Board, Skyline Enterprises, LINZ and Landowners.

Trails

The Upper Clutha Tracks Trust and the Wakatipu Trails Trust continue to deliver outstanding results. The UCTT has worked with Council and DOC to form the Clutha River Track and the Glendhu Bay Track and the WTT has assisted Council with the completion of the Kelvin Peninsula Track upgrade. With assistance and support from the Council WTT was also successful in receiving approval for \$1.8m of funding from the Government for the development of the Queenstown Trail. The trust has worked to secure access for the New Zealand Cycleway and officially opens in October 2012.

Council also increased the trail maintenance budget by \$20,000 for increased maintenance on QLDC mountain bike trails.

Cardrona

The Council has allowed for \$200,000 capital budget for possible Cardrona land acquisition, in anticipation of the disposal of abandoned land by the Public Trust. This would allow for reserve to be created.

A safe and healthy community that is strong, diverse and inclusive for people of all age groups and incomes.

Summerdaze

Another successful Summerdaze programme was held with strong attendance from locals and residents. Summerdaze is a celebration of summer, held across all communities and includes New Year's Eve celebrations in Queenstown and Wanaka.

CCTV

CCTV is now operating in Wanaka and Queenstown, with a total of \$150,000 for instalment committed in 2011/12. Council further agreed to increase the budget for Wanaka Town Centre Improvements by \$25,000 for implementation of CCTV in association with the Queenstown project. Council has now also installed security cameras in the Queenstown town centre. Council is also continuing to provide funding for Queenstown Community Guides as a first response and crime prevention initiative. Council has also continued to support the 'Mellow Yellow' initiative involving close co-operation between police, bar staff and the community guides. Council is grateful to Queenstown and Wanaka police for their on-going commitment to this project.

Affordable Housing

The Council continues to implement 15 ongoing actions of the Housing our People in Our Environment (HOPE) Strategy (adopted June 2005). The Queenstown Lakes Community Housing Trust has delivered 55 homes (2011/12). Stage 1 of five homes at Nerin Square, Lake Hayes Estate was completed in December 2009. Construction of Stage 2 (22 homes) is well underway. In a survey undertaken in 2011/12 by the QLCHT, 76% of ratepayers wanted Council to be engaged with the issue of affordable housing. Plan Change 24: Affordable and Community Housing (adopted by Council in December 2008) continues to be with the Environment Court (2012).

Lakes Leisure

The 2011/12 period has seen the fourth full year of operation for Lakes Leisure Limited, which commenced in February 2008. The not for profit Council Controlled Organisation completed the aquatics project in October 2009 with the opening of the Alpine Health and Fitness Centre. Lakes Leisure has enjoyed a significant increase to visitors and strong satisfaction levels reflected in the 2012 satisfaction survey. Notably a new question about satisfaction with the Aquatic Centre achieved 91.9% satisfaction.

Wanaka Skate Park Extension

The Council brought forward \$180,000 capital budget for Stage 1 of the extension to Wanaka Skate park (assumes \$60,000 to come from local fundraising).

Effective and efficient infrastructure that meets the needs of growth.

Transport and Carparking Strategy

Safety continued to be a key focus of 2011/12 and is part of our road upgrade program. We worked to improve areas with poor safety performance. Initiatives include such things as School Travel Safety Plans and the winter gritting and de-icing. We have also had a focus on the smoothness of road pavements as this can help reduce vehicle operating costs and improve travel comfort. Council continues with carparking initiatives (to enable debt associated with the

parking facilities to be reduced), encouraging commuters to consider the range of travel choices, and to free up parking for visitors to the Queenstown town centre. This has impacted on the level of satisfaction with carparking in the 2012 survey.

Key roading projects

Emergency Reinstatement Works

In 2011/12 the district experienced 3 snow events, 1 wind events and one localised flood event that all required emergency reinstatement work. As a consequence of the snow events Council was not able to meet its level of service as regards ensuring roads are not closed for longer than 12 hours following an event.

Glenda Drive Notice of Requirement

The implementation of a joint project to install a new state highway roundabout and local roading links in the vicinity of the SH6/Glenda drive intersection has been delayed by an Environment Court appeal against the notice of requirement. The substantive issues were resolved in 2011/12 and it is expected that construction of the roading works will happen in 2012/13.

Ardmore Brownston

The completion of the design of the new roundabout – which forms a key part of the overall Ardmore Brownston Street project – and the resolution of property issues has taken longer than expected due to the importance of resolving property access and safety issues. Construction of the new roundabout is expected to commence in spring 2012.

Malaghans Road Site 5

This will be completed in December 2012 at an estimated cost of \$1.7 million.

Crown Range

Upgrades of \$1.3 million 2011/12 have continued.

Glenorchy Road

The Glenorchy Road Upgrade commenced in 2011. The project is estimated to cost \$1.8 million

Mt Aspiring Road

This project, estimated to cost \$1.78 million, commenced in March 2012 and will be completed in November 2012.

Gorge Road – Stage 2

This project, estimated to cost \$1.7 million, commenced in December 2011 and will be completed in November 2012.

Water supply demand management

The 2009 10-Year-Plan included expenditure for implementing water supply demand management initiatives. It did not include any evaluation of the potential savings resulting from these initiatives. This analysis has now been undertaken at a high level as part of the capital review.

The work to date has shown that demand management together with improved engineering solutions will enable postponement of a significant proportion of the water supply capital expenditure identified in the 2009 10-Year Plan. We know that the amount of water used is high and our biggest challenge is managing the summer peaks.

The achievement 2011/12 shows per household use of 542 litres per day against a target of 550 litres, however leakage continues to be a significant issue. Leak detection work has been ongoing. In 2011/12 Council continued to work towards strategies to reduce the projected capital expenditure to \$72.4 million in the next 10-Years (\$171 million in 2009).

Algae

The Council received a report containing recommendation regarding the Lake Wanaka algae issue in March 2011. As a result of this investigation two streams of work were undertaken, being a 'micro-filtration' trial and a survey of the topography of the lakebed. Other works have been undertaken to reduce the effect of this problem, including regular cleaning of the lake intakes and investigation of extending the intakes to a greater depth. Monitoring is ongoing. This body of work in the 2011/12 year informed consultation in the 10-Year Plan (2012), which resulted in continuing with managing the problem at the 'point of use', as opposed to investing \$6.6 million in a treatment plant.

Waste Management

In October 2011 the Wanaka recycling contract was awarded to a new contractor. The contract (six years with a possible extension of up to three years) was awarded to Smart Environmental Limited (SEL) over two other tenders, including Wanaka Wastebusters. The decision was a difficult but, ultimately, clear cut in terms of delivering value for money to the ratepayer. SEL already holds the processing contract for recycling in the Wakatipu Basin, utilising an automated sorting plant at the Wakatipu Recycling Centre. The company had the capacity to extend its services to include Wanaka recyclables. Through a number of efficiencies, SEL's contract price more than halved the existing recycling budgets, while still delivering on the environmental attributes embedded in the tender procedure.

Hawea

The Council approved a 'one-off' capital grant of \$120,000 for a project to extend the Hawea Community Centre. It also agreed to bring forward \$10,000 capital budget for a Norski Toilet at John Creek, Hawea. A further \$10,000 was brought forward from the capital budget for Hawea foreshore improvements.

High quality urban environments respectful of the character of individual communities.

Urban Design and Urban Design Guidelines

In the 2011/12 year there were 10 Queenstown Urban Design Panel review meetings, compared with 15 in the previous 12 months. The Wanaka Panel reviewed five projects compared to two in the previous 12 months. This continues to reflect a lower level of development in the Upper Clutha. Following public consultation in October 2011, the Cardrona Village Character Guideline was adopted by Council in January 2012.

A strong and diverse economy.

Small Community Grants

Community grants were made available to our 'smaller community' associations to cover administration and maintenance costs on community owned facilities. The funding (total of \$50,000 per annum) was also granted to assist with a number of landscaping and beautification projects throughout the district.

Funding

The Council continued to commit to its ongoing funding of its promotional bodies, the film office and community grants (including the heritage grants).

Economic model

The Council included funding in the 2011/12 Annual Plan to provide \$25,000 to allow for the purchase of a district-wide economic model.

Preservation and celebration of the district's local cultural heritage.

Lakes District Museum

The museum receives an annual grant of \$40,000 from the Council. It offers an essential window into our district's heritage and sustains an invaluable and rich archive of historic material. Notably the museum has held some outstanding exhibitions in its gallery space in the previous year.

Gold 150th Celebration

October 2012 will make the anniversary for the discovery of gold in our Otago. This celebration has been two years in the making. The 2011/12 Annual Plan approved funding assistance of \$30,000 to celebrate 150th Anniversary of the discovery of gold in Otago.

Heritage Strategy

In May 2008 the Council established the Heritage Strategy working party whose role was to develop a heritage strategy that provides for the proactive future management of historic heritage in the district. The working party developed a draft heritage strategy which was released for community feedback in September 2009, finalised in March 2010. The Council adopted the strategy in April 2010 and during Annual Plan 2011/12 deliberations approved a one-off grant to establish a Queenstown Lakes District Heritage Trust of \$5,000. The Trust has now been established.

Wanaka Cemetery

The Council approved a one-off grant to the Upper Clutha Historic Records Society of \$2,000 towards memorial wall project in the Wanaka Cemetery.

Overall Perception of Performance

Overall Performance QLDC

Our 2008/2009 Residents' Satisfaction and Opinion Survey introduced a new methodology which offered the opportunity for those participating to choose a neutral position (this is known as a 5-point system). Previously participants were asked to mark either satisfied or dissatisfied.

The move to the 5-point system is considered to be 'best practice' methodology because it shows the true level of satisfaction and dissatisfaction. For the purposes of reporting against 4-point targets, the achievements contained in the report are re-calculated to a 4-point scale.

Overall, on the basis of the 4-point scale we have seen a decrease in satisfaction with the Council being 78.5% satisfaction 2012 (86 % 2011). However this remains higher than 2010 (76%) and 2009 (73.1%). Wanaka residents were less satisfied, affecting the percentage, while Queenstown and Out of Town ratepayers were the most satisfied.

Conclusion

This financial year the Council has continued to focus on addressing cost, debt levels and value for the ratepayer. It is good news that the Council can report a satisfactory financial result for 2011/12.

The Council continues to have a strong policy framework. The work begun in 2009/10 to take financial stock, re-forecast debt levels and to scrutinise the work programme has been substantial. It has enabled the Council to put down a sound financial framework for the long term future. The previous drive to deliver projects has been strengthened by more careful prioritisation and to look for greater cost effectiveness in the projects and services the Council carries out on behalf of the Communities it serves.

QLDC continues to face uncertainty in the pace of change and the rate of growth. There are some challenges ahead for example in how we manage our water resources, Project Shotover (Wakatipu wastewater disposal to land) and in delivering the Wanaka Sports facilities in a location and to a standard of which the whole District can be proud. The Council has demonstrated a commitment to our communities to provide good services and real value.

One of our biggest challenges was to deliver an affordable 10-Year-Plan in 2012, this has now been achieved.

Thanks

The Council's aim is to deliver outstanding services and value for the communities it serves and to do this always depends upon the efforts of many people. My thanks go to:

Our people (all the staff, contractors and Council Controlled Organisations) who work hard to deliver great service.

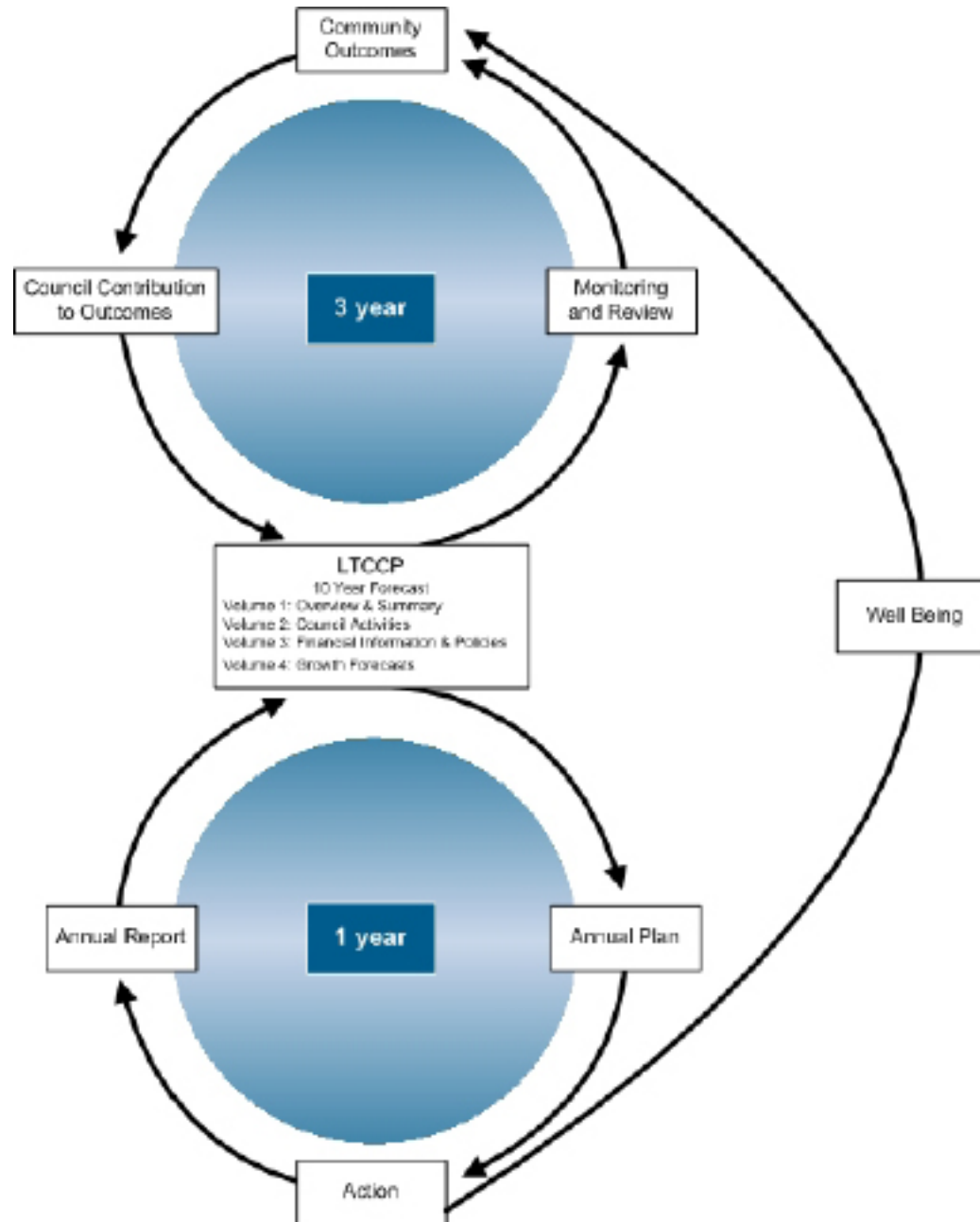
The elected members – thank you for the enormous contribution you have personally made in your second year of office.

Community and special interest groups, residents and non resident ratepayers, who take time to give feedback and to participate in consultation meetings and whose engagement informs the Council to make better decisions.

And finally to the media who inform the debate.

Stewart Burns

**Acting Chief Executive
Queenstown Lakes District Council**





Fact File

Area: 8467 square kilometres
Peak Population 2011: 89,346 (estimate)
Average Day Population 2011: 46,612 (estimate)
Rateable properties 2011: 22,000
 Resident population (average day) 2011:28,440
 Visitor population (average day) 2011:18,172
 Source - Growth Projections 10-Year Plan 2012

Delegated Responsibilities as at 30 June 2012

<p>Mayor Vanessa van Uden</p> <p>Deputy Mayor Lyal Cocks</p> <p>Councillors</p> <p>Arrowtown Ward Lex Perkins</p> <p>Wakatipu Ward Russell Mawhinney Simon Stammers-Smith Cath Gilmour Trevor Tattersfield John Mann Mel Gazzard</p> <p>Wanaka Ward Jude Battson Lyal Cocks Leigh Overton</p> <p>Wanaka Community Board Lyal Cocks (Chairperson) Jude Battson Dick Kane Ken Copland Leigh Overton Bryan Lloyd Mike O'Connor</p> <p>Council Committees</p> <p>Finance and Corporate Committee Community Services Committee Strategy Committee Infrastructure Services Committee</p>	<p>Acting Chief Executive Stewart Burns</p> <p>Deputy CEO / General Manager Finance Stewart Burns</p> <hr/> <p>General Manager Policy and Planning Philip Pannett</p> <p>General Manager Community Services Paul Wilson</p> <p>General Manager Engineering Services (Acting) Maggie Lawton</p> <p>General Manager Regulatory and Corporate Services Roger Taylor</p> <p>Chief Information Officer Kirsty Martin</p> <p>Communications Manager Meaghan Miller</p> <p>Human Resources Manager Rachel Reece</p> <hr/> <p>Reserves / Three Waters Asplundh Veolia Ltd</p> <p>Regulatory / Resource Management Services Lakes Environmental Ltd</p> <p>Property Management Services APL Property Ltd</p>	<p>General Manager Engineering Services (Acting) Maggie Lawton</p> <p>Human Resources Manager Rachel Reece</p> <p>Roading Downer EDI Works Ltd</p> <p>Facilities Management Services Lakes Leisure Ltd</p>
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Council Offices

Civic Centre
10 Gorge Road
Private Bag 50072
Queenstown

Phone: 03 441 0499
Fax: 03 450 2223
Email: services@qldc.govt.nz
Website: www.qldc.govt.nz

Service Centres

Arrowtown Library
58 Buckingham Street
Arrowtown
Phone: 03 442 1607

Wanaka Office
47 Ardmore Street
Wanaka
Phone: 03 443 0024
Fax: 03 443 8826

Lakes Environmental Limited

Private Bag 50077
Queenstown
Phone: 03 450 0300

Lakes Leisure Limited

Joe O'Connell Drive, Frankton
PO Box 2009
Queenstown
Phone: 03 442 3664

Queenstown Airport Corporation Limited

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

Auditors

Deloitte on behalf of the Auditor General
Dunedin

Bankers

Bank of New Zealand
Queenstown

Solicitors

MacTodd
Queenstown
Simpson Grierson
Wellington

Sister Cities

Aspen, Colorado, USA (Queenstown)
Hikimi, Shimane, Japan (Wanaka)

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

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

Council Committees

Council has four standing committees to monitor and assist in the effective delivery of Council's specific responsibilities. Council's standing committees include:

- Finance and Corporate Accountability.
- Infrastructure Services.
- Strategy.
- Community Services.

Each committee is responsible for providing additional assurance on the integrity of information being presented and the operation of the activity. In 2007, the newly elected Council resolved to disband the Regulatory committee. Its responsibilities have been delegated to the other standing committees.

A number of sub-committees deal with specific functions and activities. These sub-committees report directly to the relevant standing committee.

The Wanaka Community Board is Council'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 Council and that of management. 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 13 of this report.

Audit

External auditors are used by Council to evaluate the quality and reliability of financial information reported by Council in the Annual Report.

Risk Management

Council is working closely with external risk consultants to develop processes and systems that reduce its exposure to risk.

Legislative Compliance

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

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 2012 fairly reflect the financial position and operations of Queenstown Lakes District Council.

Vanessa van Uden
Mayor
30 October 2012

Stewart Burns
Acting Chief Executive
30 October 2012

	Notes	Council			Group	
		2012	Budget	2011	2012	2011
For the Financial Year Ended 30 June 2012		\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Rates revenue	2 (a)	53,490	53,768	51,353	53,263	51,096
Other revenue	2 (a)	43,494	52,163	30,399	65,407	54,291
Other gains/(losses)	2 (b)	(5,275)	-	(2,187)	(5,289)	(2,178)
Total income	2 (g)	91,709	105,931	79,565	113,381	103,209
Expenditure						
Employee benefits expense	2 (c)	7,933	8,494	7,881	17,191	17,145
Depreciation and amortisation expense	2 (d)	17,397	17,568	16,545	21,251	19,951
Finance costs	2 (e)	6,470	8,403	6,469	7,688	7,465
Other expenses	2 (f)	45,219	46,184	48,117	47,961	50,381
Total operating expenditure	2 (g)	77,019	80,649	79,012	94,091	94,942
Surplus/(Deficit) before income tax		14,690	25,282	553	19,290	8,267
Income tax expense	3	-	-	-	2,018	1,684
Surplus/(Deficit) for the period		14,690	25,282	553	17,272	6,583
Surplus/(Deficit) attributable to:						
- Council	20	14,690	25,282	553	15,982	5,381
- Non controlling interest	21	-	-	-	1,290	1,202
		14,690	25,282	553	17,272	6,583

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

	Notes	Council			Group	
		2012 \$'000	Budget \$'000	2011 \$'000	2012 \$'000	2011 \$'000
For the Financial Year Ended 30 June 2012						
Surplus/(Deficit) for the period		14,690	25,282	553	17,272	6,583
Other Comprehensive Income						
Gain/(Loss) on revaluation	19 (a)	-	-	70,543	-	70,543
Cash flow hedges	19 (d)	-	-	-	(1,164)	(357)
Income tax relating to other comprehensive income	19 (d)	-	-	-	326	100
Share revaluation	19 (a)	-	-	(8)	-	(8)
Total Comprehensive Income		14,690	25,282	71,088	16,434	76,861
Attributable to:						
- Council		14,690	25,282	71,088	15,354	75,724
- Non controlling interest		-	-	-	1,080	1,137
		14,690	25,282	71,088	16,434	76,861

	Notes	Council			Group	
		2012 \$'000	Budget \$'000	2011 \$'000	2012 \$'000	2011 \$'000
As at 30 June 2012						
Current assets						
Cash and cash equivalents	28	1,240	135	991	3,359	3,516
Trade and other receivables	6	9,876	13,372	8,364	11,731	10,695
Inventories		-	-	-	40	26
Other financial assets	7	12	83	12	19	29
Other current assets	8	890	277	348	926	436
Development Properties	9	292	292	292	292	292
Total current assets		12,310	14,159	10,007	16,367	14,994
Non-current assets						
Investment in subsidiaries	25	6,037	7,576	6,046	-	-
Other financial assets	7	540	-	580	540	580
Property, plant and equipment	10	848,254	939,550	827,754	1,000,306	974,835
Forestry assets	11	-	-	-	700	711
Intangible assets	12	452	-	316	5,662	4,602
Investment property	13	64,458	92,951	66,332	64,458	66,332
Total non-current assets		919,741	1,040,077	901,028	1,071,666	1,047,060
Total assets		932,051	1,054,236	911,035	1,088,033	1,062,054
Current liabilities						
Trade and other payables	14	13,146	16,716	11,151	17,016	15,209
Borrowings	15	70,068	19,271	53	70,068	4,803
Other financial liabilities	16	4,462	891	4,709	5,477	5,829
Employee entitlements	17	937	-	806	1,719	1,592
Finance lease liabilities	18	-	-	-	50	69
Current tax payable	3 c	-	-	-	75	256
Total current liabilities		88,613	36,878	16,719	94,405	27,758

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

	Notes	Council			Group	
		2012 \$'000	Budget \$'000	2011 \$'000	2012 \$'000	2011 \$'000
As at 30 June 2012						
Non-current liabilities						
Borrowings	15	32,606	109,204	98,174	54,928	111,886
Finance lease liabilities	18	-	-	-	86	136
Other financial liabilities	16	-	-	-	1,992	828
Deferred tax liabilities	3 (d)	-	-	-	6,716	6,902
Total non-current liabilities		32,606	109,204	98,174	63,722	119,752
Total liabilities		121,219	146,082	114,893	158,127	147,510
Net assets		810,832	908,154	796,142	929,906	914,544
Equity						
Reserves	19	326,213	355,577	335,033	400,381	409,829
Retained earnings	20	484,619	552,577	461,109	499,287	474,485
Total equity attributable to the Council		810,832	908,154	796,142	899,668	884,314
Non controlling interest	21	-	-	-	30,238	30,230
Total Equity		810,832	908,154	796,142	929,906	914,544

