

Queenstown Lakes District Council

Summary Annual Report 2010 / 2011

Contents

Section 98(4)(b) of the Local Government Act 2002 requires Council to make publicly available a summary of the information contained in its Annual Report. The specific disclosures included in the summary annual report have been extracted from the full annual report adopted by Council on 25 October 2011. The summary annual report can not be expected to provide as complete an understanding as provided by the full annual report. The full financial report dated 25 October 2011 has received an unqualified audit report. A copy of the full Annual Report can be obtained on the Council website - www.qldc.govt.nz

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

The Council's full annual report has complied with NZ GAAP and stated explicitly that they comply with NZ equivalents to IFRS (International Financial Reporting Standards) as applicable for public benefit entities. The summary annual report complies with FRS 43 - summary financial statements.

| | |
|---|----|
| Contact Us..... | 2 |
| Chief Executive Report | 3 |
| Financial Result 2010/2011..... | 3 |
| Project Delivery..... | 4 |
| Other Project Highlights..... | 5 |
| Overall Perception of Performance..... | 8 |
| Conclusion..... | 9 |
| Summary Financial Information | |
| Summary Statement of Financial Performance..... | 10 |
| Statement of Comprehensive Income..... | 10 |
| Statement of Changes in Equity..... | 11 |
| Summary Statement of Financial Position..... | 12 |
| Summary Statement of Cashflows..... | 12 |
| Accounting Policies/Subsequent Events / Contingent Liabilities..... | 13 |
| Explanation of Major Variances Against Budget..... | 13 |
| Summary Statement of Service Performance | 15 |
| Audit Report | 19 |

Contact Us

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



Introduction

The purpose of this Summary Annual Report is to represent fairly and consistently the major matters dealt with in the Annual Report.

The purpose of the Annual Report is to account for Council's achievements against objectives included in the 2010/2011 Annual Plan. The 2010/2011 year represents year two of the 2009 10-Year Plan.

Financial Result 2010/2011

The Council and its subsidiaries; Queenstown Airport Corporation, Lakes Leisure Limited and Lakes Environmental Limited, have reported an operating surplus of \$6.6m for the year. Each entity within the group has contributed to an improved financial result when compared to last year's \$6.3m group surplus. This is a good place to be in difficult economic conditions and has been based on effective controls of costs during the period.

Explanation of Major Variances against Budget

Statement of Financial Performance

The Council alone recorded an operating surplus of \$0.6m for the year. Operating revenues were down by 11% on last year and below budget by 21.5% (see below). Operating costs were on budget for the year (up on last year by 4.1%). However, these costs are inflated by the inclusion of a provision of \$2.4m for legal claims against the Council. The reported surplus includes \$1.6m of unrealised losses pertaining to the revaluation of investment property. This follows a 2010 value reduction of \$5.2m, which together represents an unrealised loss in value of around 9.3% in the past 2 years.

Revenue was below estimate by \$24.6m for the year ended 30 June, 2011. The following major items (all relating to capital expenditure) contributed to this variance:

- Development contribution income was below budget by \$10.7m 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 \$6.7m below budget for the year.
- Roading subsidy was \$4.6m under budget for the year, as a result of reduced roading capital expenditure due to the timing and deferral of some projects.

Operating expenditure was on budget for the year ended 30 June 2011. 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 \$1.8m less than budget. This is a result of the deferral of all non-essential capital works and lower than expected interest rates.
- Staff related costs for the year are \$0.6m 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 \$0.45m 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 \$2.9m above budget. This variance is mostly due to the inclusion of a \$2.4m provision for claims against the Council and the cost of defending the action taken against Council in relation to the change in QAC share-holding (\$0.6m).
- There is \$2.1m 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 \$2.1m relates primarily to reduced maintenance costs for utilities (\$0.9m), and roading (\$0.9m).

Statement of Financial Position

The main variance relates to the difference in expected capital expenditure for the year.

Capital expenditure was below estimate by \$40.3m for the year ended 30 June 2011. The following major items contributed to this variance:

- The main component of the variance relates to \$11.3m of project expenditure within the water supply and wastewater activities which has been delayed or deferred. Projects include several reticulation upgrades in Wanaka and Queenstown and upgrades to Wanaka and Frankton wastewater pump stations, and the Arrowtown reservoir.
- There is \$10.1m of project expenditure within the roading activity which has been delayed or deferred. This includes upgrades to the Ardmore/Brownston intersection in Wanaka (\$2.7m) and the Frankton Flats arterial road (\$1.1m).
- There is also \$4.5m of project expenditure within the community services activity which has been delayed or deferred. Most of the budget for the Wanaka Sports Facilities project (\$0.34m) was not spent and has been carried forward. Other projects affected were Wakatipu and Wanaka Reserve Land (\$3.3m) and planned upgrades to the Earnslaw Park Toilets (\$0.55m).
- There is also \$2.6m of project expenditure within the commercial property activity which has been delayed or deferred. This mainly relates to the timing of the upgrade to water and sewerage systems at Glendhu Bay Holiday Park (\$1.9m).
- Vested Assets were \$6.7m below budget for the year.
- Loan Repayments were \$1.2m below budget for the year.
- The remaining component of the variance relates to \$2.1m 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 \$1.6m for the year. This movement coupled with the \$22.1m unrealised loss for previous two years, has led to the main variation in the balance sheet which shows Investment Property \$27m below the forecast position. Borrowings are \$23m below forecast; this positive variance relates mainly to the deferral of capital projects (see above).