Mayor

30 October 2012

Acting Chief Executive

30 October 2012

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

Council	Notes	Revaluation Reserves	Operating Reserves	Capital Reserves	Hedging Reserve	Retained Earnings	Attributable to Equity Holders of Parent	Non Controlling Interest	TOTAL EQUITY
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
For the Financial Year Ended 30 June 2012									
Balance at 1 July 2011	19/20	308,103	13,875	13,055	-	461,109	796,142	-	796,142
Total Comprehensive Income for the year		-	-	-	-	14,690	14,690	-	14,690
Transfers from/(to) retained earnings	19/20	(4,377)	(53)	(4,390)	-	8,820	-	-	-
Balance at 30 June 2012		303,726	13,822	8,665	-	484,619	810,832	-	810,832
For the Financial Year Ended 30 June 2011									
Balance at 1 July 2010	19/20	239,229	14,979	13,949	-	456,897	725,054	-	725,054
Total Comprehensive Income for the year		70,535	-	-	-	553	71,088	-	71,088
Transfers from/(to) retained earnings	19/20	(1,661)	(1,104)	(894)	-	3,659	-	-	-
Balance at 30 June 2011		308,103	13,875	13,055	-	461,109	796,142	-	796,142
Group									
Group	Notes	Revaluation Reserves	Operating Reserves	Capital Reserves	Hedging Reserve	Retained Earnings	Attributable to Equity Holders of Parent	Non Controlling Interest	TOTAL EQUITY
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
For the Financial Year Ended 30 June 2012									
Balance at 1 July 2011	19/20	383,091	13,875	13,055	(192)	474,485	884,314	30,230	914,544
Total Comprehensive Income for the year	19d/20	-	-	-	(628)	15,982	15,354	1,080	16,434
Dividends paid	21	-	-	-	-	-	-	(1,072)	(1,072)
Transfers from/(to) retained earnings	19	(4,377)	(53)	(4,390)	-	8,820	-	-	-
Balance at 30 June 2012		378,714	13,822	8,665	(820)	499,287	899,668	30,238	929,906
For the Financial Year Ended 30 June 2011									
Balance at 1 July 2010	19/20	314,217	14,979	13,949	-	467,173	810,318	120	810,438
Total Comprehensive Income for the year	19a/19d	70,535	-	-	(192)	5,381	75,724	1,137	76,861
Capital introduced to QAC	21	-	-	-	-	-	-	27,245	27,245
Movement on dilution of shareholding in QAC	20/21	-	-	-	-	(1,728)	(1,728)	1,728	-
Transfers from/(to) retained earnings	19	(1,661)	(1,104)	(894)	-	3,659	-	-	-
Balance at 30 June 2011		383,091	13,875	13,055	(192)	474,485	884,314	30,230	914,544

	Notes	Council			Group	
		2012 \$'000	Budget \$'000	2011 \$'000	2012 \$'000	2011 \$'000
For the Financial Year Ended 30 June 2012						
Cash flows from operating activities						
Receipts from customers		87,557	95,450	83,413	112,525	105,794
Interest received		-	-	-	67	85
Dividends received		3,216	-	-	-	-
Payments to suppliers and employees		(55,799)	(54,678)	(53,885)	(66,970)	(65,593)
Finance costs paid		(6,470)	(7,603)	(6,469)	(7,670)	(7,465)
Income tax paid		-	-	-	(2,059)	(2,434)
Net GST (payment) /receipt		(272)	-	333	285	(351)
Net cash inflow/(outflow) from operating activities	28(c)	28,232	33,169	23,392	36,178	30,036
Cash flows from investing activities						
Purchase of investments		(2)	-	(3)	(2)	(3)
Sale of other financial assets		8	-	7	8	7
Sale of investment property		393	-	110	393	110
Purchase of property, plant and equipment		(30,410)	(52,177)	(22,148)	(40,552)	(35,390)
Purchase of investment property		(2,090)	-	(58)	(2,090)	(58)
Purchase of intangible assets		(360)	-	(229)	(1,325)	(563)
Proceeds from sale of property, plant and equipment		31	-	423	67	445
Net cash inflow/(outflow) from investing activities		(32,430)	(52,177)	(21,898)	(43,501)	(35,452)
Cash flows from financing activities						
Proceeds from borrowings		49,500	37,253	-	53,710	-
Repayment of borrowings		(45,053)	(18,245)	(829)	(45,472)	(21,422)
Capital introduced to QAC		-	-	-	-	27,245
Dividends paid		-	-	-	(1,072)	-
Net cash inflow /(outflow) from financing activities		4,447	19,008	(829)	7,166	5,823
Net increase/(decrease) in Cash and cash equivalents		249	-	665	(157)	407
Cash and cash equivalents at the beginning of the financial year		991	135	326	3,516	3,109
Cash and cash equivalents at the end of the financial year		1,240	135	991	3,359	3,516
Represented by:						
Cash and cash equivalents		1,240	135	991	3,359	3,516
Bank overdraft		-	-	-	-	-
		1,240	135	991	3,359	3,516

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

1. Summary of 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)), Lakes Environmental Limited ("LEL"), Lakes Leisure Limited ("LL"), the 75% owned Lakes Combined Afforestation Committee ("LCAC") and the 75.01% owned Queenstown Airport Corporation Limited ("QAC").

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 New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

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 comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for public benefit entities.

All available public benefit entity reporting exemptions under NZ IFRS have been adopted.

Basis of Preparation

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods if the revision affects both current and future periods.

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.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements are presented in thousands of New Zealand dollars.

New Zealand dollars are the Council's and Group's functional currency.

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

Revenue Recognition

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, net of discounts and GST.

Rates Revenue

Rates revenue is recognised when it is levied.

Other Revenue

(a) Rendering of Services

Revenue from the rendering of services is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

(b) 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.

(c) Dividend Revenue

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

(d) Fees and Charges

Fees and charges are recognised as income when supplies and services have been rendered.

(e) Contracts and Consents

Revenue relating to contracts and consent applications that are in progress at balance date is recognised by reference to the stage of completion at balance date.

(f) Grant Revenue

Government grants are received from Land Transport New Zealand, which subsidises part of the Council's costs in maintaining the local roading infrastructure. The subsidies 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.

(g) 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.

Development contributions are classified as part of the "Other Revenue".

Other Gains and Losses

(a) Sale of investment property, property, plant and equipment, property intended for sale and financial assets.

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/or Group will receive the consideration due.

(b) Assets Acquired for Nil or Nominal Consideration

Certain infrastructural assets have been vested to the Council as part of the subdivision covenant process. Such vested assets are recognised as revenue when the significant risks and rewards of ownership have been transferred to the Council and when the obligation to accept the transfer of the assets to the Council has been determined.

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.

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 an expense or income in the Statement of Financial Performance, except when it relates to items credited or debited to other comprehensive income, in which case the deferred tax is 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 profit or loss 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 profit or loss', '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 Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss 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.

Until 1 July 1998 in certain circumstances funds were required to be set aside each year to meet future payments of loans and commitments. These funds, described as Sinking Funds, are administered by independent Sinking Fund Commissioners appointed by the Council. The funds are included in the Statement of Financial Position. The Council now voluntarily contributes to sinking funds to build up funds to pay off debt principal. Deposits are included within this classification.

Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, 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 income 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 profit or loss.

Amounts recognised in the hedging reserve are reclassified from equity to profit or loss (as a reclassification adjustment) in the periods when the hedging item is recognised in the profit or loss, 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.

Inventories

Development Properties

Development properties classified within Inventory 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.

Other 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 accumulated depreciation and any impairment losses recognised after the date of revaluation. Airport assets held by QAC including: land, buildings, roading, carparking and runways are also carried at fair value, as determined by an independent registered valuer, less accumulated depreciation and any impairment losses recognised after the date of any revaluation. Infrastructure assets, land, buildings and runways acquired or constructed after the date of the latest revaluation are carried at cost, which approximates fair value. Revaluations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the balance sheet date.

The results of revaluing are credited or debited to an asset revaluation reserve via other comprehensive income for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed to the Statement of Financial Performance. Any subsequent increase in revaluation that offsets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial Performance up to the amount previously expensed, and then credited to the revaluation reserve via other comprehensive income for that class of asset.

Sewer, Stormwater, Water

Sewer, stormwater and water assets are stated at fair value, which is optimised depreciated replacement cost value as at 1 July, 2010 by Rationale, independent valuers. Acquisitions subsequent to 1 July, 2010 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, 2010 by GHD 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 and buildings held by QAC were independently valued by Seagar & Partners, registered valuers, as at 30 June 2010 to fair value. The runway was independently valued by Beca Valuations Limited (Beca), registered valuers, as at 30 June 2010. 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	1.67%-20%	SL
Roading and Carparking	4.8%-26%	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 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 Cashflows

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 depreciation 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.

Goodwill;

In performing the impairment test for goodwill management have assumed the service contract between Lakes Environmental Limited (LEL) and Council will operate in perpetuity. The service contract is subject to formal review and renewal every three years. In the event the service contract is not renewed, or renewed on terms that differ to the existing service contract, this may result in a reduction of managements estimated future cash flows associated with the service contract. These decreased future cash flows may impact the Directors assessment of the carrying value of goodwill.

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 2012.

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. Management do not view the approval for sale granted by Council 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, management 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 management 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.

Changes in Accounting Policy

There have been no changes in accounting policy.

Adoption of New and Revised Standards and Interpretations

Standards and Interpretations effective in the current period

There were no new or revised Standards or Interpretations effective in the current period that had a material impact on the annual report of Council or Group.

Standards and Interpretations on issue but not yet adopted

At the date of authorisation of the annual report the following Standards and Interpretations were in issue but not yet effective, which are not expected to have a material impact but may affect the presentation and disclosure:

- NZ IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2015);
- IFRS 10 Consolidation Financial Statements (effective for accounting periods beginning on or after 1 January 2013);
- IFRS 11 Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013);
- IFRS Disclosure of Interests in Other Entities (effective for accounting periods beginning on or after 1 January 2013);
- IFRS 13 Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013);
- Amendments to NZ IAS 19 Employee Entitlements (effective for accounting periods beginning on or after 1 January 2013).

Other Standards and Interpretations in issue but not yet effective are not expected to have an impact in the financial statements of the Group in the period of initial application.

2. Surplus From Operations

For the Financial Year Ended 30 June 2012	Notes	Council		Group	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(a) Revenue					
Rates Revenue:					
General rates		13,119	11,540	13,060	11,481
Targeted rates		40,371	39,813	40,203	39,615
		53,490	51,353	53,263	51,096
Other Revenue:					
User charges		12,219	11,758	23,763	22,998
Capital Contributions		3,969	1,027	3,914	1,027
Grants and subsidies		14,046	10,497	14,046	10,497
Vested assets		5,220	2,731	5,220	2,731
Landing dues		-	-	7,764	6,933
Dividend income		3,216	-	-	-
Other revenue		4,824	4,386	5,577	5,353
Rental Revenue:					
Operating lease rental revenue		-	-	5,079	4,659
Interest Revenue:					
Bank deposits		-	-	38	93
Inland Revenue Department		-	-	6	-
		43,494	30,399	65,407	54,291

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

2. Surplus From Operations continued

For the Financial Year Ended 30 June 2012	Notes	Council		Group	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(b) Other Gains/(Losses)					
Gain/(loss) on revaluation of investment property	13	(4,283)	(1,574)	(4,283)	(1,574)
Gain/(loss) on disposal of investment property		263	(15)	263	(15)
Gain/(loss) on disposal of property, plant and equipment		-	162	-	162
Gain/(loss) in fair value of shares		(35)	(11)	(35)	(11)
Gain/(loss) in fair value of forestry assets	11	-	-	(11)	231
Gain/(loss) in fair value of forestry investment		(8)	173	-	-
Gain/(loss) in fair value of derivative financial instruments classified at fair value through profit or loss		(1,212)	(922)	(1,223)	(971)
		(5,275)	(2,187)	(5,289)	(2,178)
(c) Employee Benefits Expense					
Salaries and wages		7,933	7,881	17,142	16,948
Other		-	-	49	197
		7,933	7,881	17,191	17,145
(d) Depreciation and Amortisation Expense					
Depreciation of property, plant and equipment	10	17,173	16,417	20,986	19,775
Amortisation of intangible assets	12	224	128	265	176
		17,397	16,545	21,251	19,951
(e) Finance Costs					
Interest on loans		6,470	6,469	7,688	7,450
Other interest expense		-	-	-	15
		6,470	6,469	7,688	7,465
(f) Other Expenses					
Net bad and doubtful debts arising from:					
Increase/(Decrease) in allowance for doubtful debts		8	57	27	81
Operating lease rental expenses:					
Minimum lease payments		831	863	1,343	1,317
Loss provision - claims against Council		290	2,400	290	2,400
Operating Expenses		44,090	44,797	46,301	46,583
		45,219	48,117	47,961	50,381

2. Surplus From Operations continued

	Council	
	2012	2011
For the Financial Year Ended 30 June 2012	\$'000	\$'000
(g) Summary Cost of Services by Activity (Council only)		
Income		
Governance and District Promotion	3,224	-
Property	2,168	4,803
Community	5,206	3,815
Regulatory and Resource Management	1,680	1,513
Utilities	7,926	6,156
Roading and Parking	17,771	11,690
Other	244	235
Targeted Rates	40,371	39,813
General Rates	13,119	11,540
Total Income	91,709	79,565
Expenditure		
Governance and District Promotion	8,267	8,436
Property	5,661	5,792
Community	15,566	15,832
Regulatory and Resource Management	6,488	8,511
Utilities	23,710	24,119
Roading and Parking	16,656	15,583
Other	671	739
Total Operating Expenditure	77,019	79,012

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 or Loss

	Council		Group	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
For the Financial Year Ended 30 June 2012				
Tax expense/(income) comprises:				
Current tax expense/(credit):				
Current year	-	-	1,879	1,937
Adjustments for prior years	-	-	-	3
	-	-	1,879	1,940
Deferred tax expense/(credit):				
Origination and reversal of temporary differences	-	-	132	1
Adjustments for prior years	-	-	(8)	48
Deferred tax relating to future non depreciation of buildings	-	-	15	(305)
	-	-	139	(256)
Total tax expense/(income)	-	-	2,018	1,684
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	14,690	553	19,290	8,267
Income tax expense (credit) calculated at 28% (2011: 30%)	4,113	166	5,401	2,480
Non assessable income and expenses	(4,113)	(166)	(3,404)	(544)
Adjustments relating to changes in tax rates	-	-	-	5
Reversal of temporary difference	-	-	28	31
Adjustments for prior years	-	-	(62)	51
Deferred tax relating to future non depreciation of buildings	-	-	15	(305)
Other	-	-	34	-
	-	-	2,012	1,718
Loss carried forward	-	-	6	(5)
Tax loss offset	-	-	-	(29)
	-	-	2,018	1,684
Taxation effect of imputation credits:				
Imputation credits utilised	-	-	-	-
(Over)/under provision of income tax in previous year	-	-	-	-
Income tax expense/(credit)	-	-	2,018	1,684

The tax rate used in the above reconciliation is the corporate tax rate of 28% (2011: 30%) 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 \$326,000 (2011: \$100,000) has been charged directly to other comprehensive income during the period, relating to the fair value movement of derivative financial instruments, for Queenstown Airport Corporation.

(c) Current Tax Assets and Liabilities

For the Financial Year Ended 30 June 2012	Council		Group	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Current Tax Refundable:				
Current tax refundable	-	-	-	-
Current Tax Payable:				
Current tax payable	-	-	75	256

(d) Deferred Tax Balances Comprise

Taxable and deductible temporary differences arising from the following:

2012	Opening Balance	Charged to income	Group	
			Charged to other Comprehensive Income	Closing balance
	\$'000	\$'000	\$'000	\$'000
Gross deferred tax asset/(liability):				
Property, plant and equipment	(7,174)	90	-	(7,084)
Intangible assets	(92)	(199)	-	(291)
Employee entitlements	114	(51)	-	63
Provision for doubtful debts	15			15
Derivatives	227	5	326	558
Trade and other payables	8	11	-	19
Losses recognised		4		4
Gross deferred tax asset/(liability)	(6,902)	(140)	326	(6,716)

2011	Opening Balance	Charged to income	Group	
			Charged to other Comprehensive Income	Closing balance
	\$'000	\$'000	\$'000	\$'000
Gross deferred tax asset/(liability)				
Property, plant and equipment	(7,513)	339	-	(7,174)
Intangible assets	-	(92)	-	(92)
Employee entitlements	69	45	-	114
Provision for doubtful debts	15			15
Derivatives	162	(35)	100	227
Trade and other payables	8			8
Gross deferred tax asset/(liability)	(7,259)	257	100	(6,902)

(e) Imputation Credit Account Balances

For the Financial Year Ended 30 June 2012	Council		Group	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	-	-	5,310	2,879
Taxation paid	-	-	2,105	2,428
Resident withholding tax paid	-	-	-	3
Income tax refunded	-	-	(51)	-
Imputation credits on dividends paid	-	-	(1,409)	-
Balance at end of year	-	-	5,955	5,310
Imputation credits available directly and indirectly to Council through:				
Council	-	-	-	-
Subsidiaries	-	-	5,955	5,310
	-	-	5,955	5,310

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:

	Council		Group	
	2012	2011	2012	2011
For the Financial Year Ended 30 June 2012	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	802	741	1,474	1,416
Directors Fees	-	-	317	293
	802	741	1,791	1,709

5. Remuneration of Auditors

	Council		Group	
	2012	2011	2012	2011
For the Financial Year Ended 30 June 2012	\$'000	\$'000	\$'000	\$'000
Audit fees for financial statement audit	145	143	280	255
Fees relating to prior year audit	-	11	-	11
Audit of LTCCP amendment	-	11	-	11
Audit of 2012 LTP	130	10	130	10
Audit fees for assurance and related services	3	3	34	25
Fees for tax services	4	4	12	12
	282	182	456	324

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

6. Trade and Other Receivables

	Council		Group	
	2012	2011	2012	2011
For the Financial Year Ended 30 June 2012	\$'000	\$'000	\$'000	\$'000
Trade receivables (i)	3,099	3,385	4,810	5,016
Parking receivables (i)	986	963	986	963
Rates receivables (i)	2,300	2,434	2,300	2,434
New Zealand Transport Agency	1,679	559	1,679	559
Other (i)	2,603	1,908	2,797	2,658
Allowance for doubtful debts (ii)	(791)	(885)	(841)	(935)
	9,876	8,364	11,731	10,695

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	
	2012	2011	2012	2011
Trade and Other Receivables (excluding Rates)	\$'000	\$'000	\$'000	\$'000
Current (0-30 days)	4,883	2,844	6,202	4,410
31-60 days *	197	340	565	855
61-90 days *	192	302	225	419
90 days + *	2,331	2,471	2,466	2,604
	7,603	5,957	9,458	8,288
Rates Receivables				
Current (0-30 days)	802	794	802	794
31 days - 1 Year *	1,024	1,140	1,024	1,140
1 Year + *	447	473	447	473
	2,273	2,407	2,273	2,407
Total Receivables	9,876	8,364	11,731	10,695

* Amounts are considered past due.

	Council		Group	
	2012	2011	2012	2011
For the Financial Year Ended 30 June 2012	\$'000	\$'000	\$'000	\$'000
Disclosed in the financial statements as:				
Current	9,876	8,364	11,731	10,695
Non-current	-	-	-	-
	9,876	8,364	11,731	10,695
(iii) Movement in the allowance for doubtful debts:				
Balance at beginning of year	(885)	(932)	(935)	(982)
Amounts written off during year	102	79	102	81
Amounts recovered during year	-	25	-	25
Additional allowance recognised in Statement of Financial Performance	(8)	(57)	(8)	(59)
Balance at end of year	(791)	(885)	(841)	(935)

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	
	2012	2011	2012	2011
For the Financial Year Ended 30 June 2012	\$'000	\$'000	\$'000	\$'000
National Provident Sinking Fund	32	30	32	30
Other investments held	48	90	48	90
Advances to community organisations	460	460	460	460
Short term investments	12	12	12	12
Interest rate option (FVTPL), (i)	-	-	7	17
	552	592	559	609
Represented by:				
Current	12	12	19	29
Non Current	540	580	540	580
	552	592	559	609

Other financial assets are recognised at amortised cost with the exception of the interest rate option which is recognised at Fair Value through Profit and Loss (FVTPL).

There are no impairment provisions for other financial assets.

(i) QAC holds an interest rate option for \$10m which is effective from 1 January 2012 at a rate of 7%. The interest rate option is not part of a designated hedge relationship and therefore movements are recognised in the profit or loss.

8. Other Current Assets

	Council		Group	
	2012	2011	2012	2011
For the Financial Year Ended 30 June 2012	\$'000	\$'000	\$'000	\$'000
Prepayments	890	348	926	436
	890	348	926	436

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	
	2012	2011	2012	2011
For the Financial Year Ended 30 June 2012	\$'000	\$'000	\$'000	\$'000
Land	292	292	292	292
	292	292	292	292

10. Property, Plant and Equipment

Council 2012

	Cost/ Valuation	Additions	Disposals	Transfers	Transfer (to)/from Investment Property	Revaluation	Cost/ Valuation	Accumulated depreciation and impairment charges	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Transfer	Transfer (to)/from Investment Property	Accumulated depreciation and impairment charges	Carrying amount
	1-Jul-11						30-Jun-12	1-Jul-11					30-Jun-12	30-Jun-12
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Council Operational Assets														
At Cost														
Land	55,954	2,233	(31)	-	-	-	58,156	-	-	-	-	-	-	58,156
Buildings	43,855	346		38	6	-	44,245	(7,340)	(999)	-	(47)	(8,386)	35,859	
Building Improvements	28,803	301		249	185	-	29,538	(9,949)	(1,740)	-		(11,689)	17,849	
Plant and Machinery	7,235	233		-	-	-	7,468	(2,136)	(456)	-	14	(2,578)	4,890	
Motor Vehicles	999	-		-	-	-	999	(488)	(102)	-		(590)	409	
Furniture and Office Equipment	3,578	71		-	-	-	3,649	(2,961)	(161)	-		(3,122)	527	
Computer Equipment	1,760	101		-	-	-	1,861	(1,604)	(119)	-		(1,723)	138	
Library Books	2,803	220		-	-	-	3,023	(2,273)	(282)	-		(2,555)	468	
Work in progress	3,383	1,046		(287)	(607)	-	3,535	-	-	-		-	3,535	
Total Operational Assets	148,370	4,551	(31)	-	(416)	-	152,474	(26,751)	-	(3,859)	-	(33)	(30,643)	121,831
Council Infrastructural Assets														
Water Supply	81,628	2,620		469	-	-	84,717	(1,939)	(2,021)	-		(3,960)	80,757	
Sewerage	114,674	1,481		210	-	-	116,365	(2,920)	(3,004)	-		(5,924)	110,441	
Stormwater	71,710	834		265	-	-	72,809	(1,329)	(1,343)	-		(2,672)	70,137	
Roading - Basecourse	61,701	1,406		84	-	-	63,191	(3,682)	(3,754)	-		(7,436)	55,755	
Roading - Bridges	29,634	323		7	-	-	29,964	(426)	(429)	-		(855)	29,109	
Roading - Surfacing	42,663	1,869		99	-	-	44,631	(34)	(423)	-		(457)	44,174	
Roading - Other	195,912	10,480		494	-	-	206,886	(2,212)	(2,340)	-		(4,552)	202,334	
Land under Roads	103,282	36		126	-	-	103,444	-	-	-		-	103,444	
Work in Progress	17,473	14,553		(1,754)	-	-	30,272	-	-	-		-	30,272	
Total Infrastructural Assets	718,677	33,602	-	-	-	-	752,279	(12,542)	-	(13,314)	-	(25,856)	726,423	
Total Council Property, Plant and Equipment	867,047	38,153	(31)	-	(416)	-	904,753	(39,293)	-	(17,173)	-	(33)	(56,499)	848,254

The Council's obligation under finance leases(note18) are secured by the lessors' title to the leased assets which have a carrying amount of \$NIL (2011: \$22,672)

10. Property, Plant and Equipment continued

Council 2011

	Cost/ Valuation	Additions	Disposals	Transfers	Transfer to Intangibles	Revaluation	Cost/ Valuation	Accumulated depreciation and impairment charges	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Transfer	Transfer to Intangibles	Accumulated depreciation and impairment charges	Carrying amount
	1-Jul-10						30-Jun-11	1-Jul-10					30-Jun-11	30-Jun-11
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Council Operational Assets														
At Cost														
Land	54,352	1,863	(261)	-	-	-	55,954	-	-	-	-	-	-	55,954
Buildings	43,230	491	-	134	-	-	43,855	(6,364)	-	(976)	-	-	(7,340)	36,515
Building Improvements	27,985	777	-	41	-	-	28,803	(8,262)	-	(1,687)	-	-	(9,949)	18,854
Plant and Machinery	6,715	520	-	-	-	-	7,235	(1,721)	-	(415)	-	-	(2,136)	5,099
Motor Vehicles	870	129	-	-	-	-	999	(384)	-	(104)	-	-	(488)	511
Furniture and Office Equipment	4,600	28	-	(591)	(459)	-	3,578	(3,629)	-	(240)	664	244	(2,961)	617
Computer Equipment	1,118	51	-	591	-	-	1,760	(749)	-	(191)	(664)	-	(1,604)	156
Library Books	2,604	199	-	-	-	-	2,803	(2,011)	-	(262)	-	-	(2,273)	530
Work in progress	2,639	919	-	(175)	-	-	3,383	-	-	-	-	-	-	3,383
Total Operational Assets	144,113	4,977	(261)	-	(459)	-	148,370	(23,120)	-	(3,875)	-	244	(26,751)	121,619
Council Infrastructural Assets														
Water Supply	73,548	2,191	-	284	-	5,605	81,628	(5,225)	5,225	(1,939)	-	-	(1,939)	79,689
Sewerage	104,664	2,044	-	295	-	7,671	114,674	(8,399)	8,399	(2,920)	-	-	(2,920)	111,754
Stormwater	60,330	836	-	12	-	10,532	71,710	(3,134)	3,134	(1,329)	-	-	(1,329)	70,381
Roading - Basecourse	49,445	3,630	-	-	-	8,626	61,701	(7,214)	7,214	(3,682)	-	-	(3,682)	58,019
Roading - Bridges	13,738	28	-	-	-	15,868	29,634	(575)	575	(426)	-	-	(426)	29,208
Roading - Surfacing	37,914	4,143	-	606	-	-	42,663	(2,771)	2,771	(34)	-	-	(34)	42,629
Roading - Other	202,360	4,758	-	-	-	(11,206)	195,912	(6,128)	6,128	(2,212)	-	-	(2,212)	193,700
Land under Roads	103,282	-	-	-	-	-	103,282	-	-	-	-	-	-	103,282
Work in Progress	15,650	3,020	-	(1,197)	-	-	17,473	-	-	-	-	-	-	17,473
Total Infrastructural Assets	660,931	20,650	-	-	-	37,096	718,677	(33,446)	33,446	(12,542)	-	-	(12,542)	706,135
Total Council Property, Plant and Equipment	805,044	25,627	(261)	-	(459)	37,096	867,047	(56,566)	33,446	(16,417)	-	244	(39,293)	827,754

10. Property, Plant and Equipment continued

Group 2012

	Cost/ Valuation 1-Jul-11	Additions	Disposals	Transfers	Transfer (to)/from Investment Property	Revaluation	Cost/ Valuation 30-Jun-12	Accumulated depreciation & impairment charges 1-Jul-11	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Accumulated depreciation reversed on disposal	Transfer (to)/from Investment Property	Accumulated depreciation and impairment charges 30-Jun-12	Carrying amount 30-Jun-12
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Group Operational Assets														
At Cost														
Land	56,929	2,233	(31)	-	-	-	59,131	-	-	-	-	-	-	59,131
Buildings	46,496	828	(2)	38	6	-	47,366	(7,670)	-	(1,047)	1	(47)	(8,763)	38,603
Building Improvements	26,755	466	(3)	249	185	-	27,652	(9,774)	-	(1,816)	2	-	(11,588)	16,064
Plant and Equipment	11,906	1,972	(61)	-	-	-	13,817	(3,779)	-	(1,157)	21	14	(4,901)	8,916
Motor Vehicles	2,387	5	-	-	-	-	2,392	(1,340)	-	(277)	-	-	(1,617)	775
Furniture and Office Equipment	5,583	173	(24)	-	-	-	5,732	(3,726)	-	(286)	17	-	(3,995)	1,737
Computer Equipment	2,151	234	(25)	-	-	-	2,360	(1,604)	-	(236)	21	-	(1,819)	541
Library Books	2,804	220	-	-	-	-	3,024	(2,273)	-	(282)	-	-	(2,555)	469
Work in progress	3,383	1,046	-	(287)	(607)	-	3,535	-	-	-	-	-	-	3,535
Total Operational Assets	158,394	7,177	(146)	-	(416)	-	165,009	(30,166)	-	(5,101)	62	(33)	(35,238)	129,771
Airport Assets at Fair Value														
Land	76,105	(40)	-	-	-	-	76,065	-	-	-	-	-	-	76,065
Land Improvements		1,109	-	-	-	-	1,109	-	-	(100)	-	-	(100)	1,009
Building	31,941	3,043	-	-	-	-	34,984	(1,287)	-	(1,260)	-	-	(2,547)	32,437
Airport Runway	29,042	1,628	-	-	-	-	30,670	(695)	-	(808)	-	-	(1,503)	29,167
Roading and Carparking	5,784	471	-	-	-	-	6,255	(423)	-	(403)	-	-	(826)	5,429
Total Airport Assets	142,872	6,211	-	-	-	-	149,083	(2,405)	-	(2,571)	-	-	(4,976)	144,107
Group Infrastructural Assets														
Water Supply	81,629	2,620	-	469	-	-	84,718	(1,939)	-	(2,021)	-	-	(3,960)	80,758
Sewerage	114,674	1,481	-	210	-	-	116,365	(2,920)	-	(3,004)	-	-	(5,924)	110,441
Stormwater	71,710	834	-	265	-	-	72,809	(1,329)	-	(1,343)	-	-	(2,672)	70,137
Roading - Basecourse	61,701	1,406	-	84	-	-	63,191	(3,682)	-	(3,754)	-	-	(7,436)	55,755
Roading - Bridges	29,634	323	-	7	-	-	29,964	(426)	-	(429)	-	-	(855)	29,109
Roading - Surfacing	42,663	1,869	-	99	-	-	44,631	(34)	-	(423)	-	-	(457)	44,174
Roading - Other	195,913	10,480	-	494	-	-	206,887	(2,213)	-	(2,340)	-	-	(4,553)	202,334
Land under Roads	103,282	36	-	126	-	-	103,444	-	-	-	-	-	-	103,444
Work in Progress	17,477	14,553	-	(1,754)	-	-	30,276	-	-	-	-	-	-	30,276
Total Infrastructural Assets	718,683	33,602	-	-	-	-	752,285	(12,543)	-	(13,314)	-	-	(25,857)	726,428
Total Group Property, Plant and Equipment	1,019,949	46,990	(146)	-	(416)	-	1,066,377	(45,114)	-	(20,986)	62	(33)	(66,071)	1,000,306

The Group's obligation under finance leases(note18)are secured by the lessors' title to the leased assets which have a carrying amount of \$150,169 (2011: \$194,918)

10. Property, Plant and Equipment continued

	Group 2011													
	Cost/ Valuation 1-Jul-10	Additions	Disposals	Transfers	Transfer to Intangibles	Revaluation	Cost/ Valuation 30-Jun-11	Accumulated depreciation and impairment charges 1-Jul-10	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Transfer	Transfer to Intangibles	Accumulated depreciation and impairment charges 30-Jun-11	Carrying amount 30-Jun-11
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Group Operational Assets														
At Cost														
Land	55,329	1,861	(261)	-	-	-	56,929	-	-	-	-	-	-	56,929
Buildings	45,583	779	-	134	-	-	46,496	(6,664)	-	(1,006)	-	-	(7,670)	38,826
Building Improvements	25,393	1,321	-	41	-	-	26,755	(8,042)	-	(1,732)	-	-	(9,774)	16,981
Plant and Equipment	10,175	1,736	(5)	-	-	-	11,906	(2,868)	-	(911)	-	-	(3,779)	8,127
Motor Vehicles	2,239	165	(17)	-	-	-	2,387	(1,057)	-	(283)	-	-	(1,340)	1,047
Furniture and Office Equipment	6,485	148	-	(591)	(459)	-	5,583	(4,267)	-	(367)	664	244	(3,726)	1,857
Computer Equipment	1,310	250	-	591	-	-	2,151	(674)	-	(266)	(664)	-	(1,604)	547
Library Books	2,605	199	-	-	-	-	2,804	(2,011)	-	(262)	-	-	(2,273)	531
Work in progress	2,639	919	-	(175)	-	-	3,383	-	-	-	-	-	-	3,383
Total Operational Assets	151,758	7,378	(283)	(0)	(459)	-	158,394	(25,583)	-	(4,827)	-	244	(30,166)	128,228
Airport Assets														
Land	75,976	129	-	-	-	-	76,105	-	-	-	-	-	-	76,105
Building	27,796	4,145	-	-	-	-	31,941	-	-	(1,287)	-	-	(1,287)	30,654
Airport Runway	20,082	8,960	-	-	-	-	29,042	-	-	(695)	-	-	(695)	28,347
Roading and Carparking	5,784	-	-	-	-	-	5,784	-	-	(423)	-	-	(423)	5,361
Total Airport Assets	129,638	13,234	-	-	-	-	142,872	-	-	(2,405)	-	-	(2,405)	140,467
Group Infrastructural Assets														
Water Supply	73,549	2,191	-	284	-	5,605	81,629	(5,225)	5,225	(1,939)	-	-	(1,939)	79,690
Sewerage	104,664	2,044	-	295	-	7,671	114,674	(8,399)	8,399	(2,920)	-	-	(2,920)	111,754
Stormwater	60,330	836	-	12	-	10,532	71,710	(3,134)	3,134	(1,329)	-	-	(1,329)	70,381
Roading - Basecourse	56,161	3,630	-	(6,716)	-	8,626	61,701	(7,214)	7,214	(3,682)	-	-	(3,682)	58,019
Roading - Bridges	12,039	28	-	1,699	-	15,868	29,634	(575)	575	(426)	-	-	(426)	29,208
Roading - Surfacing	21,570	4,143	-	16,950	-	-	42,663	(2,771)	2,771	(34)	-	-	(34)	42,629
Roading - Other	213,688	4,758	-	(11,327)	-	(11,206)	195,913	(6,129)	6,129	(2,213)	-	-	(2,213)	193,700
Land under Roads	103,282	-	-	-	-	-	103,282	-	-	-	-	-	-	103,282
Work in Progress	15,654	3,020	-	(1,197)	-	-	17,477	-	-	-	-	-	-	17,477
Total Infrastructural Assets	660,937	20,650	-	-	-	37,096	718,683	(33,447)	33,447	(12,543)	-	-	(12,543)	706,140
Total Group Property, Plant and Equipment	942,333	41,262	(283)	(0)	(459)	37,096	1,019,949	(59,030)	33,447	(19,775)	-	244	(45,114)	974,835

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 (2011: \$Nil).
- (ii) Sewer, stormwater and water assets are stated at valuation which is optimised depreciated replacement cost value as at 1 July, 2010 by Rationale, independent valuers. Acquisitions subsequent to 1 July, 2010 are at cost.
- (iii) Roading assets are stated at valuation, which is optimised depreciated replacement cost value as at 1 July, 2010 by GHD 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, and roading and carparking assets were revalued as at 30 June 2010, 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 2010 are at cost.

Asset	Valuation Approach
Terminal Building	Optimised depreciated replacement costs
Fire Building	Optimised depreciated replacement costs
Runway, Aprons, Roading and carparking	Optimised depreciated replacement costs
Land	Direct comparison/Market Value

11. Forestry Assets

	Council		Group	
	2012	2011	2012	2011
For the Financial Year Ended 30 June 2012	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	-	-	711	481
Increases due to purchases	-	-	-	-
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to physical changes	-	-	110	119
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to price changes	-	-	(121)	111
Balance at end of year	-	-	700	711

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 15 to 26 years in age.

No forests have been harvested during the period (2011: Nil).

Independent registered valuers Guild Forestry have valued forestry assets as at 30 June, 2012 at \$700,000 (30 June, 2011: \$711,000). 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	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Gross carrying amount				
Balance at beginning of the year	688	-	2,103	1,234
Additions	360	229	1,325	563
Transfer from property plant and equipment	-	459	-	459
Disposal	-	-	-	(153)
Balance at end of the year	1,048	688	3,428	2,103
Accumulated amortisation & impairment				
Balance at beginning of the year	372	-	481	214
Transfer from property plant and equipment	-	244	-	244
Amortisation expense (i)	224	128	265	176
Eliminated on disposal of assets	-	-	-	(153)
Balance at end of the year	596	372	746	481
Net Book Value	452	316	2,682	1,622

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

The gross carrying amount of \$3,428,000 comprises of the following:

- The Finite Life Intangible Asset of \$1,048,000 represents costs incurred by the Queenstown Lakes District Council for computer software. These costs are being amortised on a straight line basis at 25% to 33%.
- The Finite Life Intangible Asset of \$2,246,000 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 15 years from the date they are completed and ready to use.

- The Finite Life Intangible Asset of \$74,000 represents costs incurred by Lakes Leisure Limited in relation to Master Plan expenses comprising consulting and architectural costs associated with the development of a 10 year plan for the grounds at Frankton campus. These expenses are capitalised at cost and reviewed annually for potential impairment.
- The Finite Life Intangible Asset of \$60,000 represents costs incurred by Lakes Leisure for computer software and website development. These costs are being amortised on a diminishing value basis at 60%.

(b) Goodwill	Council		Group	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Gross carrying amount				
Balance at beginning of the year	-	-	2,980	2,980
Additions	-	-	-	-
Balance at end of the year	-	-	2,980	2,980
Accumulated impairment				
Balance at beginning of the year	-	-	-	-
Impairment losses charged to Statement of Financial Performance	-	-	-	-
Balance at end of the year	-	-	-	-
Net Book Value	-	-	2,980	2,980
Total Net Book Value of Intangible Assets	452	316	5,662	4,602

Goodwill has arisen from the acquisition of Lakes Environmental Limited on 30 March 2007 of \$2,980,000.

Impairment of Goodwill

Lakes Environmental Limited

Goodwill has been allocated for impairment purposes to the cash-generating unit (CGU) at which management monitors goodwill for Lakes Environmental Limited. During the year ended 30 June 2012, Council have determined that there is no impairment of the CGU containing goodwill for Lakes Environmental Limited.

The recoverable amount (i.e. higher of value in use and fair value less costs to sell) of the CGU is determined on the basis of a value in use calculation. Council has determined that the recoverable amount calculation is most sensitive to changes in the following assumptions:

- The continuation of the contract for services with Council. The contract was renewed on 1 July 2011 for a three year period and can be extended for a further period of three years, by agreement between parties, with a final expiry date of 30 June 2017. The contract reflects that the company is a CCO.
- The continuation of a significant working capital deficit.
- Consent fees remaining at existing levels or at the level recommended.
- Controlling cost inflation during the budgeted periods.

The value in use calculation for Lakes Environmental Limited uses cash flow projections and is based on the Statement of Intent for years ending 30 June 2013, 30 June 2014 and 30 June 2015 and maintaining a similar level of profitability in perpetuity.

Nil annual growth rates, which are below historic growth rates, and pre-tax discount rates of 15% have been applied to these projections. The discount rate used is pre tax and reflects specifics not relevant to the CGU.

The discount rates used are pre-tax and reflect specific risk relevant to the CGU.

Management also believes that any reasonably possible change in key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

13. Investment Property

	Council		Group	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Balance at beginning of year	66,332	67,973	66,332	67,973
Additions from subsequent expenditure	2,090	58	2,090	58
Sale of property	(130)	(125)	(130)	(125)
Reclassified to property, plant and equipment	(158)	-	(158)	-
Reclassified from property, plant and equipment	607	-	607	-
Net gain/(loss) from fair value adjustments	(4,283)	(1,574)	(4,283)	(1,574)
Balance at end of year	64,458	66,332	64,458	66,332

The fair value of the Council's investment property at 30 June, 2012 (30 June, 2011) 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	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Trade payables (i)	9,158	6,708	11,330	9,433
Other accrued charges	1,622	2,202	3,320	3,535
Deposits and bonds	2,366	2,241	2,366	2,241
	13,146	11,151	17,016	15,209

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

15. Borrowings

	Council		Group	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
At amortised cost				
Bank borrowings (unsecured)	-	1	-	1
Bank borrowings (secured) (i), (ii), (iii)	62,500	58,000	84,822	76,462
Bonds (secured) (i), (v)	40,000	40,000	40,000	40,000
Other borrowings (iv)	174	226	174	226
	102,674	98,227	124,996	116,689
Disclosed in the financial statements as:				
Current	70,068	53	70,068	4,803
Non-current	32,606	98,174	54,928	111,886
	102,674	98,227	124,996	116,689

- (i) Council borrowings are secured through a debenture trust deed over rates.
- (ii) Queenstown Airport Corporation Ltd (QAC) loans of \$19.8m are secured by a first debenture charge over QAC assets and also a registered first mortgage over all QAC property.
- (iii) Lakes Environmental loans of \$2.0m are secured by a general security over the company's assets and guaranteed by the Council. Lakes Leisure loans of \$486,000 are secured by gym equipment, chattels and income from the gym, and guaranteed by Council.
- (iv) The Council has established sinking funds in respect of loans, with a carrying amount of \$32,384 maturing in 2012. The sinking fund investments, together with accumulated interest, will be sufficient to repay the principal of the associated loan of \$14,700 on the due date. The amount held in the sinking funds is shown in Note 7. The Council has an interest free loan from the Energy Efficiency and Conservation Authority which is repayable within 3 years. The balance outstanding at 30 June 2012 was \$159,000.
- (v) Bonds - 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%. During the 2009/10 year there were three bond issues of \$10 m each, with maturity dates of 15/2/2013, 11/12/2013, 15/10/2014 and interest rates of 5.94%, 6.62% and 6.87% respectively.

16. Other Financial Liabilities

	Council		Group	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Income in advance (i)	109	16	1,109	1,136
Rates in advance	324	277	324	277
Interest Rate Swaps (ii), (iii), (iv)	3,229	2,016	5,236	2,844
Other Provisions (v)	800	2,400	800	2,400
	4,462	4,709	7,469	6,657
Represented by:				
Current	4,462	4,709	5,477	5,829
Non Current	-	-	1,992	828
	4,462	4,709	7,469	6,657

(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, 15 September 2011 and 11 December 2013. The interest rate is fixed at 5.705%, 6.090% and 3.955% respectively.

(iii) QAC holds six interest rate swap agreements for \$5m each, which are effective from 1 July 2010, 2 April 2012, 1 July 2013, 4 January 2012, 1 July 2014 and 5 January 2015. The interest rate is fixed at 5.64%, 6.08%, 4.74%, 5.70%, 4.78% and 4.87% respectively.

(iv) Lakes Environmental holds two interest rate swaps of \$500,000 each, which are both effective from 3 October 2011. The interest rate is fixed at 5.53% and 5.26% respectively.

(v) This represents estimated losses for claims against Council.

QAC designated the interest rate swaps effective 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 income and accumulated as a separate component of equity in the hedging reserve. All of the other financial liabilities are recognised at amortised cost except interest rate swaps which are recognised by the Council and Lakes Environmental at Fair Value Through Profit and Loss (FVTPL) and by QAC as above.

17. Employee Entitlements

	Council		Group	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Accrued salary and wages	490	338	861	702
Annual leave	447	468	858	890
	937	806	1,719	1,592
Disclosed in the financial statements as:				
Current	937	806	1,719	1,592
Non-current	-	-	-	-
	937	806	1,719	1,592

18. Finance Lease Liabilities

	Council			
	Minimum Future Lease payments		Present Value of Minimum Future Lease Payments	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Not longer than 1 year	-	-	-	-
Longer than 1 year and not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
Minimum future lease payments*	-	-	-	-
Less future finance charges	-	-	-	-
Present value of minimum lease payments	-	-	-	-
Disclosed in the financial statements as:				
Current			-	-
Non-current			-	-
			-	-

*Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

	Group			
	Minimum Future Lease payments		Present Value of Minimum Future Lease Payments	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Not longer than 1 year	61	86	50	69
Longer than 1 year and not longer than 5 years	94	157	86	136
Longer than 5 years	-	-	-	-
Minimum future lease payments*	155	243	136	205
Less future finance charges	(19)	(38)	-	-
Present value of minimum lease payments	136	205	136	205
Disclosed in the financial statements as:				
Current			50	69
Non-current			86	136
			136	205

19. Reserves

	Council		Group	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Revaluation reserve (a)	303,726	308,103	378,714	383,091
Operating reserves (b)	13,822	13,875	13,822	13,875
Capital reserves (c)	8,665	13,055	8,665	13,055
Cash flow hedge reserve (d)	-	-	(820)	(192)
	326,213	335,033	400,381	409,829

(a) Revaluation Reserve

	Council		Group	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Balance at beginning of year	308,103	239,229	383,091	314,217
Revaluation of Roading	-	29,977	-	29,977
Revaluation of Sewer	-	16,070	-	16,070
Revaluation of Water	-	10,829	-	10,829
Revaluation of Stormwater	-	13,667	-	13,667
Transferred from /(to) retained earnings:				
Revaluation of Investment Property	(4,377)	(1,661)	(4,377)	(1,661)
Revaluation of Shares	-	(8)	-	(8)
Balance at end of year	303,726	308,103	378,714	383,091

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	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Individual reserve balances are as follows:				
Investment properties	51,615	55,992	51,615	55,992
Roading	126,686	126,686	126,686	126,686
Sewer	46,015	46,015	46,015	46,015
Water	36,578	36,578	36,578	36,578
Stormwater	42,832	42,832	42,832	42,832
Airport Assets	-	-	74,988	74,988
	303,726	308,103	378,714	383,091

(b) Operating Reserves	Council		Group	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	13,875	14,979	13,875	14,979
Transferred from /(to) retained earnings:				
Contributions	3,969	1,027	3,969	1,027
Other	(4,022)	(2,131)	(4,022)	(2,131)
Balance at end of year	13,822	13,875	13,822	13,875

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	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	13,055	13,949	13,055	13,949
Transferred from /(to) retained earnings:				
Interest	3	3	3	3
Contributions	11,930	10,179	11,930	10,179
Disbursements	(16,323)	(11,076)	(16,323)	(11,076)
Balance at end of year	8,665	13,055	8,665	13,055

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	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	-	-	(192)	-
Gain/(Loss) recognised on cash flow hedges:				
Interest rate swaps	-	-	(873)	(267)
Income tax related to gains/losses recognised in other comprehensive income	-	-	245	75
Balance at end of year	-	-	(820)	(192)

20. Retained Earnings

	Council		Group	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	461,109	456,897	474,485	467,173
Net surplus/(deficit)	14,690	553	15,982	5,381
Movement on dilution of shareholding in QAC	-	-	-	(1,728)
Transfers from/(to) reserves:				
Revaluation reserve	4,377	1,661	4,377	1,661
Operating reserves	53	1,104	53	1,104
Capital reserves	4,390	894	4,390	894
Balance at end of year	484,619	461,109	499,287	474,485

21. Non Controlling Interest

	Council		Group	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	-	-	30,230	120
Share of Surplus/(Deficit) for the year	-	-	1,290	1,202
Dividends paid	-	-	(1,072)	-
Capital introduced to QAC	-	-	-	27,245
Movement on dilution of shareholding in QAC	-	-	-	1,728
Share of other comprehensive income	-	-	(210)	(65)
Balance at end of year	-	-	30,238	30,230

22. Commitments for Expenditure

(a) Capital Expenditure Commitments

	Council		Group	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Queenstown Lakes District Council (i)	3,703	3,360	3,703	3,360
Queenstown Airport Corporation Limited	-	-	3,434	936
Lakes Environmental Limited	-	-	-	-
Lakes Leisure Limited	-	-	-	-
	3,703	3,360	7,137	4,296

- (i) The resource consents, which enable the Council to operate the seven refuse tips throughout the district expired on 30 June 1999. The Council has responsibility under the resource consents to provide on-going maintenance and monitoring of the tips after they close. No provision for the costs of these closures and its post closure responsibilities has been made.

(b) Lease Commitments

Finance lease liabilities are disclosed in Note 18 and non-cancellable operating lease commitments are disclosed in Note 24 to the financial statements.

23. Contingent Liabilities and Contingent Assets

Council

(a) Legal Claims

A total of six building related legal claims were received for buildings within the district at 30 June 2012. Council has been joined as a party in all of these claims, all of which were in respect of alleged weathertightness building defects. The total of the claims is \$10.96m. Claims are dealt with on a case by case basis. Council's liability in relation to these claims has not been established and it is not possible to determine the outcome of the claims at this stage. A loss provision of \$0.8m 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.

As part of its normal operating activities Council is exposed to litigation. At year end a number of claims have been made against Council. Council does not believe any of these claims will result in liability and is defending these items accordingly.

(b) Guarantees

The Council has guaranteed \$3 million external borrowings to the subsidiary entity, Lakes Environmental Limited (2011: \$3m) and \$800,000 external borrowings to subsidiary entity Lakes Leisure Limited (2011: \$800,000). On the 27th February 2008, 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.