Statement of Changes in Equity

Accumulated differences between actual and budgeted net surpluses (for 2011 as described above and for 2010) has resulted in an equity variance of \$75m 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 \$33m below estimate and new borrowings were consequently around \$23m less than expected.

Big Issues

Election 2010

In October 2010 the Local Government Election was held in the Queenstown Lakes and a new Mayor, Council and Wanaka Community Board were appointed. I acknowledge the huge commitment involved in being an elected member and congratulate Mayor Vanessa van Uden on her election.

Queenstown Airport

The issue of new shares in the airport to Auckland International Airport by the Queenstown Airport Corporation caused some division within the community and resulted in a group of local business people and Air New Zealand taking legal action against Council. These legal proceedings were eventually withdrawn before coming to Court, but cost Council approximately \$550,000 to defend. 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. The Council decided during the Annual Plan process to apply the dividend to debt repayment.

Canterbury Earthquakes

In September 2010 and again in February 2011 two significant earthquakes in Canterbury had a profound effect on our region. Not only was our community affected by the suffering of family and friends living in Canterbury but it's Council and other Lakes District agencies were closely involved in the response, more so in February with the tragic loss of life. Building inspectors and trained emergency personnel from the Lakes District were seconded to help out. Remaining QLDC and Lakes Environmental staff equally responded through managing with greatly reduced staffing levels in some areas. Council and other agencies also worked together to deliver welfare and respite in the Lakes District to Cantabrians. Most importantly this was an opportunity for our district and others to take learnings from Christchurch. This has led to multiple work streams including hazard identification and earthquake risk building identification.

Project delivery

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 \$14.5 million under budget for the 2009/10 and \$20.1 million under budget for the 2010/11 year. A significant amount of the under-expenditure had been in wastewater projects. In total this is a budget underspend of 49%. 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).

All projects were carefully reassessed at each key stage and projects or part projects deferred where possible. Projects where there were savings included:

- Three Waters renewals and catchment management plans \$1,380,800
- Berkshire Street Rehabilitation \$64,800
- Lucas Place Roundabout \$113,140
- Lake Esplanade Upgrade \$278,690
- Reseals District Wide \$347,770
- Gorge Road Pavement Rehabilitation Stage 3 \$492,490
- Roding Maintenance Capital Works \$433,633
- Bremner Bay Wastewater Pump Station \$1,488,540
- Wanaka Water Supply Hawthenden Reservoir \$430,986
- Hawea Water Upgrades \$121,516
- Water Supply Demand Management Strategy \$422,824

The key advantage is that this means less borrowing on the part of the Council and therefore less debt. All of these are positives towards addressing the Council's long term debt and an indication of the Council's commitment to delivering value for money to the ratepayer.

Note: For work in progress but not completed in the financial year, funds have been carried forward into 2011/12 to allow completion. These projects are not listed above.

What have we delivered?

Here are some of the projects that have been delivered during 2010/11:

- Completed Wastewater upgrade projects at Willow Place and Kawarau Place, McDonnell Road, Essex Ave and commenced construction on Frankton Beach Pump Station.
- Obtained a new consent for Hawea Wastewater treatment and disposal thereby postponing major capital expenditure.
- Largely completed the new water pipework to allow the Roys Bay pump station in Wanaka to be decommissioned.
- Completed an extension of the stormwater pipeline on Helwick and Dungarvon Streets in Wanaka.
- Completed 16.25 km of major road pavement rehabilitation projects on Gorge Road, Lake Esplanade Road, Crown Range, Glenorchy Road, Berkshire Street, Perkins Road, Brecon and Camp Streets.
- Started road construction work and streetlight upgrades on Ardmore and Brownston Streets in Wanaka.
- Completed a seal extension on Cemetery Road, Hawea.
- Commenced construction on Malaghan Road Site 5.
- Completed the Church Street upgrade.
- Resurfaced 30.3 km of sealed road.
- Ottasealed 9.1 km of unsealed road including all of Makarora local unsealed roads.
- Completed 1.64 km of road reconstruction.
- Built 3227m of new footpath consisting of 1850m compacted aggregate and 1377mm AC footpath.
- Built 822m AC footpaths in Glenorchy.
- Renewed 1528m of drainage culverts including headwall installations on Crown range.

- Procured and began a new streetlight maintenance contract with Delta.
- Completed the Sunshine Bay to Queenstown wastewater gravity main.
- Completed the capacity upgrade to the Two Mile water intake.
- Completed the capacity upgrade to the Kelvin Heights water intake.
- Renewed various water and wastewater pipelines.
- Installed 8 bus shelters at school bus stops in Wanaka Ward.

Community

The delivery of community capital works projects was consolidated over the past year. A total of 36 projects were budgeted for, with 5 being projects carried forward from the previous year. A total of 32 projects have been completed (excludes land purchase budgets). The remaining projects will be carried over into the next financial year. Council owns 1313 ha of reserve land maintaining some 450 ha of that as 211 individual parks areas.