24. Leases

(a) Leasing Arrangements

Operating leases relate to the rental of office equipment, motor vehicles and portable accommodation units. 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	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Not longer than 1 year	789	761	1,353	1,246
Longer than 1 year and not longer than 5 years	1,236	1,262	1,665	1,861
Longer than 5 years	916	75	916	75
	2,941	2,098	3,934	3,182

(c) Non-Cancellable Operating Lease Receipts

	Council		Group	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Not longer than 1 year	1,633	1,620	4,190	4,620
Longer than 1 year and not longer than 5 years	2,051	3,725	7,818	7,716
Longer than 5 years	-	-	3,305	1,632
	3,684	5,345	15,313	13,968

25. Subsidiaries

	Country of Incorporation	Ownership Interest		Principal activity of the entity	The following transactions took place between Council and related parties:	Group	
		2012 %	2011 %			2012 \$'000	2011 \$'000
Council							
Queenstown Lakes District Council (i)	NZ						
Subsidiaries:							
Queenstown Airport Corporation Limited (ii)	NZ	75.01%	75.01%	Airport Operator Resource management,	Queenstown Airport Corporation Limited		
Lakes Environmental Limited	NZ	100%	100%	Regulatory & consulting services	Payment of rates on its property	227	257
Queenstown Events Centre Trust (iii)	NZ	N/A	N/A	Charitable Trust	Resource consent costs	258	79
Lakes Combined Afforestation Committee	NZ	75%	75%	Forestry	Computer Equipment and Support	-	14
Lakes Leisure Limited	NZ	100%	100%	Leisure Management	Consultants	40	-
					Parking Infringement Recovery	(16)	-
					Wanaka Airport Management Fee	(70)	(70)
					Dividends	3,216	-
					Lakes Leisure Limited		
					Operating Grant	(2,207)	(2,207)
					Capital Grant	(928)	(1,363)
					Other Grants	(277)	(269)
					Health & Fitness Centre Lease	78	78
					Venue Hire	(18)	(33)
					Reimbursement, rent and insurance	28	46
					Lakes Environmental Limited		
					Council Payment for services under the terms of service delivery agreement	(1,584)	(1,589)
					Council payment for services in relation to commercial activities	(402)	(351)
					Council recovery of acquisition related costs, parking and computer related services	106	146
					Balances owed (to) / from at 30 June 2012 were:		
					Owed from Lakes Leisure Limited	21	3
					Owed to Lakes Leisure Limited	(96)	(481)
					Owed from Lakes Environmental Limited	30	27
					Owed to Lakes Environmental Limited	(39)	(41)
					Owed from Queenstown Airport Corporation Ltd	36	-
					Owed to Queenstown Airport Corporation Ltd	(18)	(20)
					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 - Director)	(2)	(1)
					*Cath Gilmour (shares now sold) and Leigh Overton who are Councillors in Queenstown Lakes District Council own shares in Auckland International Airport which has non controlling interest in Queenstown Airport Corporation Ltd.		

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

(ii) On 8 July 2010 Queenstown Airport Corporation Ltd issued 4,013,485 fully paid up shares, to Auckland Airport Holdings (No 2) Ltd for a 24.99% shareholding in QAC.

On 22 August 2011 a final dividend for the year ended 30 June 2011 of \$0.20 per share (total dividend \$3,288,060) was paid to holders of fully paid ordinary shares. Council's share of this dividend was \$2,466,374.

On 31 January 2012 an interim dividend for the year ended 30 June 2012 of \$0.06 per share (total dividend \$1,000,000) was paid to holders of fully paid ordinary shares. Council's share of this dividend was \$750,100.

(iii) Not trading

All entities in the Group have 30 June balance dates.

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:

The following transactions took place between Queenstown Airport Corporation and related parties:

	2012 \$'000	2011 \$'000
Trojan Holdings Ltd (M Valentine - Director) - Rubbish removal	(53)	(72)
Trojan Holdings Ltd (M Valentine - Director) - Rental income	37	34
Hadley Consultants Limited (J Hadley - Director) - Consulting	(60)	(8)
Lakes Enviromental Ltd - Consent Costs and Fees	(41)	(16)
Lakes Leisure Ltd - Rescue Fire Training	(3)	-
G Lilly (Director) - CAA	8	-
Auckland International Airport - Secondment Costs	(22)	-
Auckland International Airport - Recovery of Sponsorship	4	-

Balances owed (to) / from at 30 June 2012 were:

Owed to Trojan Holdings Ltd	5	7
Owed to Lakes Environmental Ltd	13	1
Owed to Auckland International Airport	3	-

The following transactions took place between Lakes Leisure Ltd and related parties:

Advantage Plumbing Ltd (P Faul - Director) - Plumbing maintenance services	(11)	(6)
Dornoch Management (Councillor Cocks - Director) - Venue management	-	(10)
Queenstown Job Agency (W Evans - Director) - Contract Staff	(129)	-
Lakes Environmental Ltd - Supplies services for commercial activities	(4)	-
Queenstown Airport Corporation Ltd - Rescue Fire Services	3	-

The following transactions took place between Lakes Environmental Ltd and related parties:

Queenstown Airport Corporation Ltd - Consent Costs and Fees	41	16
Lakes Leisure Ltd - Supplies services for commercial activities	4	-
Owed from Queenstown Airport Corporation Ltd	(13)	(1)

Other Transactions Involving Related Parties

1. Lakes Leisure's netball courts and six holes of the Frankton golf course managed by Lakes Leisure are located on QAC land to the north west of the runway. Negotiations between Lakes Leisure and QAC for lease of the land are continuing. No revenue has been derived from this arrangement in the year (2011;\$Nil).

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 bond will be discharged once the work is complete.

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 27 August 2012 the QAC Board resolved to pay a final dividend for the year ended 30 June 2012 of \$0.1610 per share, resulting in a dividend of \$2,586,506 (2011: \$3,288,060). Council's share of this dividend will be 1,940,138 (2011: \$2,466,373).

There were no other significant events after balance date.

28. Notes to the Cash Flow Statement

	Council		Group	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'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	1,240	991	3,359	3,516
Bank Overdraft	-	-	-	-
	1,240	991	3,359	3,516
(b) Borrowings - Facilities				
Details of the amounts drawn down on the available borrowing facility are as follows:				
Amount used	102,500	98,000	124,821	116,462
Amount un-used	17,500	22,000	28,254	32,658
	120,000	120,000	153,075	149,120

28. Notes to the Cash Flow Statement continued

	Council		Group	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
(c) Reconciliation of Surplus/(Deficit) for the Period to Net Cash Flows From Operating activities				
Surplus/(Deficit) for the period	14,690	553	17,272	6,583
Add/(less) non-cash items:				
Depreciation and Amortisation	17,397	16,545	21,249	19,951
Loss provision	290	2,400	290	2,400
Vested assets	(5,220)	(2,731)	(5,220)	(2,731)
(Gain)/loss on sale of property, plant & equipment	-	(162)	17	(162)
(Gain)/loss on revaluation of forestry investment	8	(173)	11	(231)
(Gain)/loss on revaluation of investment property	4,283	1,574	4,283	1,574
(Gain)/loss on sale of investment property	(263)	15	(263)	15
Net change in fair value of derivative financial instruments	1,212	922	1,223	971
(Gain)/loss on revaluation of shares	35	11	35	11
	32,432	18,954	38,897	28,381
Movement in working capital:				
Trade and other receivables	(1,511)	4,943	(1,036)	4,054
Inventories	-	-	(13)	(4)
Current tax refundable/payable	-	-	(181)	(493)
Other current assets	(542)	(2)	(490)	214
Deferred tax asset/liability	-	-	140	(257)
Trade and other payables	1,994	539	1,807	2,147
Employee entitlements	131	(26)	127	42
Other financial liabilities	(1,749)	(269)	(1,854)	(907)
	(1,677)	5,185	(1,500)	4,796
Movement in items treated as investing activities	(2,523)	(747)	(1,219)	(3,141)
Net Cash inflow from operating activities	28,232	23,392	36,178	30,036

29. Severance Payments (Council Only)

For the year ended 30 June 2012 Council made no severance payments to employees (2011: \$25,000).

30. Remuneration (Council Only)

During the year to 30 June, 2012, the total remuneration and value of other non-financial benefits received by or payable to the Elected Representatives, and Chief Executive of the Council were as follows:

	Council	
	2012	2011
	\$	\$
Elected Representatives		
Council		
Vanessa van Uden - Mayor	96,700	73,542
Lyal Cocks - Deputy Mayor/ Councillor Wanaka/Chair Infrastructure	48,997	46,008
Clive Geddes - Ex Mayor	-	24,540
Cath Gilmour - Councillor Wakatipu /Chair Community Services	40,102	36,643
Gillian Macleod - Ex Chair Strategy	-	11,104
John Mann - Councillor Wakatipu/Chair Finance and Corporate Accountability	40,102	39,672
Mel Gazzard - Councillor Wakatipu	29,165	28,852
Leigh Overton - Councillor Arrowtown /Chair Strategy	40,102	39,672
Lex Perkins - Councillor Arrowtown	29,165	28,852
John R Wilson - Ex Councillor	-	8,076
John S Wilson - Ex Deputy Mayor /Chair Finance	-	11,104
Jude Battson - Councillor Wanaka	29,165	21,442
Russell Mawhinney - Councillor Wakatipu	29,165	20,776
Trevor Tattersfield - Councillor Wakatipu	29,165	20,776
Simon Stammers-Smith - Councillor Wakatipu	29,165	20,776
Wanaka Community Board		
Jude Battson - Ex Board Member	-	4,422
Ken Copland - Board Member	12,249	14,851
Carrick Jones - Ex Board Member	-	5,088
Dick Kane - Board Member	12,249	14,851
Bryan Lloyd - Board Member	12,249	9,764
Mike O'Connor - Board Member	12,249	9,764

Chief Executive

For the year ended 30 June 2012, the total annual cost including fringe benefit tax to the Council of the remuneration package being received by Debra Lawson, the Chief Executive appointed under Section 42 of the Local Government Act 2002 is calculated at \$312,500 (2011: \$250,000). Mrs Lawson was employed up until 30 June 2012 and the remuneration amount includes 3 months pay in advance pursuant to contractual arrangements.

31. Emissions Trading Scheme

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.

2012	Pre 1990 Forest	Total
Productive area (hectares)	296	296
NZUs allocated/transferred during the year	6,808	6,808
NZUs sold during the year	-	-
NZUs on hand at balance date	6,808	6,808

NZUs under the scheme were not allocated in 2011. The Council will also receive a further 10,952 NZUs relating to pre 1990 forests in 2013.

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

Explanation of major variations from Council's estimated figures in the 2011/12 budget as reflected in the 2011/12 Annual Plan are as follows:

Statement of Financial Performance

The Council alone recorded a surplus of \$14.7m for the year. This is up from the \$0.6m surplus recorded last year. Operating revenues were up by 18.6% on last year but below budget by 8.5% (see below). Operating costs were 4.5% under budget for the year and also down on last year by 2.5%. The reported surplus includes \$4.3m of unrealised losses pertaining to the revaluation of investment property. This follows a 2011 value reduction of \$1.6m.

Revenue was below estimate by \$8.9m for the year ended 30 June, 2012. The following major items (all relating to capital expenditure) contributed to this variance:

- Development contribution income was below budget by \$2.9m for the year principally because of the continued slowdown in consent related activity.
- Vested Assets were \$2.5m below budget for the year.
- Roading subsidy was \$3.5m under budget for the year, mainly as a result of reduced roading capital expenditure due to the timing and deferral of some projects.

Operating expenditure was \$3.6m (4.5%) below budget for the year ended 30 June 2012. This is very pleasing and means that we were able to stay within budget from an operating perspective. It has been achieved through savings across most activities. These are the major items; mostly positive, that contributed to this variance:

- Interest expense for the year is \$1.93m less than budget. This is a result of the deferral of some capital works and lower than expected interest rates.
- Staff related costs for the year are \$0.56m lower than budget. This is a result of fewer staff being employed and modest increases to remuneration for the year.
- Depreciation expense for the year is \$0.17m lower than budget. This is a non-cash item and relates primarily to the timing of project expenditure and lower than anticipated levels of vested assets.
- Legal costs for the year are \$0.26m below budget. This variance is mostly due to the reduced cost of planning legal expenses including appeals.
- There is \$1.4m of project expenditure that was classified as capital expenditure within the budget but has been charged as an operating expense for the year. This is not an over-spend as there is budget provided to cover it.
- The balance of the positive variance of \$1.5m relates primarily to reduced maintenance and operational costs for utilities, roading and community services.

Statement of Financial Position

The main variance relates to the difference in expected capital expenditure for the year. Capital expenditure was below estimate by \$22.1m for the year ended 30 June 2012. The following major items contributed to this variance:

- The main component of the variance relates to \$5.7m of project expenditure within the water supply and wastewater activities which has been delayed or deferred. Wastewater projects include Project Shotover (short term upgrades) and upgrades to Wanaka (Bremner Bay) and Frankton wastewater pump stations. Water Supply

projects include upgrades to Wanaka (Stone Street) and Queenstown (Leary's Gully) water pump stations, as well as the upgrade to the SCADA system and various water demand projects.

- There is \$3.8m of project expenditure within the roading activity which has been delayed or deferred. This includes the Frankton Flats arterial road (\$3.1m) and upgrades to the Ardmore/Brownston intersection in Wanaka (\$0.7m). There are also various rehabilitation projects incomplete at year end: Gorge Rd (stg 2); Malaghans Road and Mt Aspiring Road.
- There is also \$4.1m of project expenditure within the community services activity which has been delayed or deferred. Most of the budget for the Wanaka Sports Facilities project (\$0.39m) was not spent and has been carried forward. Other areas affected were Wakatipu and Wanaka Reserve Land (\$3.8m).
- There is also \$1.7m of project expenditure within the commercial property activity which has been delayed or deferred. This mainly relates to the timing of the development of the Commonage subdivision in Queenstown (\$1.1m) and the upgrade of the apron at Wanaka airport (\$0.6m).
- Vested Assets were \$2.5m below budget for the year.
- Loan Repayments were \$0.7m below budget for the year.
- The remaining component of the variance relates to savings achieved against budget for several infrastructure projects and to \$1.4m of project expenditure which was classified as capital expenditure within the budget but which has been charged as an operating expense for the year.

The revaluation of investment property resulted in an unbudgeted reduction in value of \$4.3m for the year. This movement coupled with the \$23.7m unrealised loss for previous three years, has led to the main variation in the balance sheet which shows Investment Property \$28.5m below the forecast position. Borrowings are \$25m below forecast; this positive variance relates mainly to the deferral and savings associated with capital projects (see above).

Statement of Changes in Equity

Accumulated differences between actual and budgeted net surpluses (for 2012 as described above and for 2011) has resulted in an equity variance of \$97m below 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 \$19m below estimate and new borrowings were consequently around \$15m less than expected.

33. Financial Instruments

(a) Capital Risk Management

The Council's capital is its equity (or ratepayer's funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Public equity is largely managed as a by product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted by

the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major asset classes detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies.

The Group's overall strategy remains unchanged from 2011.

(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

For the Financial Year Ended 30 June 2012	Council		Group	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial Assets				
Cash and cash equivalents (AC)	1,240	991	3,359	3,516
Trade and other receivables (AC)	9,876	8,364	11,731	10,695
Other financial assets (AC)	504	502	504	502
Other financial assets (FVTPL)	-	-	7	17
Other financial assets (AFS)	48	90	48	90
Financial Liabilities				
Trade and other payables (AC)	13,146	11,151	17,016	15,209
Borrowings (AC)	102,674	98,227	124,996	116,689
Finance Lease liabilities (AC)	-	-	136	205
Other financial liabilities (AC)	433	293	1,433	1,413
Other financial liabilities (FVTPL)	3,229	2,016	5,236	2,844

AC = Amortised Cost, FVTPL = Fair Value Through Profit and Loss, 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 (i) represents a loss in the table below):

Interest Rate Risk	Note	Council		Group					
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000				
		+50 bps Profit	+50 bps Equity	+50 bps Profit	+50 bps Equity				
Financial Liabilities:									
Borrowings	(i)	(12)	(12)	-	-	(13)	(13)	(8)	(8)
		(12)	(12)	-	-	(13)	(13)	(8)	(8)

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 \$2,500,000 (2011: \$0).

33. Financial Instruments *continued*

(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 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	
	2012	2011
For the Financial Year Ended 30 June 2012	\$'000	\$'000
Council		
Financial Assets and Other Credit Exposures	11,668	9,947
Group		
Financial Assets and Other Credit Exposures	15,649	14,820

(g) Liquidity Risk Management

Liquidity risk is the risk that the Group will encounter difficulty in raising liquid funds to meet 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.

(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).

	2012			
	Total	Level 1	Level 2	Level 3
For the Financial Year Ended 30 June 2012	\$'000	\$'000	\$'000	\$'000
Council				
Financial Assets				
Derivatives	-	-	-	-
Other Investments	48	-	-	48
Financial Liabilities				
Derivatives	3,229	-	3,229	-
Group				
Financial Assets				
Derivatives	7	-	7	-
Other Investments	48	-	-	48
Financial Liabilities				
Derivatives	5,236	-	5,236	-

33. Financial Instruments continued

For the Financial Year Ended 30 June 2011	2011			
	Total	Level 1	Level 2	Level 3
Council	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Derivatives	-	-	-	-
Other Investments	90	-	-	90
Financial Liabilities				
Derivatives	2,016	-	2,016	-
Group				
Financial Assets				
Derivatives	17	-	17	-
Other Investments	90	-	-	90
Financial Liabilities				
Derivatives	2,844	-	2,844	-

33. Financial Instruments continued

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

2012 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	-	13,146	13,146	13,146	-	-	-	-	-
Borrowings	5.13%	102,674	108,751	75,747	11,616	10,833	10,555	-	-
Other Financial Liabilities	-	433	433	433	-	-	-	-	-
		116,253	122,330	89,326	11,616	10,833	10,555	-	-

2011 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	-	11,151	11,151	11,151	-	-	-	-	-
Borrowings	5.65%	98,227	111,561	6,414	72,139	11,618	10,835	10,555	-
Finance Lease Liabilities	-	-	-	-	-	-	-	-	-
Other Financial Liabilities	-	293	293	293	-	-	-	-	-
		109,671	123,005	17,858	72,139	11,618	10,835	10,555	-

33. Financial Instruments continued

2012 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	-	17,016	17,016	17,016	-	-	-	-	-
Borrowings	4.95%	124,996	132,267	96,478	11,745	12,986	11,058	-	-
Finance Lease Liabilities	10.85%	136	155	61	35	35	24	-	-
Other Financial Liabilities	-	1,433	1,433	1,433	-	-	-	-	-
		143,581	150,871	114,988	11,780	13,021	11,082	-	-

2011 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									
Bank Overdraft	-	-	-	-	-	-	-	-	-
Trade and other payables	-	15,209	15,209	15,209	-	-	-	-	-
Borrowings	5.59%	116,689	131,182	23,696	73,643	11,646	10,863	11,334	-
Finance Lease Liabilities	11.23%	205	209	86	48	35	25	15	-
Other Financial Liabilities	-	1,413	1,413	1,413	-	-	-	-	-
		133,516	148,013	40,404	73,691	11,681	10,888	11,349	-

Introduction

The following statements set out the financial and service performance objectives that appear in the 2011/12 Annual Plan, which was incorporated into the 2009 10-Year-Plan. In preparation for the 2012 10-Year Plan, all performance measures have been through a full review and the measures reported in the 2013 Annual Report will be improved. In terms of 2012 reporting, given the measures were set in 2009, some of the performance targets are no longer measurable and some improved targets were introduced in the 2011/12 Annual Plan.

Chief Executive Report

The report covers a number of key points regarding the Council performance for the 2011/12 period. These include financial results, project delivery, commentary on the 10-Year-Plan and the issue of affordability, overall performance and project highlights.

Residents Survey - August 2012

For the 2011/12 Annual Report it was determined to undertake a survey of residents and ratepayers. Specific performance measures throughout the Annual Report refer to satisfaction as determined by the annual residents' satisfaction survey with percentage targets to achieve.

The 2012 Queenstown Lakes District Council Residents and Ratepayers Satisfaction and Opinion Survey involves the continued use of a change in methodology adopted in 2009. This methodology differed from the methodology used to set the 2009 10-Year Plan targets. The most significant effect of the change was a shift from a four-point to a five-point scale for most questions.

This change was made to provide respondents with the option of a mid-point response, considered 'best practise' in terms of research. This mid-point allows respondents to choose a 'neutral' (or ambivalent) response, rather than being forced into reporting satisfaction or dissatisfaction (where such feelings may not be present). This move away from the 'forced choice' design used in previous years means the range of results will provide a more precise measure of community attitudes, going forward.

Note that an anticipated effect of this shift in scoring has been a drop in residents expressing either satisfaction or dissatisfaction with Council services (because those participants in previous years who would prefer to report a mid point score were only able to choose mild satisfaction or dissatisfaction scores). In previous years, only the 'percent satisfied' has been included in the analysis but this was likely to have included an unknown number of people that were neither satisfied nor dissatisfied.

To report on the 10-Year Plan targets with the changed survey, the Council decided to use 'calculated' four-point data, which shows only those results where respondents scored positively or negatively (i.e. 'satisfied' or 'unsatisfied' response only). The percentages shown in this report have been calculated on the basis of the results, minus the neutral respondents.

Questionnaires were mailed out to 3300 randomly selected residents and to 1000 absentee owners from the Queenstown Lakes District. A third data sample was used to generate an additional sample to ensure input from

the 18-35 year old ages group. The response rate of 17.2% (736) was considerably up from the 2011 year (13.1%).

The results were independently processed by Research First Limited. The maximum margin of error from the sample is 'plus' or 'minus' 3.6%.

Quality Management

The Council has measures in place for monitoring and improving the quality of the services it provides. Where measured, these are reported within the appropriate Statement of Service Performance.



The Local Government Act 2002 introduced a new requirement to identify community outcomes for the Queenstown Lakes District. This requirement has now been repealed but Council considers the outcomes remain an important part of the Council's Strategic Performance Framework.

Queenstown Lakes District Community Outcomes



Sustainable growth management



Quality Landscapes and natural environment and 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

Monitoring

The Council has developed a Strategic Performance Framework that includes community wellbeings (Community Outcomes) which feed into Council Outcomes, levels of service, the organisations vision, mission, objectives and values, which in turn feed into all Council activities. The Council and the community can monitor progress towards achieving Community Outcomes on behalf of the community.

What has changed?

A review of local government in 2010 has resulted in changes to the approach to community outcomes required in the LGA.

The key changes are:

- Council is no longer required to facilitate and coordinate community outcome processes, including the review, monitoring and reporting of these outcomes.
- the meaning of community outcomes has changed to include only Council's planned contribution to the wellbeing of its district in the present and for the future.
- it is up to Council to identify what process will be used to determine community outcomes however they must be disclosed in the 10 Year Plan.

What is Monitoring?

Monitoring assists the Council to:

- develop better policies, plans, programmes and activities;
- make more informed decisions;
- inform the community about the key issues impacting the District; and
- to meet all of its legal requirements.

In addition, monitoring and reporting enables the Council to keep track of any issues or problems being experienced in the District and to focus its advocacy activity into those areas which need the most attention.

Type of Monitoring

- Level of service provided by the Council
- Effects of Council services, programs and activities
- State of the Environment
- Efficiency and Effectiveness of the District Plan
- Performance and Accountability of the Resource Management Act and the District Plan for Resource Users and the Council

Legal Requirement

- Local Government Act 2002
- Local Government Act 2002
- Resource Management Act 1991 (RMA)
- Resource Management Act 1991
- Resource Management Act 1991

Note: Please refer to the Councils 10-Year Plan Volume 2 for performance frameworks, which have been reviewed 2012.

This includes:

- Community Leadership
- Tourism Marketing

Community Leadership

Council is a mechanism that allows the community to collectively do things that we can't do as individuals. This includes the power to rate property owners and use these funds in the wider public interest, to regulate activities through the District Plan and Bylaws and to speak on behalf of the community it represents. The underlying view is that more can be achieved where there is a common focus on the desired outcomes. Historically a Council did this by making decisions for the community. Now the emphasis is on participation with the Council making decisions with and on behalf of its residents and ratepayers. Community leadership is the activity by which the Council and the Wanaka Community Board assist the community to make informed choices on important local issues. This reflects the purpose of local government found in Section 10 of the Local Government Act 2002.

- *"To enable democratic local decision-making and action by, and on behalf of communities; and*
- *To promote the social, economic, environmental, and cultural well-being of communities, in the present and in the future".*

Delivering Financial Affordability

The revised 10-year capital expenditure programme with \$167.8million in savings has been incorporated in the financial models for development contributions and the 10-Year Plan. Debt reduction over the last three years means the 10-Year Plan is affordable.

Shaping our Future

This is a community driven project of major significance to the Council as it brings together residents, business, local government and other agencies to debate the important issues for the future of the district. The first community forums commenced in the last financial year and have focused initially on the economic future and events in the district. The forums have been well attended. Ultimately the work being undertaken by the community will feed into the 10-Year-Plan process where appropriate.

Queenstown Airport

The increase in shareholders funds resulted in the airport carrying significantly less debt. This enabled the company to pay its first dividend to Council of \$2,460,000 in late August for the year ended 30 June 2011, consistent with the newly adopted dividend policy. In future years, an interim dividend will be paid in January and a final dividend in August / September of each year.

Our Goals

- To facilitate the democratic process through an effective elected system of Government comprising the Mayor, Councillors and Wanaka Community Board Members.
- To ensure that all Council's policies are developed and implemented in an effective and co-ordinated manner.
- To facilitate communication between the Council, the Wanaka Community Board and the wider community. To comply with all statutory obligations including the District Plan, Long Term Plan, Annual Plan, Annual Report and statutory reporting requirements in a timely and accurate manner with appropriate public consultation.

- To develop an integrated Growth Management Strategy.
- Give active support for flood mitigation measures, led by the Otago Regional Council.
- To provide and maintain high quality infrastructure.
- To ensure the costs of living in this community are fairly distributed by adopting a development contributions policy under the Local Government Act 2002.

Our Accountability

Target

All public meetings held will have a public forum and agendas will be available not less than two working days prior to the meeting.

Achievement

Achieved 100%.

Meetings held by the Council and its Committees:

Queenstown Lakes District Council	15
Finance and Corporate Committee	4
Community Services Committee	6
Strategy Committee	7
Infrastructure Services Committee	7
Wanaka Community Board	9
Annual Plan Submissions Hearings	2
District Licensing Agency Hearings	0
Swimming Pool Subcommittee*	2
Resource Consent Hearings	47
District Plan Change Hearings	48
Total Number of meetings	101

* Note: as of the 2010 election the delegation to hear swimming pool exemption applications was given to the Community Services Committee.

Target

100% compliance with statutory consultation.

Achievement

Achieved 100%.

Target

83% Capex plan completed in period planned.

Achievement

55% Capex completed by value - Council continues to test and prioritise projects (52% 2011).

Target

10-Year Plan completed by 30 April.

Achievement

Achieved.

Target

10-Year Plan finalised by 30 June.

Achievement

Achieved.

Target

75% satisfaction of the level of community consultation as determined by the annual residents satisfaction survey.

Achievement

78.5% satisfaction. (84% 2011). Satisfaction was highest in Queenstown but Wanaka residents were less satisfied, affecting the percentage. The performance is still high and higher than 2009 and 2010. Not only has technology heralded some important changes in the way Council consults with its residents and ratepayers ie website and social media (twitter and facebook) but it is likely to reflect satisfaction with the major community engagement forum process called Shaping Our Future. See page 60 for an explanation of the survey methodology.

Target

85% satisfaction with Council consultation (10-Year-Plan) as determined by the annual residents satisfaction survey.

Achievement

76.8% satisfaction. (77% 2011). This result continues to reflect the work Council is doing around community engagement, including through technology (website and social media) and through the Shaping Our Future forum. See page 60 for an explanation of the survey methodology.

Target

100% Public Forums at public meetings and agendas available two days early

Achievement

100%



In 1987 the Queenstown Promotion Bureau (now Destination Queenstown) approached the Council to collect and distribute a tourism marketing levy on each business which benefited from tourism growth. This took the form of a rate on every commercial premise (including those having mixed uses) within the Wakatipu Basin. Later, a similar scheme was adopted for Lake Wanaka Tourism and the Arrowtown Promotion and Business Association.

This levy is collected on behalf of the Commercial sector to ensure that all businesses contribute fairly to tourism marketing which in turn contributes to their individual success. It has worked well throughout that period.

The funds are distributed to Destination Queenstown, Lake Wanaka Tourism and the Arrowtown Promotion and Business Association. These bodies, through their constitutions are fully representative of the contributing businesses. They in turn apply the funds in accordance with business plans agreed by their membership. The Council also supplements this funding by around \$200,000 per annum (spread across the three organisations) from general rates to reflect the wider community benefit gained from tourism.

As the rating authority the Council achieves its accountability by satisfying itself that the funding reflects the strategic planning and business plans of each regional tourism organisation.

The Council and Destination Queenstown have also concluded a strategic statement for marketing all four seasons, longer stay and high yield business. A similar strategic statement is planned for the relationship between Council and Lake Wanaka Tourism.

Our Goals

To support the commercial interests of the District by collecting tourism promotional funding and providing it to the bodies representative of those commercial interests for distribution through targeted promotion.

Our Accountability

To ensure that the promotional bodies enjoy the ongoing confidence of the commercial ratepayers, all of who are members. Our measure is to assure that strategy, (high yield, seasonality and long stay) is progressed.

Target

5% increase in visitor nights.

Achievement

1.3% increase in guest nights. 2011 saw a string of unprecedented disasters. International guest nights were down 4.8% and domestic guest nights were up 14.6%. While guest nights were impacted by various factors in the first half of the year, including on-going earthquake-related impacts on visitor flows, the second half of the year showed steady, sustained recovery. (0.9% decrease 2011).

Target

90% Tourism Promotion satisfaction, as determined by the annual residents satisfaction survey.

Achievement

Destination Queenstown 90.2%
Arrowtown Promotion Board 83%
Lake Wanaka Tourism 80.9%

In 2012 the survey question asked for satisfaction with the three separate tourism promotion organisations as opposed to tourism promotion in general (87% 2011).



**Governance and District Promotion
Summary of Forecasted Financial Performance**

Actual		Actual	Annual Plan
2010/11		2011/12	2011/12
\$000	Expenditure	\$000	\$000
4,628	Governance	4,370	4,324
3,808	Tourism Promotion	3,897	3,902
8,436	Operating Costs	8,267	8,226
-	Group Activity Income	3,224	2,700
8,436	Net Cost/(Surplus) of Service	5,043	5,526
-	Capital Expenditure	-	-
8,436	Funding Required/(Generated)	5,043	5,526
	Funded By:-		
6,042	Targeted Rates	6,121	5,738
2,394	General Rates	2,138	2,357
-	- Transfers (to)/from Reserves	(3,216)	(2,569)
8,436	Total Funding	5,043	5,526
	Activity Income Includes (1)		
-	- User Charges	-	-
-	- Dividends received	3,216	2,700
-	- Other	8	-
-	Total Activity Income	3,224	2,700

Significant Cost of Service Variances

Dividend Income is above budget because the interim dividend of \$0.75m was received from QAC as well as full dividend for previous year.

Significant Capital Expenditure

Not Applicable.

Significant Capital Expenditure Variances

Not Applicable.



Community Assets

The Council is involved in this activity to provide the maximum possible return and benefit for the community. The Council portfolio includes residential and commercial subdivisions, freehold land, leased camping grounds, reserve land, airports, rental properties, housing and elderly housing. Cemeteries, community and recreational facilities or utilities are regarded as part of these land holdings. The Council also manages a production forest jointly with the Central Otago District Council and administers wilding conifer cover on recreation reserve, including the harvest of timber.

Cardona

The Council has allowed for \$200,000 capital budget for possible Cardrona land acquisition, in anticipation of the disposal of abandoned land by the Public Trust. This would allow for reserve to be created.

Land

Our Goals - Land

- To generate revenues from section sales that will assist in the financing of major projects such as water and sewerage, other infrastructure developments and community facilities.
- To rationalise Council owned and managed land that has no amenity value or benefit to the community.
- To rationalise land holding with the Department of Conservation.
- Provision of community facilities.

Our Accountability - Land

Target

Achieve 100% of target deadlines for development and marketing of subdivisions.

Achievement

No subdivision work was undertaken for the year 2011/12.

Target

90% Satisfaction Sports Grounds as determined by the annual resident and ratepayers survey.

Achievement

Achieved 94% satisfaction - annual residents satisfaction survey (91% - 2011). A good result reflecting the on-going high level of service from Lakes Leisure groundsmen.

Target

60% Sense of Pride as determined by the annual resident and ratepayers survey.

Achievement

Achieved 88.7% satisfaction - annual residents satisfaction survey (79.5% - 2011). This is a significant increase that can be associated not only with the natural environment but also the quality of the urban environment.

Target

85% Satisfaction Community Halls as determined by the annual resident and ratepayers survey.

Achievement

79.4% satisfaction - annual residents satisfaction survey (83% - 2011). The resource is unchanged from the previous year although notably the Queenstown Memorial Hall Upgrade is now underway.

Target

On all Council developments - 100% Urban Design Panel consideration, 100% resource conditions met, 100% meeting financial forecasts.

Achievement

No development was undertaken for the 2011/12 year.

Housing

Our Goals - Housing

- Provision of elderly housing.
- To maximise returns from all other Council owned housing.
- To maintain heritage buildings to a good standard and obtain a commercial return from leasing where practical.
- To complete the affordable housing study 2004 and undertake to implement any outcomes.

Our Accountability - Housing

Target

Community Housing Trust delivering 35 houses

Achievement

Achieved - 55 dwellings delivered.

Target

100% occupancy of all available housing.

Achievement

95.6% (93% pensioner housing. 98.1% other housing). One pensioner vacancy at Wanaka and one at Arrowtown, which have since been re-tenanted. The other housing stock was filled quickly after vacancies.

Target

100% Compliance with the Buildings Asset Management Plan 2002-2012.

Achievement

Achieved 100%

Camping Grounds

Our Goals - Camping Grounds

- To achieve optimum returns from each camping ground.
- To ensure existing facilities are maintained to a high standard.
- To undertake a review of the Camp Ground Strategy.
- To undertake a comprehensive development of Lakeview site.

(Please note that during 2008/9 Council selected its preferred developer for the Lakeview site but was unable to successfully complete a development agreement because the developer could not provide the necessary financial assurances. The project has not advanced further in 2011/12), however the Council has now called for expressions of interest.

Our Accountability - Camping Grounds

Target

80% satisfaction for all camping grounds - annual residents satisfaction survey.

Achievement

74.3% satisfaction (75% 2011) - A new wastewater system has now been installed at Glendhu Bay and the Camp Ground Strategy is now under review.

Significant Cost of Service Variances

The net cost of service includes \$4.3m of unrealised losses pertaining to the revaluation of investment property. This follows a 2011 value reduction of \$1.6m.

Significant Capital Expenditure

The major item here is the completion of the new wastewater system for Glendhu Bay camp ground (\$1.6m in 2012)

Significant Capital Expenditure Variances

There was no capital expenditure for the development of the next stage of the Commonage subdivision on Queenstown Hill.

Property Summary of Forecasted Financial Performance

Actual 2010/11		Actual 2011/12	Annual Plan 2011/12
\$000	Expenditure	\$000	\$000
841	Council Land	397	574
145	Housing	152	173
229	Wanaka Airport	352	389
275	Forestry	378	295
4,302	Holiday Parks	4,390	4,863
5,792	Operating Costs	5,669	6,294
4,803	Group Activity Income (1)	2,176	6,426
989	Net Cost/(Surplus) of Service	3,493	(132)
	Capital Expenditure		
69	Council Land	69	1,200
17	Housing	17	370
415	Wanaka Airport	616	1,170
811	Holiday Parks	2,262	221
1,312	Capital and Debt Repayment	2,964	2,961
2,301	Funding Required/(Generated)	6,457	2,829
	Funded By:-		
386	General Rates	192	391
-	Asset Sales	-	-
961	Loans (Internal & External)	2,442	1,441
896	Transfers (to)/from Reserves	3,766	959
58	Other	57	38
2,301	Total Funding	6,457	2,829
	Activity Income Includes (1)		
6,017	User Charges	6,150	6,426
40	Other	46	-
(1,254)	Other gains/(losses)	(4,020)	-
4,803	Total Activity Income	2,176	6,426

The Community activity includes the operation of:

- Library Services
- Community development
- Public Toilets
- Cemeteries
- Community Facilities
- Waterways Facilities
- Parks and Recreation Facilities
- Emergency Services

Library Services

Internationally libraries are seen as one of the most fundamental facilities in our democratic society. They promote education and the exchange of information and ideas. They are also a focus for the communities they serve. In New Zealand most communities started opening libraries at the same time as they were building their first roads and sewers, setting aside town belts and establishing public gardens

There are seven libraries in the Queenstown Lakes District. These are Queenstown, Wanaka, Arrowtown, Kingston, Glenorchy, Hawea and Makarora. The libraries are jointly managed together with seven other Central Otago District Libraries and offer the Symphony System of electronic book co-resourcing. The Council considers libraries to be an essential part of the community's resource, providing high quality library services to a national standard.

It should be noted that the Council is not reporting on one library measure contained in the 10-Year Plan. This is because the question pertaining to a full and diverse collection was not included in the 2012 Resident and Ratepayers Survey, however a question regarding the range of books was asked.

Our Goals

In keeping with the goals of the Central Otago / Queenstown Lakes Libraries, it is their objective to ensure quality in the selection, preservation and organisation of library materials to make them readily available to all the residents of Central Otago / Queenstown Lakes District.

Providing access to materials is the key component of the Central Otago / Queenstown Lakes Libraries' philosophy. Access is gained through acquiring a core library collection on site and making the widest possible use of all the resources. This is achieved by providing a shared library service with Central Otago District, and through SouthLib Consortia - a partnership with Dunedin Public, Invercargill Public, Southland District and Central Otago Queenstown Lakes District libraries formed in order to share resources and jointly purchase Symphony Library Management System. Other resources are accessed through the interlibrary loan system and national and international online networks and databases.

All materials acquired by the Library should reflect resource needs of the community. This basic principle will determine such fundamentals as type, format, quantity, and scope of resources to be acquired.

Our Accountability

Target

15% of Library operating budget allocated for the purchase of new library materials.

Achievement

Achieved 13.02% Total Libraries budget: 2,062,960 Book Replacement budget: 268,800

Target

95% satisfaction with the range of books available as determined by the annual residents satisfaction survey.

Achievement

Not Achieved 92.9% satisfaction achieved. (96% 2011).

Target

97% satisfaction with library services as determined by the annual residents satisfaction survey.

Achievement

Achieved - 97.5% satisfaction. (97% 2011). This result remains consistently high.

Target

84% of population registered.

Achievement

Achieved - 118% population are registered. Figures show 27,291 registered (report from Directors Station – Symphony – Library Management System). Please note that Council considers a more accurate measure would be the number of active members ie 17,804, which is a percentage of 77.55%. This reflects active borrowers rather than the total number registered, which is skewed through the high number of transient memberships or members that have left the area without notice.

Target

310,000 numbers of material issued.

Achievement

Libraries issued: 409,310 items. This is an increase of 27,270 on last year's figures and signals the importance of libraries to our community.

Target

0.88 Items catalogued and added to collection per head of population (2006 census)

Achievement

Achieved 1.55 items per head of population. 2006 Census figures show 22,956 reside in Queenstown Lakes District, 4,819 new items added in this financial year. (1.38 items - 2011)

Community Development

This activity is the means by which the Council helps the community to help itself. It captures the Council's relationships with its community, providing programmes and communications that strengthen the networks that are based around social agencies, community groups and volunteers. The Council's role in this area is generally undertaken through communication, promotion, advocacy and support. Community development is aimed at informing, involving and empowering the community.

Continued development of the Council's website is a key component of the community development activity. With over 8892 visits each week the website is proving an essential source for information on the District's educational, cultural, social, recreational, environmental and political activities. The Council is also a central point for information about community funding.

Our Goals - Community Development

- To have a range of community grants readily available to all community groups.
- To facilitate ease of access for community groups to various sources of funding.
- To provide the community with advice on funding enquiries and applications.

Our Accountability - Community Development

Target

100% of approved community grants initiatives are paid out within the year.

Achievement

Achieved 100%.

Target

85% satisfaction with community grants as determined by the annual residents satisfaction survey.

Achievement

Not Achieved - 84.4% satisfaction (88% 2011).

Target

\$300,000 allocated in the district.

Achievement

Achieved - 32 grants paid (\$412,246). Grants are a critical means of ensuring arts, culture and sport are nurtured and able to be delivered in a difficult economic climate (33 grants paid 512,151 2010/11).

Target

\$50,000 pa of funding for Aspiring Arts Trust public artworks.

Achievement

Not Achieved - no funding was allocated in the 2011/12 year due to prioritisation of spending.

Community Information

Our Goals - Community Information

- To provide high quality, clear and timely media releases.
- To ensure a high level of understanding amongst media.
- To ensure the website reflects the most up to date and accurate information and continues to be a simple and user-friendly resident and ratepayer tool.
- To provide communications support to Council and contractor services.
- To provide regular support and information to community network groups (smaller communities).

Our Accountability - Community Information

Note the measure regarding Scuttlebutt as a key source of information was incorrectly asked in the survey (the question was missed) and cannot therefore be reported here.

Target

A minimum of 15 press releases per month to ensure the community is being kept apprised of all key Council issues.

Achievement

11 per month on average, but Council has continued to build other mediums and in particular has increased its Social Media communication via Facebook and Twitter (985 followers August 2012). (12, 2011)

Target

A minimum of six issues of Scuttlebutt delivered within deadlines and budget constraints by 30 June annually.

Achievement

Achieved 100%. According to the annual resident and ratepayers satisfaction survey, Scuttlebutt continues to be the preferred method of receiving Council news (77.3%). This is 16.5% higher than any other means and supports continuing with the publication.

Target

10% increase in website visitors per annum.

Achievement

Achieved 10.6% - 156,793 visits in 2010/11, 173,516 visits in 2011/12, 12% increase in unique visitors (65,473 in 2010/11, 73,378 in 2011/12). The website continues to be a growing means of interfacing with our residents and ratepayers. It is becoming a recognised medium for up to date daily information (including twitter feed) and an important consultation forum.

Target

85% satisfaction with how well residents are kept informed, as determined by the annual resident and ratepayer satisfaction survey.

Achievement

Not Achieved 76.8% satisfaction achieved (84% 2011). The Council has continued to grow social media as an important means of keeping the community informed. This combined with an emphasis on clear messages and a

push to communicate in new ways, such as snippets columns and drop-in sessions and Shaping Our Future forums have contributed to a nother high result.

Target

100% facilitation of successful events annually (eg Sumerdaze, Winter festival, Festival of Colour)

Achievement

Achieved 100%. The Council began community engagement in the 2010/11 year around events through the Shaping Our Future forums which will help to shape the Council's future involvement with events. Council has now committed to establish a part time events position.

Target

175,000 visitors per annum (Queenstown Aquatic Centre)

Achievement

Total aquatics 2011/12 210,931 (154,734 visitors 2010/11). Total Lake Leisure participation 2011/12 685,635. This has proved a significant growth area.

Target

85% satisfaction with website as determined by the annual residents satisfaction survey.

Achievement

Achieved 88.2% satisfaction (88% 2011). The website is a growing means of interfacing with our residents and ratepayers. It is becoming a recognised medium for up to date daily information (twitter feed) and consultation forum. It is rewarding to continue to exceed the target.

Target

25,000 distribution of Scuttlebutt per issue

Achievement

Achieved - 27,150 - inserted in Mirror and Sun Newspapers and direct mailed to out of town ratepayers. Also made available online on website.

Target

Six iconic events in the district - Winter Festival, Summerdaze, Jazz Fest, Festival of Colour, Arrowtown Autumn Festival and WanakaFest.

Achievement

Achieved. The Council began community engagement in the 2010/11 year around events through the Shaping Our Future forums which will help to shape the Council's future involvement with events. Council has now committed to establish a part time events position.

Film Queenstown

Our Goals - Film Queenstown

- To provide good information to inquiries about filming in the Queenstown Lakes District.
- To ensure a high level of satisfaction with the information given from the local screen production industry.
- To ensure the Film Queenstown website reflects the most up to date and accurate information and is a simple and user-friendly tool.
- To provide support and resources to assist in the promotion of the Queenstown Lakes District as a location.
- To provide regular support and information to the local screen production industry.

Our Accountability - Film Queenstown

Target

Number of film permits increase 10% per annum.

Achievement

42% - There were 71 permits issued in 2011/12, an increase of 21 on the previous year (50).

Target

Numbers of industry people listed on Film Queenstown Database increase 10% per annum.

Achievement

23% per annum - There were 232 listings in 2011/12, an increase of 43 on the previous year (189).

Public Toilets

The Council provides 30 public toilets in order to enhance the public's experience of our outdoor places and to protect the public environment. There are four key factors to this activity, they are: cleaning, inspecting, monitoring use and revising conditions. This in turn leads to demand management and improvements to the service.

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

It should be noted that the Council is not reporting on seven public toilet measures contained in the 10-Year-Plan. This is for a number of reasons including:

1. Public use measures - only new toilets have usage counters. The cleaning schedule is reviewed as issues arise in liaison with cleaning contractor.
2. Compliance with Strategy - Council does not have a Public Toilet Strategy
3. Closure - Toilets are closed by various contractors as problems arise. This measure would require significant administration and estimated closure time is negligible. Minimal periods of closure times are ensured by contractual response times. Council has agreed to winter closures at more remote locations to save costs. Target for 2011/12 is 90%.
4. Toilet's reflect unique character - This is a request from some community associations and happens where required e.g. Arrowtown, Butler Green toilet / Cardrona.

The Council has included a new measure, which reflects the end of year toilet contract performance.

Our Goals

- To provide public toilets in town centres and adjacent to high use recreational areas and in areas of high tourism interest.
- To maintain clean and sanitary toilet facilities.

Target

100% completion of annual projects on time and within budget.

Achievement

0% by value. The Council deferred the construction of the Earnslaw Park toilets to 2011/2012 in order to explore other options for the location of the toilets but the project has yet to commence.

Target

Satisfaction as determined by annual residents satisfaction survey:

75% provision of public toilets

75% cleanliness

Achievement

Achieved provision of public toilets - 85.5% satisfaction (86% 2011).

Cleanliness - 82.7% satisfaction (90% 2011).

The Council and the contractor have continued to place focus on providing clean toilets and responding to requests for service promptly. Cleaning schedules are adjusted to provide additional service at peak times. Some dissatisfaction is being registered with the tired appearance of the Earnslaw Park Toilets, which are often targeted overnight.

Target

80% achievement on contract performance 2009/10 - replaces a number of 10-Year Plan measures as outlined.

Achievement

69.6% - Measured on a quarterly basis as part of the auditing process. This is covered under 8 specific aspects including; contractor's ability to work with the engineer, request for services resolved within the response times, meeting satisfaction requirements of the contract QA measures, high standard of health & safety, efficient recording and reporting systems, high standard of reports received in a timely manner, satisfactory level of public comment, and physical works executed within the response times. Each aspect has a weighted score.

Cemeteries

There are nine operating cemeteries in the Queenstown Lakes District. These are situated at Makarora, Queenstown, Glenorchy, Frankton, Kingston, Cardrona, Wanaka, Lake Hawea and Arrowtown. All cemeteries in the district are of major historical importance, including Skippers and Macetown cemeteries, which are no longer operational. A cemetery has been provided at Lower Shotover to meet future demand, once Wakatipu cemeteries are no longer operational. It should be noted that the Council is not reporting on one cemetery measure that was contained in the 10-Year Plan. This is because the Cemetery Conservation Strategy has now been delivered. The Council has included a new measure, which reflects the end of year contract performance result for parks and reserves/cemeteries.

Our Goals

To provide cemeteries throughout the district that are attractive memorial parks, and that provide an efficient and respectful burial service.

Our Accountability

Target

90% satisfaction with cemetery grounds as determined by annual residents satisfaction survey.

Achievement

Achieved 91.3% satisfaction (94% 2011). It is rewarding to see this activity continue to exceed the target.

Target

100% Compliance with national standards (regarding burial) and local protocol (cultural sensitivities).

Achievement

Achieved 100% . All interments were undertaken in accordance with the relevant standards and Council policy and protocols (100% 2011).

Target

80% end of year contract performance

Achievement

100% - Due to the nature of the work involved with this contract it would be inappropriate to measure/score performance therefore we use other measures to monitor performance. Other than responding to any public complaints that are received regarding the performance of the contractors, Council ensures the sextons sign and return the interment confirmation forms, which confirms that they prepared the plot at the organised time/date and location etc. Council also carries out visual inspections on a quarterly basis in which we check the locations and ensure ground maintenance has been carried out (this falls under another contract). We have an excellent relationship with both Base and Wanaka Landscapes so any concerns are immediately addressed. We have not received any complaints regarding the performance of the contractors under contract 804 – Cemeteries for 2011/12.