What have we delivered?

Here are some of the projects that have been delivered during 2010/11:

- Continued investment in rural fire resources.
- Lighting improvements Queenstown Gardens.
- Detailed planning work for the Wanaka Sports facility Project.
- Wakatipu Trail development.
- Marine Parade Queenstown landscape enhancements.
- Ongoing contribution to the Hawea Foreshore development plan.
- The breaking in of significant reserve land recently transferred to Council from DOC in both Wakatipu and Wanaka wards.
- Gibbston was named New Zealand Community of the Year. The Council has supported the community in a number of projects and initiatives including the Gibbston Trail.
- The Council worked with the Queenstown Mountain Bike Club and Skyline to support the development of the Queenstown Bike Park. This opened for its first season in spring last year and is the only gondola-serviced mountain bike park in the Southern Hemisphere with over 50,000 riders in the first season.
- A new Queenstown Gardens Reserve Management Plan was adopted (first new plan in 20-years for the gardens).

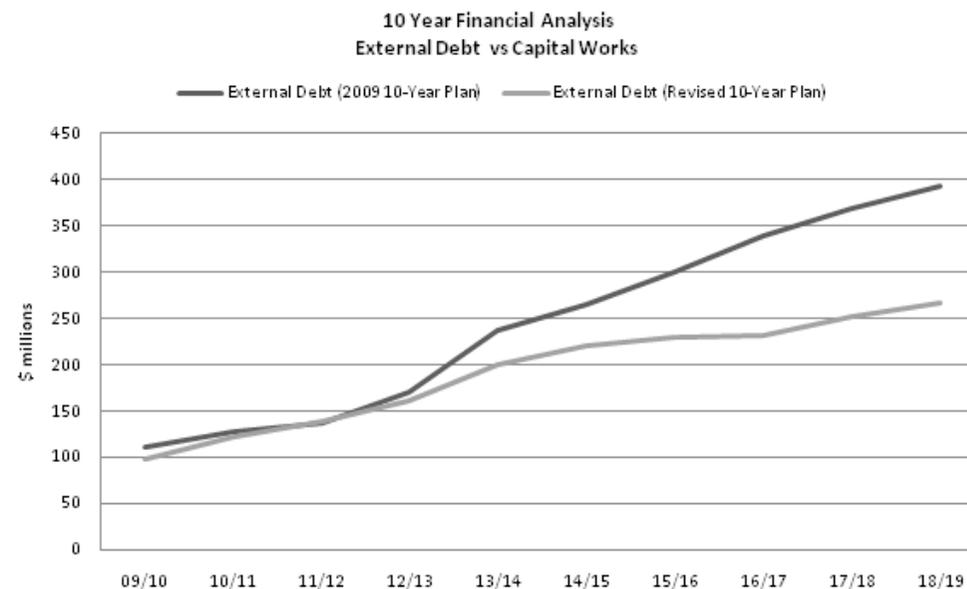
Other Project Highlights

10-Year Plan

A 10-Year-Plan Steering Committee comprising elected members and staff was established in 2009. The group has spent two years reviewing operating and capital expenditure, prioritising projects and focusing on debt reduction.

A report was presented to Council in October 2010 identifying key findings as follows:

- Water demand management shows the greatest potential for savings, with \$72.4m achievable from the 10-year capital programme.
- Infrastructure services projects present the second highest potential savings of up to \$65.8m. This will be achieved through both improvements to the cost estimating methodology and the current market conditions.
- The revised 10-year capital expenditure programme, with the \$167.8m of savings, is now incorporated in the financial models for development contributions and the 10-Year-Plan. It shows Council's peak debt levels in 2018/19 reducing by 32% from \$392.5m to \$266.9m, a reduction of \$125.7m. This change is shown in the following graph:



Although significant progress has been made, further reductions in the capital programme are still required. In order to deliver an affordable 10-Year-Plan at least another \$21m of debt needs to be removed from Council's expenditure. This means reducing the capital programme by around another \$28m.

Annual Plan - Consultation

The Council has undertaken significant consultation with the community during the 2010/11 year, resulting in the 2011 Annual Plan. Community participation strongly influenced a number of key decisions. It is significant that in the 2011 Resident and Ratepayer Survey the level of satisfaction with how well the Council kept its community informed climbed from 48.6% in 2010 to 60.4% in 2011. The 'level of community involvement' and 'level of information provided' both increased more than 10 percent to 51.2% and 57.8% respectively. Some of the key issues consulted through the Annual Plan process were:

Debt reduction

Included in the budgets for 2011/12 were several proposals, which collectively will reduce debt by \$4.6m. These impacted on the rates, taking the rates from 0.88% to 2.74%.

Value for money

The 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.

Roading – level of service

Three options were consulted on 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 ongoing 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.

Community Services Consolidation

The Council decided to defer a number of capital works after a period of investment in previous years however it will continue to fund NZCycleways.