Community Facilities

The aim of this activity is to provide affordable and inclusive facilities to a wide range of recreational, community, and cultural groups. Specifically, the purpose of this activity is to provide a range of halls and similar multi-use indoor facilities throughout the district. This includes community halls in Arrowtown, Queenstown, Glenorchy, Hawea, Cardrona and Luggate. The Queenstown Aquatic Centre, Alpine Aqualand and fitness centre are outstanding facilities and along with the Arrowtown swimming pool, the Queenstown Events Centre and many other indoor and outdoor recreation facilities, are managed by Council Controlled Organisation, Lakes Leisure. The Glenorchy, Hawea and Wanaka Pools are community run, with support from the Council. Memberships and concession cards for the Queenstown Aquatic Centre are attractive options for ratepayers ranging between \$2.30 - \$6.10 per week, for long term residents this is exceptional value. Casual prices represent great value for a day's visit.

A highlight of this activity was:

Wanaka Sports Facility

Council reached a decision in March 2011 on the location of the proposed sports facilities after a considerable period of technical review and community consultation. The 10-Year Plan now includes funding for stage 1 of the development to be completed in 2014/15

Memorial Hall Upgrade

A project stemming from the 2010/11 Annual Plan submissions process has been progressed and fundraised throughout the last financial year, with work on a \$3 million upgrade commencing in July 2012.

Wanaka Skate Park

The Council brought forward \$180,000 capital budget for Stage 1 of the extension to Wanaka Skate park (assumes \$60,000 to come from local fundraising).

Our Goals

- To minimise the cost of these facilities to the general ratepayer (see above).
- To maximise usage by community groups through pricing policies approved by the Council.

Our Accountability

Target

100% management and maintenance of community centres and halls that meet building standards.

Achievement

100% with all community venues managed by Lakes Leisure passing their annual Warrant of Fitness that includes lifts, fire exits, disabled access, evacuation, smoke detectors and sprinklers, heating and ventilation, food hygiene and on licenses. (100% 2011)

Target

80% satisfaction with swimming pools, as determined by the annual residents satisfaction survey.

Achievement

84.4% satisfaction (80% 2011). A high result maintained for three years running and no doubt reflective of the high standard Aquatic Centre and the Wanaka Pool upgrade. Notably Alpine Aqualand received a 91.9% level of satisfaction.

Target

90% satisfaction with community halls, as determined by the annual residents satisfaction survey.

Achievement

79.4% satisfaction - annual residents satisfaction survey (83% - 2011). The results show smaller communities and rural areas are more satisfied, however Queenstown and Wanaka residents and ratepayers are less satisfied, possibly reflecting aging facilities in those two locations. The Memorial Hall Upgrade is now underway.

Target

100% to achieve NZ Water Pool Standards for all pools.

Achievement

Achieved 100% - NZ Pool water standards are covered by New Zealand standards NZS 5826 2010 which outlines the parameters for water testing and allowable limits for chlorine residual, ph levels, water hardness and solubility. (100% 2011)

Target

14,000 people per month using Queenstown Aquatic Centre.

Achievement

17,577 people used Alpine Aqualand per month 2011/12 (12,895 2010/11). A combination of population growth and Lakes Leisure have delivered multiple programmes and activities, which have assisted in boosting numbers.

Target

100% Compliance with RMA/ Plan/ independent design panel requirements for new or refurbished facilities

Achievement

Achieved (Achieved 2011).

Target

No more than 80 health and safety incidents.

Achievement

203 incidents reported which includes all minor pool, hydro slide, indoor and outdoor courts, staff and field injuries. Lakes Leisure has become more accurate in the recording of the numbers and in the last 12 months has been ensuring even a band-aid being handed over gets recorded as an incident. (247 - 2010, 160 - 2011).

Waterways Facilities

The purpose of this activity is to help provide affordable and accessible water based recreation facilities throughout the District that may also be used by commercial operators. 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, Roy's Bay (Wanaka).

Our Goals

- To promote boat ramps for community and commercial use as appropriate
- To provide and maintain foreshore structures for community and commercial use as appropriate.
- To introduce a fair and equitable user charges system to recover the cost of providing waterways facilities.
- To plan the future extension of facilities in a way that will not detract from other amenity values.

Our Accountability

Target

80% satisfaction with waterways facilities as determined by annual residents satisfaction survey.

Achievement

76.8% satisfaction (84% 2011). This resource remains unchanged although potentially pressure on the resource has increased in some locations - can be weather dependent ie boats don't go out in poor conditions.

Target

8 Council waterway facilities accessible to public at all times.

Achievement

Achieved - 8 facilities accessible. All waterway facilities were available at all times.

Target

500 boat and trailer parks available

Achievement

Achieved - 500 parks. The number of boat and trailer parks remained unchanged.

Target

Revenue of \$65,000 from user charges (ramps and moorings).

Achievement

Achieved - \$66,731 (\$59,590 2010/11).

Target

100% facilities identified and recorded.

Achievement

Achieved. All waterway facilities are identified and recorded.

Parks and Recreation Facilities

This activity provides affordable and accessible recreation facilities throughout the District. The Council provides, manages and maintains over 1000ha of designated parks and reserve areas in the communities of Glenorchy, Queenstown, Arthur's Point, Luggate, Arrowtown, Kingston, Wanaka, Albert Town, Hawea and Makarora. Maintenance of the Council's parks and reserves is managed by the Council's horticulture team. This includes: the Queenstown Gardens, an extensive network of modern playgrounds and trails. Council also facilitates a wide range of activity including golf, mountain bike parks, skateparks, and cross country skiing. This activity does not include facilities on Council owned land that are owned by other organisations i.e. bowling. Multi-use indoor facilities are covered in Community Facilities. Council assisted (not operated) facilities are covered under the Community Grants activity. Capital expenditure on walkways and trail projects in the District has been significant. These projects represent a long term investment in the "green network". Wakatipu Trails Trust was successful in receiving approval for \$1.8m of funding from the Government for the development of the Queenstown Trail. The trust has worked to

secure access for the New Zealand Cycleway and officially opens in October 2012.

Our Goals

- To provide and maintain open and unstructured space in urban communities.
- To support maintenance of significant recreational sites in rural areas.
- To provide and maintain parks in urban communities (including youth facilities).
- To provide and maintain designated tracks for recreational and access use (trails and walkways strategy).

Our Accountability

Target

90% satisfaction with parks, reserves and gardens maintenance as determined by the annual residents satisfaction survey.

Achievement

Achieved - 96.3% satisfaction. (97% 2011). This is a pleasing result that reflects the high level of service delivered by the Council's horticultural team.

Target

90% satisfaction with playgrounds, as determined by the annual residents satisfaction survey.

Achievement

Achieved - 92.2% satisfaction (92% 2011). This result reflects the high quality and enduring nature of the investment.

Target

85% satisfaction with number of recreation sports grounds.

Achievement

84.2% satisfaction - This result may reflect the on-going optimisation of this resource and continued growth in sports. Notably the Council has committed to the new Wanaka Sports Facility (including fields). (86% 2011)

Target

85% satisfaction with condition of sporting grounds, as determined by the annual residents satisfaction survey.

Achievement

94% satisfaction (91% 2011). This reflects the high level of service delivered by Lakes Leisure groundsmen.

Target

90% satisfaction with provision of cycleways and walkways.

Achievement

96.7% satisfaction. (96% 2011) - The investment in the provision of trails and cyclways in the district has been significant with the NZ Cycleway scheduled to open in October 2012.

Target

60km of walkways/cycleways

Achievement

30.3km constructed - NZ Cycleway construction has been significant. Note the 60km target, when set, included existing roads in error.

Emergency Services

This activity relates to the council meeting its obligations under the Civil Defence Emergency Management Act 2002 and the Forest and Rural Fires Act 1977. The main roles of these functions are to protect public safety by conducting emergency planning, and facilitating enhanced community, infrastructure, organisation and business resilience to the hazards of the district.

The main functions of both of these roles are to:

1. reduce the community exposure to hazards
2. increase the readiness level of the community
3. contribute to the response activities in an emergency
4. manage the recovery activities after an emergency

The Council supports volunteer Rural Fire Forces based at Kingston, Makarora, Arrowtown and Glenorchy. The QLDC Rural Fire Plan outlines the processes and procedures for the management of rural fire within the QLDC rural fire district. Taking into account the resources and personnel available at any one time. Of special note is Councils support for the Red Zone Queenstown High Fire Risk Area Operational Plan.

The Council, in association with the other local authorities and emergency services in the Otago region have significantly revised the Regional Civil Defence Emergency Management Group Plan and are now working to collaboratively enhance resilience and capability throughout the region. The Council is reviewing its local Emergency Management Plan and working with communities and partner agencies to build local resilience and capability, learning from the earthquakes in Canterbury and recent emergency events elsewhere.

Our Accountability**Target**

90% satisfaction with rural fire suppression, as determined by the annual residents satisfaction survey.

Achievement

93.3% satisfaction. (94% 2011). Strong satisfaction levels in communities throughout the district, with the lowest satisfaction recorded in Queenstown, where the service is less relevant. This reflects good investment in the rural fire service.

Target

90% satisfaction with Civil Defence activities as determined by the annual residents satisfaction survey.

Achievement

87.2% satisfaction (91% 2011). The Council's significant response to the Canterbury Earthquake (emergency

management, building inspectors, communications, welfare etc) in addition to the Council's own awareness campaign and the publication of an emergency preparedness guide, reflected in a high result in 2011. The slight tapering may reflect heightened awareness of potential threats.

Target

100% civil defence response provided to all notified civil emergencies within 10 minutes of notification. In the event of a significant civil emergency an Emergency Operations Centre will be appropriately staffed and functioning within one hour.

Achievement

There were no Civil Defence emergencies in the Queenstown Lakes District, however planning and readiness is maintained by the Emergency Management Officer.

Target

100% Equipment level specified by the Rural Fire Management Code of Practice for the QLDC area will be maintained in a state of operational readiness at all times. The number of trained personnel specified by the Rural Fire Management Code of Practice (RFMCOP) for the QLDC area will be available for fire suppression at all times.

Achievement

The Rural Fire Code of Practice was discontinued when new regulations came into force so we are unable to measure against these. Council has however been subject to a more in-depth PAC (Performance Assessment Criteria Audit) which covers all aspects of Councils Rural Fire responsibilities. Council achieved a pass with this audit and as such is still eligible to claim on the National Rural Fire Fighting Fund. The assessment was undertaken in November 2010. We have 25 personnel available within the first eight hours of response and an additional 46 persons available for subsequent shifts.

Target

Fire fighting water available to required standard.

Achievement

Achieved - water accessed from lakes or rivers for rural fire fighting.

Target

100% Rural Fire Plan in Place

Achievement

Achieved 100% - adopted by the Council July 2011. (100% 2011)

Target

100% Implementation of plan under Civil Defence and Emergency Management Act

Achievement

Achieved 100%. Fully met requirements during activation of a national emergency following the Canterbury Earthquakes and provided considerable staff resource to support the Canterbury Emergency Operations Centre. (100% 2010/11)

Significant Cost of Service Variances

Revenue was below estimate by \$1.9m for the year with Development Contributions the main reason for this.

Significant Capital Expenditure

The major items here are debt repayment of \$0.76m; \$1.5m of reserve land vested and \$0.72m of reserve land purchased.

Significant Capital Expenditure Variances

Capital expenditure was below estimate by \$5.1m for the year and relates mainly to the classification of the Lakes Leisure capital grant (\$0.91m) and the deferral of reserve land purchases (\$2.3m). Loan repayments were also under estimate by (\$0.37m). A number of other projects have been delayed or deferred including the Wanaka Sports Facility (unspent budget 2011/12: \$0.37m).

Community Summary of Forecasted Financial Performance

Actual 2010/11	Actual 2011/12	Annual Plan 2011/12
\$000 Expenditure	\$000	\$000
5,137 Community Facilities	4,908	4,030
6,028 Active & Passive Recreation	6,096	6,207
827 Community Development	734	924
504 Community Grants	496	492
1,793 Libraries	1,834	2,063
242 Waterways	232	198
152 Cemeteries	152	140
689 Public Toilets	661	779
460 Emergency Services	453	616
15,832 Operating Costs	15,566	15,449
3,815 Group Activity Income (1)	5,206	5,222
12,017 Net Cost/(Surplus) of Service	10,360	10,227

Community Summary of Financial Performance

Actual 2010/11	Actual 2011/12	Annual Plan 2011/12
Capital Expenditure		
1,231 Community Facilities	634	2,383
2,849 Active & Passive Recreation	3,031	6,022
205 Libraries	268	387
18 Waterways	31	81
15 Cemeteries	8	11
119 Public Toilets	111	247
448 Emergency Services	22	37
4,885 Capital and Debt Repayment	4,105	9,168
16,902 Funding Required/(Generated)	14,465	19,395
Funded By:-		
6,442 Targeted Rates	6,348	6,783
4,408 General Rates	4,038	4,601
3,059 Loans (Internal & External)	2,201	2,569
1,608 Transfers (to)/from Reserves	476	3,971
1,385 Other	1,402	1,471
16,902 Total Funding	14,465	19,395
Activity Income Includes (1)		
1,428 User Charges	1,626	1,333
819 Grants & Subsidies	512	606
370 Other	460	284
1,659 Vested Assets	1,520	-
(461) Capital Contributions	1,088	2,999
3,815 Total Activity Income	5,206	5,222

This includes:

- The District Plan
- Regulatory Services
- Waterways Control

The District Plan

The single most effective way the Council can exert influence over growth is through the District Plan. The primary purpose of this activity will be to better align the District Plan with the philosophy of the Council Community Plan.

The form and nature of the District Plan is governed by the Resource Management Act 1991 (RMA). That legislation contains extensive checks and balances to protect all parties to the process. Development of the District Plan will require considerable time and resources to achieve a defensible result.

Since the District Plan was released in 1995 a large number of submissions have been lodged. Subsequently, it has evolved considerably, and as of December 2009 we now have a fully operative plan. The combination of rapid community growth and a sensitive environment will result in rapid evolution of the District Plan. A highlight of this activity was:

District Plan Review

A three year project was commenced in 2011 that aims to notify a reviewed District Plan in November 2013. A project plan for the review has been agreed by Council. Initial consultation and monitoring reports have been undertaken and the project is currently meeting timelines.

It should be noted that the Council is not reporting on a district plan measure contained in the 10-Year-Plan. This is because the measurement pertaining to heritage variations and compliance is not relevant as the District Plan is now operative. This will be dealt with in the District Plan Review, due for notification in 2013.

Our Goals

- To progress Environment Court and Council hearings on District Plan references, variations, and plan changes as expeditiously as possible.
- To undertake effective mediation and negotiation on references to the Environment Court in order to resolve as many references as possible without the need for an Environment Court hearing.
- To continuously work toward having a plan which is aligned and consistent with the community outcomes outlined in the 10-Year-Plan.
- To review the District Plan.
- To prepare and notify proposed plan changes to the District Plan, where this is deemed to be necessary, and an effective and efficient method of giving effect to the 10-Year-Plan.
- To undertake effective community consultation in respect of plan changes in a manner which meet the requirements of both the Resource Management Act and the Local Government Act.
- To ensure that the community is well informed in respect of all outstanding District Plan matters.
- To establish and implement a monitoring framework which enables the effectiveness of the District Plan, the State of the Environment, and the achievement of the Community Outcomes to be monitored in an integrated way, and in a way that meets the legislative requirements of both the RMA and the LGA.
- To undertake effective community education to ensure that the public are well informed in regard to interpretation

of the District Plan provisions, RMA and District Plan processes, and changes to the District Plan.

- To ensure that up to date copies of the District Plan are available for public use in those places specified in the RMA and that an up to date electronic version of the District Plan is available on the Council's website.
- To provide certainty and consistency wherever possible to applicants for consent, including clear advice and guidance.

Our Accountability

Target

70% Satisfaction with District Plan planning policy, as determined by the annual residents satisfaction survey.

Achievement

It achieved the following satisfaction levels relating to the District Plan:

Protection natural landscapes 74% satisfaction (73.3% 2010/11).
 Protection ecosystem 72.7% satisfaction (76.3% 2010/11).
 Protection rural character 73.8% satisfaction (68.9% 2010/11).
 Protection amenities in town centre 84.3% satisfaction (68.8% 2010/11).

Target

Statutory regime for monitoring plan effectiveness.

Achievement

Achieved - Monitoring of rural visitor, built heritage and low density residential zones.

Target

100% annual plan change program completed

Achievement

85% -The programme of District Plan Changes meeting project timelines except for Plan Change 19 (Frankton Flats) and Plan Change 24 (Affordable Housing) which are both held up in the Environment Court and whose progress depends on other parties.

Target

100% cost of growth allocated to development

Achievement

Achieved 100%

Target

100% adhere to RMA Maori Protocol.

Achievement

Achieved 100% - Regular meetings with Ngai Tahu (100% 2011).

Regulatory Services

As a territorial authority, the Council has certain regulatory functions that it is obliged to administer.

The functions, which are contracted in whole or part to Lakes Environmental Ltd are:

- Resource Management Services
- General Environmental Health
- Inspection and Licensing
- Animal Control
- Bylaw and General Enforcement
- Car Parking Enforcement
- Building Services
- Road Legislation Management
- Waterways Control

The Resource Management Act 1991, Building Act 1991, Local Government Acts of 1974 and 2002, Health Act 1956, Sale of Liquor Act 1989, Dog Control Act 1996 and the Litter Act to name a few require Council to be involved in these functions and from time to time create bylaws for the better administration of these Acts.

The Council is committed to:

- Effective compliance to ensure consent conditions and community standards are achieved.
- Providing effective guidance to interested parties on consent and licensing processes.
- The Council is obliged to observe the wording of the relevant act and must generally act as an impartial decision maker weighing the evidence placed in front of it by the parties.
- One area of high public interest is the leaky homes issue. The past year has seen a small number of weathertightness claims work further through the tribunal system and have repairs undertaken. The government has conducted a review and has developed a financial assistance package for homeowners to simplify settlement of weathertightness claims. Refer to the financial statements for details of the potential financial impact of these claims.

Resource Consents

Our Goals

- To process applications for land use and subdivision consents and new activities requiring special consents ensuring that proposed activities meet the performance standards provided for in the District Plan.
- To publish support material to provide information and assistance to consent applicants.
- Effective compliance to ensure consent conditions and community standards are achieved.
- Providing effective guidance to interested parties on consent and licensing processes.
- To monitor the ongoing compliance of standards imposed on resource consents and through other methods.

Our Accountability

Target

100% of Resource Consent applications and related functions are processed within statutory timeframes.

Achievement

Achieved 99.6% - Three resource consents were not processed within the statutory timeframes in the 2011/12 year per the Lakes Environmental monitoring system .

Target

All notified planning application reports be available five working days before scheduled hearing date.

Achievement

Achieved 100%.

Target

All resource consents monitored for compliance or withdrawn within two years of issue.

Achievement

99% - There were three consents due for monitoring where the owner could not be contacted.

Target

100% material updated and available.

Achievement

Achieved 70% - Council provides a number of guidelines which now require to be updated, although more accurate material is available online.

Target

70% satisfaction with amenities in town centres, as determined by the annual residents satisfaction survey

Achievement

84.3% satisfaction (69% 2011) - This may reflect a general satisfaction with the look and feel of the central business districts. The outcome may have also been influenced by less construction work in both town centres over the last two years.

Target

50% satisfaction with resource consent planning, as determined by the annual residents satisfaction survey.

Achievement

21.6% satisfaction (49% 2011) - Of the 249 responses, 132 indicated they had used the service in the last 12 months – the 'users' level of satisfaction was 15%. Consent applicants generally do not hold a favourable view of the RMA processes and District Plan, often viewing them as unnecessary and over complicated hurdles. This result likely reflects national sentiment regarding these services. Council is undertaking a review.

General Environmental Health

Our Goals

- To investigate complaints in a timely and effective manner.
- To effectively carry out water analysis and provide timely advice on quality.

Our Accountability

Target

All water analysis reported within seven days of receiving the results.

Achievement

Achieved 100% - Lakes Environmental meeting set timeframes.

Target

80% satisfaction with noise control as determined by annual residents satisfaction survey.

Achievement

51.3% satisfaction achieved - Of the 329 responses 85 indicated they had used the service in the last 12 months – the 'users' level of satisfaction was 58.3%. Noise, particularly in the downtown areas continues to be an issue. There is on-going conflict between the visitor accommodation sector and night time entertainment facilities regarding appropriate levels of noise and compliance with consent conditions (67% 2011).

Inspection and Licensing

Our Goals

- To ensure compliance of food premises and other registered premises to statutory requirements.
- To carry out the functions of the District Licensing Agency in a timely and efficient manner.
- To ensure dangerous goods storage areas do not present a public hazard and comply with the relevant legislation.

Our Accountability

Target

All food premises and other registered premises are inspected once per year.

Achievement

100% achieved

Target

80% satisfaction with food premises as determined by annual residents satisfaction survey.

Achievement

84.7% achieved - Of the 277 responses 44 indicated they had used the service in the last 12 months – the 'users' level of satisfaction was 100%. This is an excellent result for this service. (94% 2011).

Target

100% of food premises identified as at risk inspected within 1 week.

Achievement

100% achieved.

Target

60% satisfaction with Liquor Licensing, as determined by annual residents satisfaction survey:

Achievement

81% satisfaction. This is a strong increase that is likely to reflect both a strong political stance on alcohol abuse and the ongoing employment of night time patrols ie community guides (81% 2011).

Dog and Animal Control

Our Goals

- To regularly patrol and monitor the District to ensure compliance to statutory and bylaw requirements.
- To maintain an up to date register of dogs in the district.
- To respond to complaints in an efficient and timely manner.
- To ensure that appropriate enforcement action is taken where required in an effective, timely manner.

Our Accountability

Target

100% of complaints received responded to within 2 hours.

Achievement

Achieved 100%.

Target

Maintain an up-to-date register of all dogs.

Achievement

Achieved 100%.

Target

Satisfaction as determined by annual residents satisfaction survey:
80% Registration and Licensing.

Achievement

Achieved Registration and Licensing - 74% satisfaction. Of the 411 responses 173 indicated they had used the service in the last 12 months – the 'users' level of satisfaction was 63.8%. Changes have been made to the registration system to allow this transaction to be processed on line to provide a more convenient service for users of this service. (86% 2011)

Bylaw and General Enforcement

Our Goals

- To monitor noise levels and respond to public complaints of excessive noise.
- To publish support material to provide information and assistance to consent and licence holders.

Our Accountability

Target

Zero ratified complaints received.

Achievement

Achieved.

Target

70% satisfaction with amenities in town centres, as determined by the annual residents satisfaction survey

Achievement

84.3% satisfaction - Council continues to work with community-based urban design panels to review resource consents and ensure high amenity standards are achieved (69% 2011).

Carparking Enforcement

Our Goals

- To ensure parking areas are regularly patrolled - 130 hours per week between 8.00 am and 6.00 pm.
- To ensure turnover of public parking spaces in the Queenstown and Wanaka CBD in accordance with optimised parking usage.
- To ensure appropriate parking enforcement action is taken where required in an effective, timely and correct manner.

Our Accountability

Target

130 hours per week of regular patrols of parking areas.

Achievement

Achieved.

Target

Public complaints assessed and actioned within 48 hours.

Achievement

Achieved 100%.

Target

Zero justified complaints received.

Achievement

2 - There were two cases where parking infringement notices were issued in error and subsequently cancelled.

Target

60% satisfaction with parking enforcement services, as determined by the annual residents satisfaction survey.

Achievement

Achieved 41.9% satisfaction - Parking continues to be a contentious issue in the Queenstown central business district in particular. Changes to parking to ensure more access and less free full day parking is likely to have caused falling levels of satisfaction (56% 2010/11).

Building Control

Our Goals

- To process applications for building consents, PIMs and LIMs in a correct, timely and effective manner.
- To ensure compliance to building codes by monitoring and inspecting building works.

Our Accountability

Target

80% of Building consent, PIM (100%) and LIM (100%) applications processed within statutory timeframes.

Achievement

Achieved Building Consents - 99.9% - one building consent was not processed within statutory timeframes.

Achieved LIM - 100%.

Achieved PIM - 100%.

Target

95% building inspections completed within 24 hours of the request.

Achievement

Achieved 99% - QLDC continues to be a leader in offering (and delivering) a 24 hour inspection service.

Target

Satisfaction as determined by annual residents satisfaction survey:

Building Control Services - 60%

LIM Services - 80%

Achievement

Building Control Services - 40% satisfaction - of the 237 responses 128 indicated they had used the service in the last 12 months – the 'users' level of satisfaction was 43.7%. Building consenting services in the Queenstown Lakes District continue to be delivered quickly and efficiently when compared with national data. Dissatisfaction with the

service provided is likely related to underlying dissatisfaction with national regulations and the building code (51% 2011). LIM Services - 71.4% satisfaction - of the 186 responses 97 indicated they had used the service in the last 12 months – the 'users' level of satisfaction was 80.7%. Changes are being made to provide an on-line LIM service to shorten timeframes associated with LIM delivery (85% 2011).

Road Legislation Management

Our Goals

- To maintain Council's records management on road legislation.
- To maintain good liaison with interested parties including Government agencies.
- To ensure Council's ongoing obligations are considered.
- To ensure access (public and for services).

Our Accountability

Target

Zero complaints received regarding road stopping and closure for events completed in a timely fashion.

Achievement

No complaints received.

Waterways Control

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.

Our Goals

- Provide regular monitoring of waterways to ensure that users are behaving in a safe and appropriate manner in compliance with bylaws.
- Increase public awareness of safety on the water and designated areas for particular activities.
- Liaise with commercial operators and provide guidance and auditing with regard to the safety of their customers.
- Audit and inspection of structures.

Our Accountability

Target

Boating guides for Wakatipu and Wanaka be made available to the public annually by December.

Achievement

Achieved and widely used.

Target

Water safety radio promotion annually in January.

Achievement

Achieved - extensive program utilising radio, print media and Council's website, press releases and Scuttlebutt Newsletter.

Target

Safe Operation Plans audited annually.

Achievement

Achieved - all rafting and jetboating companies audited on a rotational basis.

Target

90% satisfaction with Harbourmaster Services as determined by the annual residents satisfaction survey.

Achievement

Achieved 87% satisfaction - of the 356 responses 104 indicated they had used the service in the last 12 months – the 'users' level of satisfaction was 95.4%. This result continues to indicate high levels of awareness and satisfaction with the service (89% 2011).

Target

15 incidents

Achievement

60 attended by harbourmaster (variety of vessels on lakes and rivers). All incidents are now recorded and the Harbourmaster reports that waterways activities have grown significantly. A settled summer period 2010/11 can also influence figures.

Target

No fatalities

Achievement

Not Achieved Tragically there were four fatalities - three kayakers Lakes Wakatipu/Hawea, one sailor Lake Wanaka. Lack of lifejackets was a contributing factor in all fatalities (one did not inflate).

Target

100% safety of private and public structures.

Achievement

100% - 150 structures checked Montgomery Watson Harza Report.

**Regulatory and Resource Management
Summary of Forecasted Financial Performance**

Actual 2010/11		Actual 2011/12	Annual Plan 2011/12
\$000	Expenditure	\$000	\$000
6,108	Regulatory Services	3,726	4,395
401	Waterways Regulation	400	422
2,002	District Plan	2,362	2,553
8,511	Operating Costs	6,488	7,370
1,513	Group Activity Income (1)	1,680	1,257
6,998	Net Cost/(Surplus) of Service	4,808	6,113
	Capital Expenditure		
151	Regulatory Services	78	11
445	District Plan	682	1,300
596	Capital and Debt Repayment	760	1,311
7,594	Funding Required/(Generated)	5,568	7,424
	Funded By:-		
3,965	General Rates	5,452	5,916
1,117	Loans (Internal & External)	-	-
2,509	Transfers (to)/from Reserves	107	1,505
3	Other	9	3
7,594	Total Funding	5,568	7,424
	Activity Income Includes (1)		
67	User Charges	64	58
	Grants & Subsidies		
1,446	Other	1,616	1199
-	Capital Contributions	-	-
1,513	Total Activity Income	1,680	1,257

Significant Cost of Service Variances

Expenditure was below estimate by \$0.89m for the year because of reduced legal and appeal costs in the planning activities.

Significant Capital Expenditure

The major item here is debt repayment of \$0.68m for the District Plan.

Significant Capital Expenditure Variances

Loan repayments were under estimate by (\$0.62m) due to less dividend income being available for this purpose than expected.



The Utilities activity includes the operation of:

- Water Supplies
- Stormwater
- Wastewater
- Waste Management

Water Supply

In the Queenstown Lakes District there are eight public water supply schemes, located at Queenstown, Arrowtown, Glenorchy, Lake Hayes, Arthur's Point, Wanaka, Hawea, and Luggate. There are 15,193 connections to these schemes.

Current gradings are a consequence of the source water being unprotected, namely open lakes. The gradings were due for a review in 2011 however the MoH has advised that they will no longer do gradings unless specifically asked. This is a reflection of the implementation of Public Health Risk Management Plans. QLDC is reviewing the works necessary to comply with the new Drinking Water Standard that would lead to a change in the water quality gradings. Drinking water standards compliance is mandatory from 2012 for Queenstown and Wanaka. Our means of compliance is through undertaking all practicable steps as required by our Public Health Risk Management Plans. MoH has advised us not to do grading unless it is specifically asked for by the registered water supplier.

Our Council is fortunate to have sources of high quality drinking water through our three lakes and bore supplies. The exception to this has been an issue around algae in the Lake Wanaka supply. This issue is being monitored and managed with the community. Our systems continue to be reliable; however we have experienced some breakages in the Queenstown area mainly due to pipe failures in older pipes. A small number of Wanaka properties continue to receive low pressure water. We will continue to plan around addressing this issue.

Our district continues to have extremely high level of water use at 706 litres per person per day and a significant proportion of this usage, indicated by high night flow, could be leakage (night flow Wanaka 66%). A leak detection programme is in place. The impact of our low compliance on the environment is minimal because our sources are not rivers or streams where a residual water flow is important to stream and all other health. We have continued to implement a resource consent monitoring software package which has given us increased visibility and improved measurement of compliance.

Water Demand Management

The 2009 10-Year Plan included expenditure for implementing water supply demand management initiatives. It did not include any evaluation of the potential savings resulting from these initiatives. This analysis has now been undertaken at a high level as part of the Forward Capital Review. The work to date, has shown that demand management together with improved engineering solutions will enable postponement of a significant proportion (49%) of the water supply capital expenditure identified in the 2009 10-Year Plan over the first 3 years of the 10-Year Plan.

The Council adopted a range of initiatives (29, June 2012) for Water Demand Management these are presently being progressed over the current 10-Year Plan.

The process to assess the impact demand management has:

- Calibrated dynamic water supply models for Queenstown and Wanaka to confirm existing demand and demand patterns.

- Benchmark of current water use.
- Develop future scenarios including demand management targets.
- Evaluate further project savings between the 2009 10-Year Plan and the 2012 10-Year Plan and demand management implementation costs into the future.

High level analysis, using current data, shows that there is the potential to remove or postpone a significant amount from the Queenstown District water supply capital programmes as a result of demand management and reengineering of proposed projects.

It should be noted that the Council is not reporting on the 10-Year Plan target, illness attributed to the water supply due to the fact that this is not measurable. I understood there were no illnesses relating to council water supplies.

Our Goals

- To ensure that adequate treatment, pressure and flow of potable water supply is provided for all residential, accommodation, commercial and industrial connections (other than single buildings on a single property) within approved supply areas.
- To ensure that adequate water supplies are available for fire fighting purposes; and
- To encourage the sustainable use of water resources and to discourage waste.
- To comply with the drinking water standards

Our Accountability

Target

Satisfaction as determined by the annual residents satisfaction survey:
95% water quality

Achievement

Water quality - 78.2% satisfaction - it is difficult to pinpoint influences on why this target is not being met. Benchmarks have been reassessed as part of the 2012-22 10-Year Plan (80% 2011).

Target

550 litres per person, per day per capita average consumption targets.

Achievement

542 litres per day - this figure has been arrived at using resident population and visitors of 47,526 in 2011/12, which were taken from Council's growth projections. Water use includes any system leakage but does not include private water supplies. Peak water flows were greater in 2011/12 than 2010/11, most likely due to increased irrigation during the drier than usual months of December and January. A more accurate benchmark for water use is in place for the 2012-22 10-Year Plan (source Veolia Annual Report).

Target

95% of hydrants meeting fire safety standards

Achievement

98.2% - 37 of the total of 2079 did not meet the requirement of 25 litres per second (not measured 2011).

Target

No more than 50 complaints related to low/high pressure.

Achievement

87 complaints - the majority of pressure issues are due to high pressure in Queenstown and low pressure in Wanaka (source request for service RFS). Council has projects within the 2012-22 10-Year Plan to address these (76 complaints 2011).

Target

All affected customers receive at least 24 hours notice of any planned shutdown

Achievement

100% achieved - measured through Viola Water Contract Monitoring (100% 2011).

Target

Less than 200 households connected at point of supply with pressure <300kPa and >900kPa (kPa water pressure measure).

Achievement

498 - this is at the parcel level (infrastructure to the property), not property itself. Improvements are underway to enhance measurements to the property level. The majority of pressure issues are due to high pressure in Queenstown and low pressure in Wanaka (source T&T Model GIS). Council has projects within the 2012-22 10-Year Plan to address these (target not measured in 2011).

Target

80% completion of repairs within the specified response time for requests for service (RFS).

Achievement

Achieved - 99% as per the RFS system reporting (88% 2011).

Stormwater

In the Queenstown Lakes District, there are seven public reticulated stormwater systems located at Queenstown, Wanaka, Arrowtown, Hawea, Glenorchy, Albert Town and Arthur's Point. Other settlements in the district such as Kingston, Luggate and Makarora have limited stormwater assets and typically rely on ground soakage and natural watercourses for their stormwater disposal. In addition there are small amounts of rural assets including open channels. This activity exists because stormwater can carry contaminants into public waterways and from there affect the environment of the District. Left unchecked, stormwater could also lead to flooding and land instability. Work has continued on the \$1.2 million Shotover Delta training and revetment line, which was completed in the later part of 2011. The structure is a joint venture between the Council and the Otago Regional Council and is designed to mitigate flooding by channelling the Shotover River at peak flows.

Our Goals

- To protect property, public health and the environment through the provision of stormwater control systems.

Our Accountability**Target**

90% Satisfaction with storm water facilities, as determined by the annual residents satisfaction survey.

Achievement

70% satisfaction achieved - difficult to pinpoint influences 2011/12. Benchmarks have been reassessed as part of 2012-22 10-Year Plan (76% 2011).

Target

80% performance in completing repairs within the specified time in response to requests for service (RFS).

Achievement

Achieved 98.5% as per the request for service (RFS) system (81% 2011).

Target

100% performance in completing repairs within the specified time in response to level 1 incidents (health and safety issues) < 1 hour.

Achievement

50% - 1 of the 2 incidents reported for the year was not completed within an hour (100% 2011).

Wastewater

The safe management of human waste is a core function of the Council. By undertaking this activity we protect public health, ensure the pristine nature of our environment, particularly waterways, and live up to the clean green image that we portray to the world. Community expectations of how the Council treats and disposes of waste are rising rapidly.

In the Queenstown Lakes District, there are seven public wastewater systems. Schemes are located at Queenstown, Wanaka, Arrowtown, Hawea, Albert Town, Lake Hayes and Arthur's Point. More than 1,393 dwellings deal with their wastewater by other means – such as septic tanks and package plants. The single biggest priority for the Council is to achieve internationally accepted standards of wastewater treatment, which will involve disposal to land. This involves acquiring the necessary land, seeking consents and constructing wastewater treatment and disposal facilities.

Project Pure at Wanaka has been operating since February 2009. While odour complaints have reduced in the last financial year further improvement works have been undertaken with the construction of large biofilter odour beds. For Hawea investigations continued to find an affordable way to upgrade the treatment plant for disposal to land.

Project Shotover

Council has continued to work towards the upgrade of the Wakatipu Waste Treatment Plant by 2014 (when the current consent expires).

The existing system is continuing to deliver for the short to medium term with minor upgrades that have been undertaken in the 2011/12 year and are on-going including the de-sludging of the ponds (commenced in April 2012 and to be completed in October 2012 with an estimated cost of \$1 million) and carrying out some other operational improvements. Staffs has continued to engage with the various stakeholders and interested and affected parties, with significant consultation on the project taking place in the 2012 10-Year Plan.

The \$27.1 million project is to be tendered 2012/13. The \$8.8 million land disposal project has been deferred.

Our Goals

- To protect the health of the community and minimise adverse environmental affects through the provision of sewerage treatment and disposal facilities.
- To provide and maintain wastewater reticulation networks to communities, wastewater treatment and disposal facilities.
- To monitor Council disposal facilities to minimise environmental effects.
- To monitor Council wastewater systems to ensure adequate capacity and treatment capability and to encourage the sustainable use of water resources and to discourage waste.
- To establish the District as a safe destination for visitors.

Our Accountability

Target

90% Satisfaction with sewerage system as determined by annual residents satisfaction survey.

Achievement

Achieved 81.7% satisfaction - it is difficult to pinpoint influences on why this target is not being met. Benchmarks have been reassessed as part of the 2012-22 10-Year Plan (86% 2011).

Target

No sewage overflows into habitable buildings due to faults in the public wastewater system.

Achievement

Zero overflows - as per request for services (RFS). An issue with backflows was addressed (6 overflows 2011).

Target

100% of affected customers receive at least 24 hours notice of any planned service interruption.

Achievement

Achieved 100% - measured through Viola Water Contract Monitoring (100% achieved 2011).

Target

100% of urgent wastewater issues responded to within 1 hour.

Achievement

100% - Contractors are now equipped with electronic tablets to respond on site as soon as the matter is resolved so this figure has dramatically improved (31% 2011).

Target

No more than 30 odour complaints.

Achievement

39 - odour complaints have reduced from just under 100 complaints in 2010 due to improvement works undertaken with the construction of large biofilter odour beds at Project Pure. Complaints have also been generated at Lower Shotover with mitigation works currently underway (33 - 2011).

Target

222 litres per person per day of wastewater production based on the average dry weather flow.

Achievement

220 litres per person - this figure has been arrived at using resident population and visitors of 47,526 in 2011/12, which were taken from Council's growth projections. Peak flows were during a dry period this year which has increased the average dry weather flow per person.

Waste Management

The Council is committed to a 'Zero Waste' future. This is reflected in its continuing drive towards the implementation of the Waste Management Strategy. The Strategy covers solid waste and outlines the steps that the Council is taking towards implementing 43 waste minimisation initiatives identified through a district-wide public participation process.

In the last financial year Council adopted a new Waste Management and Minimisation Plan. The new plan supersedes the current strategy.

Waste management includes the provision and management of the Victoria Landfill, the provision of transfer stations at Queenstown and Wanaka for the collection of solid waste and hazardous waste facilities in accordance with the Regional Council's requirements.

The 2011/12 budget was amended to reflect an ongoing decrease in tonnages to landfill compared with the 2001 10-Year-Plan. End of year tonnages were close to those budgeted which resulted in a favourable financial position at the end of the financial year.

In October 2011 the Wanaka recycling contract was awarded to a new contractor. The contract (six years with a possible extension of up to three years) was awarded to Smart Environmental Limited (SEL) over two other tenders, including Wanaka Wastebusters.

It should be noted that the Council is not reporting on the 10-Year Plan target, illness attributed to waste management services due to the fact that this is not measurable.

Our Goals

- To implement the recommendations of the Waste Management Strategy.
- To provide refuse collection and recycling services to communities.
- To educate communities on alternate, more sustainable waste management options.
- To provide environmentally secure disposal facilities.
- To maintain and monitor closed landfills.

Our Accountability

Target

Satisfaction as determined by the annual resident and ratepayers survey with:
 Recycling Collection Service - 85% Refuse Collection Service - 85% Resource Recovery Parks - 85%
 Landfill site management - 85% Transfer station - 85%

Achievement

Recycling Collection Service - 87% satisfaction (92% 2011). Refuse Collection Service - 80% satisfaction (89% 2011). Resource Recovery Parks - 91% satisfaction achieved (89% 2011). Landfill site management - 78% satisfaction (90% 2011). Transfer Station - 84% satisfaction achieved (89% 2011).

Target

100% compliance with Victoria Flats Landfill resource consents.

Achievement

89.5% - There are non-compliances for three consents per CSVUE Report August 2012. Two relate to two months of missing data for monthly bore and leachate monitoring (information requested) and the third relates to a requirement to inspect exposed gravels, weekly (request to confirm compliance lodged) (90% 2011).

Target

100% monitoring of transfer stations.

Achievement

96% - this is the average level of compliance against Key Performance Indicators for the Transfer Station contract (100% 2011).

Target

No more than 40 complaints per annum regarding overflowing bins.

Achievement

51 complaints (as reported in the request for service system RFS) - there were 52 complaints logged through the Request For Service system regarding the missed collection of litter bins. One complaint was cancelled as it was not a legitimate complaint (50 - 2011).

Target

In accordance with the Waste Management Strategy to divert 35% of waste from the landfill.

Achievement

29% - this figure was derived from establishing the total recyclables/greenwaste tonnage (8280 tonnes) as a percentage of the total waste tonnage (28,036 tonnes) (29% 2011).

Target

100% compliance with conditions of consent for closed landfills

Achievement

97.9% - all non-compliance is attributable to the Makarora closed landfill. Actions to mitigate this in 2012/13 include installing a new fence and registration in the District Plan as a closed landfill (97% 2011).

Target

100% services requested actioned within the specified contract timeframes.

Achievement

91.45% - 79 overdue (as reported in the request for service system RFS). There were 950 RFS in total between 1 July 2011 and 30 June 2012 however 34 of these were cancelled. Therefore 8.6% of these were overdue and 91.4% were actioned within specified contractual timeframe (96.84% 2011).

Target

Waste Management charge increase per property per annum < 10 %

Achievement

Achieved - Residential charge decreased by 11.4% (\$153 in 2011/12 compared to \$172.84 in 2010/11).
 Achieved - Commercial charge decreased by 9.7% (\$111 in 2011/12 compared to \$123 in 2010/11).

Target

50% waste minimisation costs to be recovered from polluter.

Achievement

Not achieved - 35%. This is measured through the rates and levy charge, which implemented the landfill levy of \$36 per tonne in order to fund 50% of the waste minimisation initiatives (35% 2011).

Target

100% monitoring of resource recovery parks.

Achievement

Achieved 100% - this is the average level of compliance against Key Performance Indicators for the Resource Recover Park contract (100% 2011).

Target

Compliance with conditions of contract.
 Transfer Station 100% Resource Recovery 100%

Achievement

Transfer Station 96% Resource Recovery 100% (Key Performance Indicators)

Utilities

Summary of Forecasted Financial Performance

Actual 2010/11		Actual 2011/12	Annual Plan 2011/12
\$000	Expenditure	\$000	\$000
8,169	Wastewater	8,236	8,885
7,685	Water Supply	7,345	7,842
6,038	Waste Management	5,864	6,430
2,227	Stormwater	2,265	2,336
24,119	Operating Costs	23,710	25,493
6,156	Group Activity Income (1)	7,926	13,779
17,963	Net Cost/(Surplus) of Service	15,784	11,714
Capital Expenditure			
3,589	Wastewater	8,257	13,643
2,815	Water Supply	4,579	6,727
170	Waste Management	318	494
1,219	Stormwater	1,787	3,975
7,793	Capital and Debt Repayment	14,941	24,839
25,756	Funding Required/(Generated)	30,725	36,553
Funded By:-			
16,916	Targeted Rates	16,804	16,867
52	General Rates	160	321
5,003	Loans (Internal & External)	6,114	11,767
787	Transfers (to)/from Reserves	4,629	5,220
2,998	Other	3,018	2,378
25,756	Total Funding	30,725	36,553
Activity Income Includes (1)			
3,232	User Charges	3,347	3,596
70	Grants & Subsidies	68	422
980	Other	450	391
953	Vested Assets	2,152	5,984
921	Capital Contributions	1,909	3,386
6,156	Total Activity Income	7,926	13,779

Significant Cost of Service Variances

Revenue was below estimate by \$5.8m for the year with the shortfall in Vested assets (\$3.8m) and Development Contribution income of \$1.5m being the main reason for this. Expenditure was below budget by \$1.78m with operational cost savings of around \$1.26m and reduced depreciation and interest costs the other main factors

Significant Capital Expenditure

Expenditure on water and wastewater upgrades account for \$9.3m of the total. The major projects include Frankton Beach Pump Upgrade (completed September 2012 for \$3.9m) and Project Shotover short term upgrades (Wastewater).

Significant Capital Expenditure Variances

Capital expenditure for Utilities was below estimate by \$9.9m for the year and relates mainly to works associated with Project Shotover (\$5.0m). Vested assets were also \$3.8m below estimate.

This activity includes:

- Roothing
- Parking Facilities

Roothing

Roads in this district are the arteries through which residents and visitors find their way to work, home and recreation. Our focus is to ensure the network is predictable and safe for the road user. The District Council controls 819km of formed roads (of which 471km are sealed), 164km footpaths, 97 bridges and structures and over 3300 streetlights. There also exist numerous other features including signs, barriers and street furniture. This activity includes not only the roadway but many associated aspects and the use of roading corridors for community activities. This activity requires the Council to work in close partnership with New Zealand Transport Agency which funds a portion of local roads expenditure through national levies and provides the complementary state highway network.

Safety continued to be a key focus and is part of our road upgrade program. We endeavour to re-engineer areas with a poor safety performance. Initiatives include such things as School Travel Safety Plans and the winter gritting and de-icing. We have also had a focus on the smoothness of road pavements as this can help reduce vehicle operating costs and improve travel comfort.

Emergency Reinstatement Works

In 2011/12 the district experienced 3 snow events, 1 wind event and one localised flood event that all required emergency reinstatement work. As a consequence of the snow events Council was not able to meet its level of service as regards ensuring roads are not closed for longer than 12 hours following an event.

Glenda Drive Notice of Requirement

The implementation of a joint project to install a new state highway roundabout and local roading links in the vicinity of the SH6/Glenda drive intersection has been delayed by an Environment Court appeal against the notice of requirement. The substantive issues were resolved in 2011/12 and it is expected that construction of the roading works will happen in 2012/13.

Ardmore Brownston

The completion of the design of the new roundabout – which forms a key part of the overall Ardmore Brownston Street project – and the resolution of property issues has taken longer than expected due to the importance of resolving property access and safety issues. Construction of the new roundabout is expected to commence in spring 2012.

Malaghans Road Site 5

This will be completed in December 2012 at an estimated cost of \$1.7 million.

Crown Range

Upgrades of \$1.3 million 2011/12 have continued.

Glenorchy Road

The Glenorchy Road Upgrade commenced in 2011. The project is estimated to cost \$1.8 million

Mt Aspiring Road

This project, estimated to cost \$1.78 million, commenced in March 2012 and will be completed in November 2012.

Gorge Road – Stage 2

This project, estimated to cost \$1.7 million, commenced in December 2011 and will be completed in November 2012.

Major achievements

Over 44km of road surfacing including pavement resealing and 8km of pavement rehabilitation was completed in 2012/13. Additionally, a section of Malaghans Road was reconstructed to remove a sharp curve and generally straighten the road. The last few hundred meters will be completed in 2012/13.

Over 29km of unsealed road had new metal put down and over 10km had a semi-permanent dust suppression treatments applied. The acceleration of the dust suppression treatment (up from 5km per year) followed a council decision to cease the past practise of applying oil to unsealed roads.

There are 5 school travel plans covering 1,600 school children that were further developed and managed to ensure there are safe options for children to get to and from school.

Various other minor improvements including:

- Guardrails on the Crown Range Road and Glenorchy Road and elsewhere on the network.
- Kerb and channel extensions
- Around 4.5km of footpaths plus pedestrian crossing points
- New streetlights in Fernhill and along Centennial Avenue and Ardmore Street.
- New bus shelters in Wanaka and the Wakatipu.
- The re-sealing of Brownston Street carpark.

Our Goals

To provide and maintain a safe roading network that allows the integrated and sustainable movement of people and goods throughout the district.

Our Accountability

Target

Satisfaction based on the annual residents satisfaction survey with:

- 70% Sealed roads
- 70% Unsealed roads
- 60% Footpaths
- 65% Bus stop facilities
- 90% Trails and Cycleways
- 100% Street and litter cleaning
- 65% Accessibility and convenience of the transport network (new measure).

Achievement

Achieved - Sealed roads - 77% satisfaction (83% 2011).

Not Achieved - Unsealed roads - 60% satisfaction (78% 2011).

Achieved - Footpaths - 67% satisfaction (74% 2011).

Achieved - Bus stop - 84% satisfaction (85% 2011).

Not Achieved - Street and litter cleaning - 87% satisfaction (83% 2011)

Achieved - Trails and Cycleways - 97% satisfaction (96% 2011).