Bylaws - Consultation

The Council consulted on five Bylaws during the 2010/11 year: Brothel Control Bylaw; Controlled Activities and Obstructions in Public Places Bylaw; Cemetery Bylaw; and Freedom Camping Bylaw.

Waste Survey - Consultation

The Council carried out its first online survey 'Waste 2010' for a period of four weeks during November and December 2010. The purpose of the survey was to seek feedback from the public about the current and future waste services provided in the district. The Council received 191 responses in total with 95% in favour of continuing kerbside recycling and 84% wanting current rubbish services to continue. The results of the waste survey were incorporated into the review of the waste management plan and development of the new solid waste bylaw.

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 will feed into the 10-Year-Plan process where appropriate.

Wanaka Sports Facilities/Aquatic Centre

In March 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 has \$10.6 million to build the sports facility. Meanwhile the \$350,000 Wanaka pool upgrade was completed in September 2010.

Shotover Delta – flood protection

Work has continued on the \$1.2 million Shotover Delta training and revetment line, which was almost 60% complete by June 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

During the 2010/11 financial year data collection and analysis of the wastewater reticulation system using recently installed equipment coupled with revised growth projections highlighted that flows in the system are not as great, or growing as rapidly as previously projected. This resulted in a recommendation to Council that the project be delivered within the current short term consent, but at the latest possible date (April 2014).

This procurement programme alteration is intended to allow time to review delivery strategies and treatment methods. Engineering advice to date is that the existing system, with some upgrades, may be able to continue for the short to medium term. These options include de-sludging the ponds and carrying out some other operational improvements. Currently staff are engaging with the various stakeholders and interested and affected parties. This will continue into the next financial year.

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

Plan Change 26 Wanaka Airport
Plan Change 36 Wanaka Industrial Zoning Extension

Private Plan Changes Notified

Plan Change 34 Remarkables Park
Plan Change 41 Shotover Country

Plan Changes Under Appeal

Plan Change 18 Mount Cardrona
Plan Change 19 Frankton Flats (B)
Plan Change 24 Community and Affordable Housing
Plan Change 27A Updating Noise Measurement and Assessment Standards

Plan Changes Operative

Plan Change 16 Three Parks

Wilding Tree Strategy Rollout

In March 2009 the Council adopted the Wakatipu Wilding Conifer Strategy. The Wakatipu Wilding Conifer Control Group (WWCCG) was established in the following month (April 2009). In 2009/10 the voluntary group, supported by the Council, has cleared some 2,500 hectares of land from a plague of conifers and has completed 15 wilding operations. The group was granted \$96,581 towards wilding control from the NZ Lottery Grants Board (Environment and Heritage Committee), funding round 2009/2010. Of note, the WWCCG was the winner of the Trustpower Regional Awards in 2010 and went on to represent the Lakes District in the national final.

Kawarau Falls Hilton Complex

The opening of this complex earlier this year has been the culmination of a significant investment in our community, facilitation on the part of the Council and the opening up of quality public amenity in terms of track and lake access.

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.

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

Council ran an 'expressions of interest' process regarding the installation of security cameras in the Queenstown town centre and is working through details of the wireless spectrum. The project is on-going.

Kingston Emergency Building

The Council contributed to the development of a new combined emergency services centre in Kingston. The building houses the Kingston Ambulance and volunteer fire brigade and Council rural fire force. The facility provides an improved capacity to respond to local emergency situations. The new centre has now been successfully operating since last summer.

Fire Appliance

The Council purchased and fitted out a new water tanker to provide additional rural fire capacity. This tanker is housed at the new Kingston Emergency Services Centre.

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 47 homes. 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 with four sold into shared ownership and two into the Trust's new rent saver programme. Contributions of land for affordable and community housing through negotiated stakeholder deeds has continued.

Plan Change 24: Affordable and Community Housing (adopted by Council in December 2008) has had a preliminary hearing in the High Court which confirmed scope under the Resource Management Act to address housing affordability issues when reviewing proposals. Council has now confirmed its support for the objectives and policies of Plan Change 24.

Lakes Leisure

The 2010/11 period has seen the third 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. Satisfaction with the CCO has increased with the annual resident and ratepayer survey registering a satisfaction level of 82% (75% 2010).

Notably the Aquatic Centre has been recognised nationally since opening, attracting multiple awards including: NZ Institute of Architects Southern Region Architecture and Resene Colour Award; Master Builders Regional Award Otago/Southland – Category Winner Commercial; Master Builders National Award – Category Winner Leisure and Tourism and Supreme Commercial Project of the Year; and Property Council of NZ Award of Excellence - National Category Winner Tourism and Leisure. Growth and participation has continued to increase and strengthen in the past year.

Effective and efficient infrastructure that meets the needs of growth.

Transport and Carparking Strategy

Safety continued to be a key focus of 2010/11 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. In November the Council extended parking charges to the Boundary Street and Recreation Ground carparks and increased charges at the Ballarat Street Carpark. This had the objectives of increasing revenue from carparking (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.

Key roading projects

Ardmore Brownston

The Brownston Street upgrade was delayed. The completion of the design of the new roundabout – which forms a key part of the overall Ardmore Brownston Street project – has taken longer than expected due to the importance of resolving property access and safety issues. Power undergrounding, street lamps, water renewals and pedestrian refuges are now underway. Allowing for a break over the Rugby World Cup, these works will continue into early December 2011. This project has the largest Annual Plan budget of the Wanaka Capex projects.