Achieved - Accessibility and convenience of the transport network. - 77%

With the exception of unsealed roads and street cleaning, levels of satisfaction are high. The street cleaning target is high, however Council expects some improvement having invested in new street cleaning plant. The unsealed roads satisfaction can be linked to the Council's decision not to fund road oiling, moving instead to Otta seal rural roads.

Target

Roughness rating (NAASRA counts). NAASRA means National Association of Australia State Road Authorities.

Urban Roads - Less than 105 NAASRA

Rural Roads - Less than 90 NAASRA

Achievement

Achieved Urban Roads - 100.

Achieved Rural Roads - 71.

(Roughness rating provides a measure of the condition of a road. The ratings are obtained using standardised mechanical tests undertaken as prescribed by Austroads.)

Target

Percentage of smooth sealed roads (below 150 NAASRA counts)

Urban Roads - Greater than 85%

Rural Roads - Greater than 85%

Achievement

Achieved - Urban Roads - 90.8%

Achieved - Rural Roads - 98.9%

Measurements are for all sealed roads measured at 100 metre intervals. Pavement condition and roughness surveys undertaken earlier this year. Using data from the survey, MWH has extracted the achievement data.

Target

No serious injury road crashes per 10,000 vehicles.

Achievement

Unable to be measured due to NZTA road safety data being unavailable. Per the National Crash Analysis System (CAS) there were 23 serious injury crashes for the year ending 30 June, 2012 (2011 - 16 injury crashes and 4 fatal per NZTA road safety data).

Target

Mode share of non-car modes to increase to 5% of all people over a period of 10-years on Frankton Road.

Achievement

Achieved 8% - (Queenstown Traffic Model Split Survey 2012). Undertaken through annual 'screen line' surveys (7% 2011). The change is negligible.

Target

All routes are to be accessible within 12 hours of an emergency closure- cleared or detour provided.

Achievement

This information is drawn from internal records of past year. District experienced 3 snow events and one wind event (all recognised by NZTA through granting of emergency reinstatement funding). The road closures were

- Crown Range Road closed 10pm 8th July and reopened noon 10th July with closure 38hrs; Detour available on state highway network.
- Crown Range Road closed 10pm 11th July and reopened 11am 14th July with closures 61 hrs; Detour available on state highway network.
- Coronet Peak Road closed 7am 12th July reopened 7am 13th July with closures 24hrs; the ski field also closed at this time.
- Moke Lake Road – unsealed road 15th Aug pm closure reopened 17th Aug (closure 48hrs)

Parking

Parking provides access to the attractions of Queenstown, Arrowtown and Wanaka.

In the Queenstown Lakes District, there are approximately 3,584 parking places provided by the Council. These are made up of free all day, metered, time restricted, Pay & Display and leased parking places.

The Council's main off-street carparking facilities in Queenstown are at Boundary Street and Ballarat Street. There are also council facilities in Gorge Road, Athol Street, the Recreation Ground and Brecon Street. In central Wanaka the Council has off-street facilities at Dungarvon Street, Brownston Street, Dunmore Street and Wanaka waterfront. All of these facilities are at times under considerable pressure.

Over the past year no significant changes to carparking have been made. Minor changes have included improvements to mobility parks and other isolated changes in response to requests from the public.

Our Goals

To ensure that adequate parking options are available to residents and visitors.

Our Accountability**Target**

60% Overall Satisfaction with parking based on the annual residents satisfaction survey.

Achievement

41.9% satisfaction achieved (56% 2011). Notable during the year was the continued increase in Queenstown town centre carparking, which in turn removes free 'all-day' parking options. This is likely to have affected the result.

Roading and Parking

Summary of Forecasted Financial Performance

Actual 2010/11		Actual 2011/12	Annual Plan 2011/12
	\$000 Expenditure	\$000	\$000
15,053	Roading	16,092	17,229
530	Parking Provision	564	561
15,583	Operating Costs	16,656	17,790
11,690	Group Activity Income (1)	17,771	21,205
3,893	Net Cost/(Surplus) of Service	(1,115)	(3,415)
	Capital Expenditure		
15,416	Roading	22,856	28,766
198	Parking Provision	144	144
15,614	Capital and Debt Repayment	23,000	28,910
19,507	Funding Required/(Generated)	21,885	25,495
	Funded By:-		
10,413	Targeted Rates	11,099	11,193
6,831	Loans (Internal & External)	8,838	9,254
(38)	Transfers (to)/from Reserves	(353)	2,567
2,301	Other	2,301	2,481
19,507	Total Funding	21,885	25,495
	Activity Income Includes (1)		
999	User Charges	1,013	928
9,607	Grants & Subsidies	13,467	15,621
398	Other	771	391
119	Vested Assets	1,548	3,699
567	Capital Contributions	972	566
11,690	Total Activity Income	17,771	21,205

Significant Cost of Service Variances

Revenue was below estimate by \$3.4m for the year with the shortfall in subsidy income (\$2.1m) from LTNZ as a result of revised timing of projects. Vested assets were also below estimate by \$2.1m. Expenditure was below budget by \$1.1m with pavement maintenance cost savings of around \$0.37m and reduced interest costs (\$0.59m) the other main factor.

Significant Capital Expenditure

Expenditure on major road reconstructions and rehabilitations accounts for \$10.0m of the total. The balance of \$10.36m comprises mainly resurfacing, seal extensions and town centre improvements.

Over 44km of road surfacing including pavement resealing and 8km of pavement rehabilitation was completed in 2012/13. Additionally, a section of Malaghans Road was reconstructed to remove a sharp curve and generally straighten the road. Over 29km of unsealed road had new metal put down and over 10km had a semi-permanent dust suppression treatments applied.

Significant Capital Expenditure Variances

The positive variance of \$5.9m relates mainly to the delay of the Frankton Flats arterial road (\$3.1m) which is held up in the Environment Court and vested assets being \$2.1m under estimate.

Corporate Mission

To provide airport and related activities in the district and meet the growing needs for airport services to the Southern Lakes District, to the highest quality and at a level within the means and in the best interests of the Community.

Goals

To achieve its mission the Company has a number of goals. These are:

- To provide a quality of service to its customers and take all reasonable steps to enhance safety wherever possible.
- To continue operating the company as a successful business and in an effective and efficient manner maximising the return on funds invested in the medium and long term – subordinating the latter when appropriate and necessary in order to achieve broader economic objectives.
- To expand maintain and plan the facilities at the airport to allow for full domestic and trans-Tasman operational capability of aircraft types currently in use, and likely to be in use in the future, by New Zealand domestic airlines and International Airlines likely to operate here.
- To promote Queenstown Lakes District tourism commercial and non-commercial air travel and maximise the usage of the airport facilities.
- To seek and develop profitable business opportunities that make best use of the people, technical and financial resources of the Company.
- To act as a good employer by providing equal employment opportunities, good and safe working conditions as well as opportunities for individual career development.
- To act as a good corporate citizen in regard to the needs of the greater Lakes District Community and the environment.
- To act as a 'responsible neighbour' to the adjacent residential areas.

It is QAC's objective to be a successful business. This success will be measured by setting a number of objectives identified at the start of each financial year that we believe can and should be achieved within the following year. These objectives will be measurable and achievable and QAC's performance against these objectives will be reported annually.

Objectives

Target

Provide suitable terminal facilities for satisfactory trans-Tasman and domestic operations that satisfy our customers' needs.

Achievement

The Airport is well serviced by a broad range of transport options. QAC has encouraged the use of public transport from the Airport by constructing a large new bus shelter in May 2011 in a prominent place immediately in front of the Terminal. The Airport Help Desk sells bus tickets and assists passengers to book bus trips. QAC has added a bike rack to cater for Airport staff who cycle to work and a bike assembly station for passengers who bring their bikes with them on their trip to Queenstown.

With regard to commercial transport options, the Airport is well serviced by an Airport Shuttle operator, various taxi operators, VIP operators and rental car operators.

Target

Promote regional planning measures designed to ensure the mission and goals of Queenstown Airport can be achieved.

Achievement

QAC involves itself in surrounding land developments and plan changes where reverse sensitivity effects have the potential to impact on future Airport growth and the wellbeing of residents. In the year ended 30 June 2012, QAC has been involved in:

- Plan Change 19 (PC19) – Frankton Flats
- PC34 – Remarkables Park Zone
- PC41 – Shotover Country
- PC43 – Frankton Mixed Use (beside the BP)
- Float Plane Application, Frankton Christian School application, RPL's circus application

QAC has made significant progress on its Notice of Requirement to acquire 19ha of land on the south side of the runway from Remarkables Park Limited. The land is required for the development of an Aviation Park, as set out in QAC's Master Plan. All evidence has been filed and the case will be heard by the Environment Court first quarter FY13. QAC completed the hearing on the Noise Boundary Plan Change (PC35) in January 2012. The Court has indicated it will issue a decision once the Notice of Requirement for Lot 6 is determined QAC is also actively involved in the District Plan review and has submitted a draft Airport Zone chapter to QLDC.

Target

Ensure adequate communication exists between QAC and the community and its elected representatives by way of an ongoing public information service and the holding of regular open meetings with a liaison group comprising community group representatives, interested individuals, airport users ETC, while continuing existing reporting systems.

Achievement

QAC's CEO has been active in organising a number of sessions with community and user groups to ensure open communication, including Rotary, Frankton and Kelvin Heights residents groups, Probus, Lions, Business Associations and Tourism Groups.

QAC convenes a monthly meeting with Airport stakeholders to review and discuss issues. Weekly operational meetings are held during Winter months.

QAC has resolved to establish a Community Liaison Group to promote communication with the community. QAC has reported to QLDC 6 monthly and in addition, the CEO and Chair have established regular meetings with the Mayor, Chair of Finance Committee and Council CEO.

QAC revamped its annual reporting in 2011 to provide a user friendly "Annual Review" called "Growing with Queenstown" outlining the Airport's activities over the year. An Annual Report with full financials is available on the Company's Website. The ZQN newsletter is published quarterly, providing the Airport Community with regular and relevant information. Monthly updates are provided of passenger volumes.

QAC has also completed a website redesign to make the site more attractive and user-friendly.

Target

Manage the noise impact of the airport in accordance with the District Plan, taking into account the surrounding residential and business areas.

Achievement

QAC carried out actual noise monitoring at a McBride St site from Dec 10 to Feb 11. The results indicated compliance with QAC's noise boundaries at that site and were generally consistent with the modelling work completed based on the Summer flights in 09/10. QAC is at the limit of its current noise boundaries in various places and has addressed this through its Noise Plan Change application, PC35. QAC is awaiting PC35 becoming operative, expected in October 2012.

Target

Achieve the forecast profit result.

Achievement

The forecast profit result in the Company's Statement of Intent was a surplus after tax of \$6.075M. The actual result was a surplus of \$5,174m. The actual shareholders funds to total assets is 79.3%.

Financial Performance

2011 Actual		2012 Actual	2012 Forecast
000's		000's	000's
15,579	Revenue	17,457	18,358
9,404	Operating Expenditure	5,928	5,249
6,174	Operating Surplus/(deficit) before tax	7,241	8,781
4,576	Operating Surplus/(deficit) after tax	5,174	6,075



Our Vision

A vibrant, healthy community..

Our Mission

To encourage and provide for participation in sports, entertainment and recreation in our district.

Lakes Leisure's recently refreshed vision reflects the company's values and the wider objectives it owns on behalf of Council and the community it serves. The involvement of any community in sport and recreation, from volunteers through to competitors, is a good reflection of that population's general health and wellbeing. Lakes Leisure's dedicated support of the community, from the management of facilities through to the provision of fresh and inspiring opportunities to participate, continues to grow our population's participation in sport and recreation across the district.

Lakes Leisure's management portfolio includes:

Venues

Queenstown Events Centre
Queenstown Memorial Hall
Lake Hayes Pavilion
Arrowtown Athenaeum Hall
Lake Wanaka Centre

Aquatics

Alpine Aqualand
Wanaka Community Pool
Arrowtown Memorial Pool

Health & Fitness

Alpine Health & Fitness

Turf Management and Bookings for 41 hectares of sports fields across 13 locations

Objectives**Assets****Target**

Complete and maintain a Facilities Maintenance Plan for all facilities.

Achievement

A maintenance plan is in place and closely followed for all facilities. General repairs & maintenance for 11/12 were \$65k (excluding Aquatics).

Target

Work cooperatively with Council and Queenstown Airport Corporation (QAC) in relation to use of current and planned facilities at the Queenstown Events Centre.

Achievement

Lakes Leisure worked very effectively with both Council and QAC in the acquisition of the Frankton Golf Course. The

QEC Master Facilities Plan was put to public consultation in November 2011 with results feeding into the Council's Long Term Plan process.

Target

Work with Council to complete a current traffic and access strategy (walking, cycling, public transport, safety, parking, and accessibility) for the Queenstown Events Centre.

Achievement

QEC car park was recently upgraded to include additional parks and address significant safety and mobility issues.

Target

Contribute to the planning for proposed regional leisure facilities that are currently managed, or are likely to be managed by Lakes Leisure in the future.

Achievement

The QEC Master Facilities Plan was put to public consultation in November 2011 with results feeding into the Council's Long Term Plan process. Lakes Leisure has recently assumed management of the Frankton Golf Course and is now working in partnership with Council, QAC and the Queenstown Golf Club. Lakes Leisure is currently raising funds for the construction of a Learn to Swim pool in Wanaka. Adoption of the Council's Long Term Plan has allowed for commencement of stage one of design work for the Wanaka Sports Facility that Lakes Leisure will assume management of on completion.

Participation**Target**

Support community participation and maintain an appropriate balance between direct programme delivery and facility hire.

Achievement

Lakes Leisure delivers a number of affordable programmes to the community including sports leagues and the school holiday programme. Alpine Health & Fitness also deliver user pays as well as fully funded programmes. Local venues are also hired to private users for community classes such as yoga.

Target

Manage a community participation strategy that effectively utilises the mechanisms of pricing, space allocation, and the amount of direct programming that meets Council's community objectives.

Achievement

The Pricing Policy is reviewed regularly to ensure it meets its objectives around affordability and programmes and facilities are funded through a combination of reinvested revenue and sponsorship to ensure their continued accessibility to the wider community. Participation increased by 8% in the 11/12 financial year.

Target

Record usage and participation numbers in all facilities.

Achievement

Participation is recorded through the Links system and reached 685,635 for the 11/12 financial year.

Target

Support external parties in their independent delivery of events and deliver community focused events in the district that encourage wide community participation.

Achievement

Lakes Leisure has a sponsorship policy that sets annual budgets to support the independent delivery of community events through the provision of venues and event infrastructure free of charge and at charitable rates as appropriate.

Target

Continue to provide direct programme delivery in the district.

Achievement

Lakes Leisure delivers programmes including the school holiday programme, various community sports leagues, NZSki StepUp, Healthy Hearts, Kid's Climbing, Tri Squad training and the Wakatipu Kid's Games.

Target

Continue to grow the Learn to Swim Programmes and Aquatic Education programmes in order to enhance water safety in the district.

Achievement

Aqualand Swim School Growth rates:

Swim School Programme*	2008	2009	2010	2011	2012
Children & Adults					to yr end
Term 1	0	453	611	583	629
Term 2	0	423	555	501	584
Term 3	226	435	428		
Term 4	319	596	580		
Aquatic Education Programme*					
Term 1	0	58	285	414	610
Term 2	0	0	93	202	9
Term 3	0	0	390		
Term 4	232	338	321		

*Please note these tables represent calendar years and terms 3 and 4 of 2011 will be reported in the following financial year

Target

Achieve membership targets for the Health and Fitness Centre.

Achievement

Alpine Health & Fitness has exceeded performance targets with membership for the year end budgeted to be 1300.

At 31 July 2012 membership was 1500.

Target

Continue to grow participation in health and fitness activities for the wider community.

Achievement

The Healthy Hearts Programme is run annually for obese people with 12 people going through the fully funded programme. The programme was also modified and run for overweight teenagers – NZSki StepUp. The Leisurely programme targeted at older people in the community has grown to 50 members. Lakes Leisure provides significant support to the Cancer Society through the provision of free class and programme entry for its clients. A free outdoor community fitness circuit was opened in November 2011 at QEC.

Operations**Target**

Maximise the efficient use of pool space for maximum community benefit.

Achievement

The lap pool at Alpine Aqualand is managed to ensure that during peak times lanes are available for both swim school and lap swimming. A dedicated learn to swim pool accommodates all beginners until they graduate to the lap pool and the same will apply when the learn to swim pool is built in Wanaka.

Target

Maintain safe and well managed pools that meet "Pool Safe" guidelines.

Achievement

Alpine Aqualand passed its annual "Pool Safe" review administered by the NZ Recreation Association. Wanaka Community Pool also gained this voluntary accreditation in February 2012.

Target

Manage the district sports field maintenance contract efficiently and effectively.

Achievement

Maintenance has been delivered within budget to the prescribed standards set down in the QLDC contract by a turf management team based at QEC.

Target

Manage community facilities to ensure efficiency of operation.

Achievement

Arrowtown Athenaeum Hall, Lake Hayes Pavilion and the Lake Wanaka Centre have all been refreshed with new paint, heating and lighting upgrades in the past year. Lakes Leisure is exploring commissioning an energy audit for all its venues to maximise operational cost savings. Alpine Aqualand is committed to sustainability with the Energy Efficiency and Conservation Authority reporting it to be an extremely energy efficient facility using only 60% of the energy use benchmark.

Target

Measure and deliver facilities and services to ensure high levels of customer satisfaction

Achievement

All users of Lakes Leisure facilities are regularly surveyed to ascertain departmental service levels. A recent Lakes Leisure survey reported 87.7% of respondents believe the overall quality of the facilities to be 'Good' or 'Excellent'. 72.9% of respondents rated the staff & overall service at the facilities as 'Good' or 'Excellent' and 87.2% of respondents believe Lakes Leisure does a good job of managing the facilities.

*Financial Sustainability and Organisational Development***Target**

Maintain and strengthen financial position.

Achievement

Lakes Leisure ended the 2011/12 financial year in a strong financial position and is paying increasing attention to diversified revenue streams and alternative sources of funding in order to continue reducing its reliance on rate payer funding.

Target

Develop a strategy to secure sponsorship and funding grants for community programmes.

Achievement

Lakes Leisure has a funding strategy in place and is working on a companywide approach to strengthening its relationship with funding organisations. Several successful applications for funding were made in the 2011/12 financial year to support the delivery of programmes and services to the wider community.

Target

Complete and manage a sponsorship and community funding strategy by December 2009.

Achievement

Lakes Leisure has a sponsorship strategy in place that is geared towards the support of community based, volunteer and not for profit organisations that are considered complementary to Lakes Leisure's goals supporting the social, cultural, economic and environmental wellbeing of the community. As a not for profit organisation Lakes Leisure does not provide cash sponsorships preferring the provision of facilities and services. Events such as Winter Festival, Winter Games and the Festival of Colour were supported with venue sponsorship. Several smaller sponsorships were granted to community and charitable organisations to assist them in fundraising.

Target

Secure funding for all capital items required for ongoing operations.

Achievement

Capital funding secured through Council has been managed as part of the Annual Plan. Lakes Leisure is also proactively seeking external funding to help support the delivery of services to the wider community while reducing ratepayer reliance.

Target

Explore the viability and feasibility of business opportunities when they arise.

Achievement

The acquisition of the Frankton Golf Course has presented new opportunities for Lakes Leisure to increase participation in sport. QEC hosting RWC 2011 teams gave Lakes Leisure the opportunity to profile the facility as a world class training venue and this has resulted in one of the teams returning to train in 2012. A dedicated RPM studio which was revenue funded has provided both additional revenue and freed up the group fitness studio to increase participation in other areas.

Target

Develop alternative revenue streams to minimise dependence on ratepayer funding.

Achievement

Sports tourism is presenting Lakes Leisure with a very good revenue stream that also complements community use of the facilities. Sports teams' use the facilities largely during off peak hours, causing minimal disruption to community users. Lakes Leisure's funding strategy also works to develop funding organisations as a good source of alternative funding.

Target

Effective recruitment, management, development and care of staff.

Achievement

Performance reviews for all staff are conducted six monthly with a development plan implemented at each review for the following period. Ten staff across the company will participate in first line management leadership training in 2012.

Financial Performance

2011 Actual		2012 Actual	2012 Budget
000's		000's	000's
6,806	Revenue	6,655	6,902
5,573	Operating Expenditure	6,084	5,785
1,233	Operating Surplus/(deficit) before tax	571	1,118
4	Taxation	0	0
1,229	Operating Surplus/(deficit) after tax	571	1,118

Lakes Environmental Ltd (LEL) was incorporated on 12 March 2007 and is 100% owned by the Council. The primary objective of the company is to provide resource management and regulatory services for the community.

LEL is a Council Controlled Organisation (CCO) in terms of section 6 of the Local Government Act 2002.

Goals

- To achieve the performance targets specified in the contract for services between the Company and the Queenstown Lakes District Council;
- To educate and inform the community on the matters within the Company's scope of service;
- To provide excellent customer service to all its customers;
- To adopt a culture of continuous improvement in the delivery of all of its statutory responsibilities in respect to quality, timeliness, consistency and cost;
- To recover its reasonable costs, with such costs including the direct and indirect costs of operation, development of systems and processes, staff training and development, education and awareness for consent applicants and the wider industry, depreciation of fixed assets and servicing and reducing debt; and
- To observe and promote the spirit and intent of the District Plan as it relates to resource consent matters, and ensure the relevant laws and standards applying to other functions are observed.

Objectives

Target

To achieve 90% customer satisfaction.

Achievement

94% achieved (92% 2011) - as determined by the results of a direct customer survey (those who rated themselves satisfied or better in their dealings with the company).

Target

To achieve 90% staff satisfaction.

Achievement

86% achieved (82% 2011).

Target

To have no more than 12% staff turnover.

Achievement

23% staff turnover - as consent application volumes have decreased, staff levels have been reduced proportionately. (25% 2011) The staff turnover measures the number of permanent staff that left the company during the year ended 30 June 2012 as a percentage of total staff positions as at 30 June 2011.

Target

To have nil number of lost time injuries.

Achievement

No lost time injuries. (Nil 2011) A lost time injury is an injury incurred at work that requires more than one day off work.

Financial Performance

2011 Actual		2012 Actual	2012 Budget
000's		000's	000's
7,611	Revenue	7,043	7,943
7,363	Operating Expenditure	7,037	7,662
248	Operating Surplus/(deficit) before tax	6	281
82	Taxation	-50	81
166	Operating Surplus/(deficit) after tax	56	200



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF QUEENSTOWN LAKES DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

The Auditor-General is the auditor of Queenstown Lakes District Council (the Council) and group. The Auditor-General has appointed me, P F Heslin, using the staff and resources of Deloitte, to carry out the audit of the financial statements, non-financial performance information and other information required by schedule 10 of the Local Government Act 2002 (other information) of the Council and group on her behalf.

We have audited:

- the financial statements of the Council and group on pages 14 to 57, that comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the non-financial performance information of the Council and group on pages 58 to 93 that includes other information required by schedule 10 of the Local Government Act 2002.

Opinion on the financial statements, non-financial performance information and other information

In our opinion:

- The financial statements of the Council and group on pages 14 to 57:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Council and group's financial position as at 30 June 2012; and
 - the results of its operations and cash flows for the year ended on that date.
- The non-financial performance information of the Council and group on pages 58 to 93:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Council and group's levels of service for the year ended 30 June 2012, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service.

- The other information of the Council and group contained in the financial statements and the non-financial performance information, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 30 October 2012. 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 explain our independence.

Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, non-financial performance information and other information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, non-financial performance information and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, non-financial performance information and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Council and group's financial statements, non-financial performance information and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the 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 all disclosures in the financial statements, non-financial performance information and other information;
- determining the appropriateness of the reported non-financial performance information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, non-financial performance information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, non-financial performance information and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and non-financial performance information that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the Council and group's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, non-financial performance information and other information that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, non-financial performance information and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit we have carried out tax compliance services and other assurance services including the audit of the long term plan, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Council or any of its subsidiaries.




P F Heslin
Deloitte
On behalf of the Auditor-General
Dunedin, New Zealand

Matters relating to the electronic presentation of the audited financial statements, non-financial performance information and the other requirements

This audit report relates to the financial statements, non-financial performance information and the other requirements of the Queenstown Lakes District Council and group for the year ended 30 June 2012 included on the Queenstown Lakes District Council's website. The Council is responsible for the maintenance and integrity of the Queenstown Lakes District Council's website. We have not been engaged to report on the integrity of the Queenstown Lakes District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, non-financial performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, non-financial performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, non-financial performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, non-financial performance information and the other requirements as well as the related audit report dated 30 October 2012 to confirm the information included in the audited financial statements, non-financial performance information and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.