Lake Esplanade

This project was completed on time and under budget during the last financial year. The project was a finalist in the Rooding Excellence Awards 2011.

Malaghans Road Site 5

This was partially completed but held over for winter. It is now due for completion in October.

Crown Range

Last year's upgrade was successfully completed on time and under budget. More upgrades are to be undertaken this summer.

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. Queenstown and Wanaka along with the other schemes in the district have Water Demand Management Plans in place, these are presently being reassessed.

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 are now underway, being a 'micro-filtration' trial and a survey of the topography of the lakebed.

Waste Management

As outlined already in 2010/11 the Council commenced a review its Waste Management Plan.

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

Urban Design and Urban Design Guidelines

In the 2010/11 year there were 15 Queenstown Urban Design Panel review meetings, compared with 15 in the previous 12 months. The Wanaka Panel reviewed two projects compared to five in the previous 12 months. This continues to reflect a lower level of development in the Upper Clutha. It is worth noting however that three Wanaka urban Design Panel Review meetings have occurred to date since 1 July, 2011. Work on the Wanaka Town Centre Character Guideline and the Cardrona Village Character Guideline commenced in May 2010. The Wanaka Guideline has subsequently been adopted by Council in July 2011, and the Cardrona Guideline is being finalised for public consultation in October 2011.

Frankton Toilet and Bus Shelter

This facility won the prestigious New Zealand National Architects Award in the category of Urban Design for architect Mary Jowett Architects Limited.

A strong and diverse economy.

Rugby World Cup

In March 2009 it was announced that the southern region's 2011 Rugby World Cup bid scored five out of six games for the region with Dunedin hosting three games and Invercargill two. The District hopes to benefit from these games with a tourism flow on effect, particularly in the future based on coverage of the teams visiting Queenstown and Wanaka. Wakatipu High School benefited from a new stadium floor (RWC funded) to prepare it as a back-up wet weather training venue. In addition to this the district was confirmed as an official RWC 2011 training venue for four teams – Ireland, England, Romania and Georgia with Event Centre facilities being described as "world class" by team management. The Council worked with other agencies on welcoming both the teams and their supporters and appointed a RWC event organiser in April 2011, a shared appointment with Destination Queenstown.

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).

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 including Speaking of Change: Memories of the Wakatipu 1950-present and Lindsay Kennett: Master Milliner.

Arrowtown Heritage Cottages

In February 2007 the Council purchased a 2000 square metre site in Arrowtown containing three historic Arrowtown miners cottages and a fourth property for \$1.9m. The cottages were vested in the Buckingham Street Cottages Trust which has continued to work tirelessly towards restoring and leasing the cottages. The work has been ongoing in the last financial year and will culminate in the trust handing the cottages back to the community in October this year. Congratulations to everyone involved.

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 deliberations approved a one-off grant to establish a Queenstown Lakes District Heritage Trust of \$5,000.

Overall Perception of Performance

Overall Performance QLDC

Overall, as mentioned, on the basis of the 4-point scale we have seen a marked increase in satisfaction with the Council being 86% satisfaction 2011 (76 % 2010).

Customer satisfaction

It is good to note that in general the Council has seen an improvement in satisfaction across the board. It also continues to be rewarding to see that the 'sense of pride' felt in our communities, which leapt from 56.5% (2009) to 77.7% (2010) continues to increase 80% (2011).

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.

Conclusion

This financial year the Council has continued to focus on addressing cost, debt levels and value for the ratepayer - all within a period of uncertainty for the Global economy. It is good news that the Council can report a satisfactory financial result for 2010/11. The financial year saw a number of significant changes, none-the-least being the appointment of a new Mayor, Council and Wanaka Community Board in October 2010.

The Council continues to have a strong policy framework. The work delivered in 2009/10 to take financial stock, re-forecast debt levels and to scrutinise the work programme was 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.

If one thing is certain, it is that QLDC faces continued 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.

The biggest challenge of all will be the delivery of an affordable 10-Year-Plan in 2012, I am confident we will achieve this.

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 first 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.

Debra Lawson
Chief Executive
Queenstown Lakes District Council

25 October 2011

Summary Statement of Financial Performance

| | Council | | | Group | |
|--|---------|---------|--------|---------|---------|
| | 2011 | Budget | 2010 | 2011 | 2010 |
| For the Financial Year Ended 30 June 2011 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Total income | 79,565 | 104,167 | 85,366 | 103,209 | 104,352 |
| Expenditure | | | | | |
| Employee benefits expense | 7,881 | 8,486 | 7,419 | 17,145 | 16,121 |
| Depreciation and amortisation expense | 16,545 | 16,997 | 16,526 | 19,951 | 19,393 |
| Finance costs | 6,469 | 8,261 | 6,191 | 7,465 | 8,142 |
| Other expenses | 48,117 | 45,215 | 45,613 | 50,381 | 47,267 |
| Total operating expenditure | 79,012 | 78,959 | 75,749 | 94,942 | 90,923 |
| Surplus/(Deficit) before income tax | 553 | 25,208 | 9,617 | 8,267 | 13,429 |
| Income tax expense | - | - | - | 1,684 | 7,146 |
| Surplus/(Deficit) for the period | 553 | 25,208 | 9,617 | 6,583 | 6,283 |
| Surplus/(Deficit) attributable to: | | | | | |
| - Council | 553 | 25,208 | 9,617 | 5,381 | 6,468 |
| - Non controlling interest | - | - | - | 1,202 | (185) |
| | 553 | 25,208 | 9,617 | 6,583 | 6,283 |

Statement of Comprehensive Income

| | Council | | | Group | |
|---|---------|--------|--------|--------|---------|
| | 2011 | Budget | 2010 | 2011 | 2010 |
| For the Financial Year Ended 30 June 2011 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Surplus/(Deficit) for the period | 553 | 25,208 | 9,617 | 6,583 | 6,283 |
| Other Comprehensive Income | | | | | |
| Gain/(Loss) on revaluation | 70,543 | 74,480 | - | 70,543 | 77,011 |
| Cash flow hedges | - | - | - | (357) | - |
| Income tax relating to other comprehensive income | - | - | - | 100 | (2,023) |
| Share revaluation | (8) | - | 1 | (8) | 1 |
| Total Comprehensive Income | 71,088 | 99,688 | 9,618 | 76,861 | 81,272 |
| Attributable to: | | | | | |
| - Council | 71,088 | 99,688 | 9,618 | 75,724 | 81,457 |
| - Non controlling interest | - | - | - | 1,137 | (185) |
| | 71,088 | 99,688 | 9,618 | 76,861 | 81,272 |

Statement of Changes in Equity

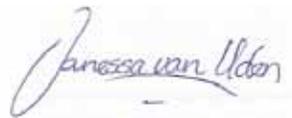
| Council | Revaluation Reserves | Operating Reserves | Capital Reserves | Hedging Reserve | Retained Earnings | Attributable to Equity Holders of Parent | Non Controlling Interest | TOTAL EQUITY |
|--|-----------------------------|---------------------------|-------------------------|------------------------|--------------------------|---|---------------------------------|---------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| For the Financial Year Ended 30 June 2011 | | | | | | | | |
| Balance at 1 July 2010 | 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 | (1,661) | (1,104) | (894) | - | 3,659 | - | - | - |
| Balance at 30 June 2011 | 308,103 | 13,875 | 13,055 | - | 461,109 | 796,142 | - | 796,142 |
| For the Financial Year Ended 30 June 2010 | | | | | | | | |
| Balance at 1 July 2009 | 244,444 | 10,326 | 13,748 | - | 446,918 | 715,436 | - | 715,436 |
| Total Comprehensive Income for the year | 1 | - | - | - | 9,617 | 9,618 | - | 9,618 |
| Transfers from/(to) retained earnings | (5,216) | 4,653 | 201 | - | 362 | - | - | - |
| Balance at 30 June 2010 | 239,229 | 14,979 | 13,949 | - | 456,897 | 725,054 | - | 725,054 |
| Group | | | | | | | | |
| | 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 2011 | | | | | | | | |
| Balance at 1 July 2010 | 314,217 | 14,979 | 13,949 | - | 467,173 | 810,318 | 120 | 810,438 |
| Total Comprehensive Income for the year | 70,535 | - | - | (192) | 5,381 | 75,724 | 1,137 | 76,861 |
| Capital introduced to QAC | - | - | - | - | - | - | 27,245 | 27,245 |
| Movement on dilution of shareholding in QAC | - | - | - | - | (1,728) | (1,728) | 1,728 | - |
| Transfers from/(to) retained earnings | (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 |
| For the Financial Year Ended 30 June 2010 | | | | | | | | |
| Balance at 1 July 2009 | 244,444 | 10,326 | 13,748 | - | 460,343 | 728,861 | 305 | 729,166 |
| Total Comprehensive Income for the year | 74,989 | - | - | - | 6,468 | 81,457 | (185) | 81,272 |
| Transfers from/(to) retained earnings | (5,216) | 4,653 | 201 | - | 362 | - | - | - |
| Balance at 30 June 2010 | 314,217 | 14,979 | 13,949 | - | 467,173 | 810,318 | 120 | 810,438 |

Summary Statement of Financial Position

| | Council | | | Group | |
|-------------------------------|----------------|------------------|----------------|------------------|----------------|
| | 2011 \$'000 | Budget \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 |
| As at 30 June 2011 | | | | | |
| Total current assets | 10,007 | 14,159 | 14,282 | 14,994 | 18,899 |
| Total non-current assets | 901,028 | 995,786 | 822,928 | 1,047,060 | 956,361 |
| Total assets | 911,035 | 1,009,945 | 837,210 | 1,062,054 | 975,260 |
| Total current liabilities | 16,719 | 35,852 | 61,140 | 27,758 | 104,088 |
| Total non-current liabilities | 98,174 | 103,386 | 51,016 | 119,752 | 60,734 |
| Total liabilities | 114,893 | 139,238 | 112,156 | 147,510 | 164,822 |
| Net assets | 796,142 | 870,707 | 725,054 | 914,544 | 810,438 |
| Equity attributable to: | | | | | |
| Council | 796,142 | 870,707 | 725,054 | 884,314 | 810,318 |
| Non controlling interest | - | - | - | 30,230 | 120 |
| Total Equity | 796,142 | 870,707 | 725,054 | 914,544 | 810,438 |

Mayor

25 October 2011



Chief Executive

25 October 2011



Summary Statement of Cashflows

| | Council | | | Group | |
|---|----------------|------------------|----------------|----------------|----------------|
| | 2011 \$'000 | Budget \$'000 | 2010 \$'000 | 2011 \$'000 | 2010 \$'000 |
| For the Financial Year Ended 30 June 2011 | | | | | |
| Net cash inflow/(outflow) from operating activities | 23,392 | 32,773 | 24,103 | 30,036 | 32,119 |
| Net cash inflow/(outflow) from investing activities | (21,898) | (55,419) | (33,878) | (35,452) | (46,943) |
| Net cash inflow/(outflow) from financing activities | (829) | 22,643 | 8,952 | 5,823 | 14,741 |
| Net increase/(decrease) in Cash and cash equivalents | 665 | (3) | (823) | 407 | (83) |
| Cash and cash equivalents at the beginning of the financial year | 326 | 138 | 1,149 | 3,109 | 3,192 |
| Cash and cash equivalents at the end of the financial year | 991 | 135 | 326 | 3,516 | 3,109 |

Accounting Policies

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

The annual report 2010/11 has been audited and gained an unqualified opinion, which means the report has met the requirements of the Local Government Act 2002.

This summary financial report has been examined by the auditor for consistency with the full financial report. The auditor's report is included with this summary. The Council's full financial report has complied with NZ GAAP and stated explicitly that they comply with NZ equivalents to IFRS (International Financial Reporting Standards) as applicable for public entities. The summary report complies with FRS 43 – Summary Financial Statements.

Subsequent Events

Queenstown Airport Corporation Ltd (QAC)

On 22 August 2011 the QAC Board resolved to pay a dividend of \$0.205 per share, resulting in a gross dividend of \$3,288,060 (2010: Nil). Council's share of this dividend will be \$2,466,373.

Contingent Liabilities

Council

Legal Claims

A total of five building related legal claims were received for buildings within the district at 30 June 2011. Council has been joined as a party in all of these claims. Four of these were in respect of alleged weathertightness building defects. Two claims were settled post year end and were provided for (note 16 of the full annual report). The total of the remaining three claims is \$9.9m. 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 likely outcome of the claims at this stage. Accordingly no provision has been recognised. Notwithstanding this Council estimates its exposure to the above claims could be \$4.0m (net of insurance recoveries). 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.

Explanation of Major Variances against Budget

Statement of Financial Performance

The Council alone recorded an operating surplus of \$0.6m for the year. Operating revenues were down by 11% on last year and below budget by 21.5% (see below). Operating costs were on budget for the year (up on last year by 4.1%). However, these costs are inflated by the inclusion of a provision of \$2.4m for legal claims against the Council. The reported surplus includes \$1.6m of unrealised losses pertaining to the revaluation of investment property. This follows a 2010 value reduction of \$5.2m, which together represents an unrealised loss in value of around 9.3% in the past 2 years.

Revenue was below estimate by \$24.6m for the year ended 30 June, 2011. The following major items (all relating to capital expenditure) contributed to this variance:

- Development contribution income was below budget by \$10.7m 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 \$6.7m below budget for the year.
- Roading subsidy was \$4.6m under budget for the year, as a result of reduced roading capital expenditure due to the timing and deferral of some projects.

Operating expenditure was on budget for the year ended 30 June 2011. 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 \$1.8m less than budget. This is a result of the deferral of all non-essential capital works and lower than expected interest rates.
- Staff related costs for the year are \$0.6m 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 \$0.45m 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 \$2.9m above budget. This variance is mostly due to the inclusion of a \$2.4m provision for claims against the Council and the cost of defending the action taken against Council in relation to the change in QAC share-holding (\$0.6m).
- There is \$2.1m 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 \$2.1m relates primarily to reduced maintenance costs for utilities (\$0.9m), and roading (\$0.9m) .

Statement of Financial Position

The main variance relates to the difference in expected capital expenditure for the year.

Capital expenditure was below estimate by \$40.3m for the year ended 30 June 2011. The following major items contributed to this variance:

- The main component of the variance relates to \$11.3m of project expenditure within the water supply and wastewater activities which has been delayed or deferred. Projects include several reticulation upgrades in Wanaka and Queenstown and upgrades to Wanaka and Frankton wastewater pump stations, and the Arrowtown reservoir.
- There is \$10.1m of project expenditure within the roading activity which has been delayed or deferred. This includes upgrades to the Ardmore/Brownston intersection in Wanaka (\$2.7m) and the Frankton Flats arterial road (\$1.1m).
- There is also \$4.5m of project expenditure within the community services activity which has been delayed or deferred. Most of the budget for the Wanaka Sports Facilities project (\$0.34m) was not spent and has been carried forward. Other projects affected were Wakatipu and Wanaka Reserve Land (\$3.3m) and planned upgrades to the Earnslaw Park Toilets (\$0.55m).

- There is also \$2.6m of project expenditure within the commercial property activity which has been delayed or deferred. This mainly relates to the timing of the upgrade to water and sewerage systems at Glendhu Bay Holiday Park (\$1.9m).
- Vested Assets were \$6.7m below budget for the year.
- Loan Repayments were \$1.2m below budget for the year.
- The remaining component of the variance relates to \$2.1m 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 \$1.6m for the year. This movement coupled with the \$22.1m unrealised loss for previous two years, has led to the main variation in the balance sheet which shows Investment Property \$27m below the forecast position. Borrowings are \$23m below forecast; this positive variance relates mainly to the deferral of capital projects (see above).

Statement of Changes in Equity

Accumulated differences between actual and budgeted net surpluses (for 2011 as described above and for 2010) has resulted in an equity variance of \$75m 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 \$33m below estimate and new borrowings were consequently around \$23m less than expected.



Monitoring of Community Outcomes

As an introductory comment, a comparison of how the District was performing in 2006 compared to how it is performing in 2009 provides the following figures (ratings are out of 5):

| Community Outcome | 2006 Rating | 2009 Rating |
|---|-------------|-------------|
| Sustainable Growth Management | 2.9 | 3.2 |
| Quality landscapes and natural environment and enhanced public access | 3.1 | 3.1 |
| A safe and healthy community that is strong, diverse and inclusive for people of all age groups and incomes | 2.4 | 2.6 |
| Effective and efficient infrastructure that meets the needs of growth | 2.6 | 3.1 |
| High quality urban environments respectful of the character of individual communities | 2.9 | 3.4 |
| A strong and diverse economy | 3.4 | 3.8 |
| Preservation and celebration of the district's local cultural heritage. | 2.8 | 3.0 |

The overall measure of performance, namely "Sustainable Growth Management" shows an improvement from a 2.9 to 3.2 rating. In all community outcomes except "Quality landscapes and natural environment and enhanced public access", improved performance is indicated. The lowest performing community outcome remains, "a safe and healthy community that is strong, diverse and inclusive for people of all age groups and incomes". Much of this rating is driven by population figures, such as age structure, that are not performance based, but much of it is also derived from housing affordability issues.

Further analysis has established the following trends and items of significance:

- Property prices peaked in 2007 and have started to fall since 2008. There is considerable uncertainty as to where the market will go due to the global credit crunch and current economic slow down;
- The satisfaction rating for a range of community facilities remains high. In particular libraries and swimming pools;
- 75% (2011) of respondents to the resident's survey are satisfied with the District Plan. This represents a continuing moderate increase since 2005;
- Since 2005 there has been a continuing increase in the community's satisfaction with parks, reserves and gardens maintenance to a very high level of satisfaction 97% (2011);
- Community satisfaction in relation to the efficient and effective use of infrastructure has also shown an increase. The results indicated satisfaction levels around the target levels for the community as a whole in relation to roading, footpaths and parking although the results for individual communities fluctuated;
- The community response in relation to satisfaction with the reliability and quality of water supply continues to exceed targets;

- The number of heritage sites protected in the district plan has increased and this has been reflected this year in an increase in satisfaction;
- Results have continued an upward trend in the communities overall sense of pride in the area (80% 2011) and the look and feel of their towns;
- The visitor-serving and construction/property sectors continue to dominate our local economy, and despite the current economic conditions, are likely to continue to do so for the foreseeable future.

A detailed report can be found on the Council's website www.qldc.govt.nz.

Overall Perception of Performance

Overall Performance QLDC

Overall, as mentioned, on the basis of the 4-point scale we have seen a marked increase in satisfaction with the Council being 86% satisfaction 2011 (76 % 2010).

Customer satisfaction

It is good to note that in general the Council has seen an improvement in satisfaction across the board. It also continues to be rewarding to see that the 'sense of pride' felt in our communities, which leapt from 56.5% (2009) to 77.7% (2010) continues to increase 80% (2011).

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.

The following is a selection of our key targets by activity. Details of all targets are available in the full annual report.

Governance and District Promotion - Key Targets

Overall activity performance: 56% of targets achieved. (55% 2010).

Community Leadership

| Target | Achievement |
|--|--|
| 75% satisfaction with the level of community consultation as determined by the annual residents satisfaction survey. | 77% satisfaction achieved. (61% 2010). |

Tourism Marketing

| Target | Achievement |
|--|---------------------------|
| 90% satisfaction, as determined by the annual residents satisfaction survey, with Tourism Promotion. | 87% achieved. (87% 2010). |

Property - Key Targets

Overall activity performance: 50% of targets achieved (56% 2010).

Camping Grounds

| Target | Achievement |
|---|-----------------|
| 80% satisfaction for all camping grounds as determined by annual residents satisfaction survey. | 75% (71% 2010). |

Community - Key Targets

Overall activity performance: 81% of targets achieved. (78% 2010).

Library Services

| Target | Achievement |
|---|--|
| 95% satisfaction with the range of books available as determined by the annual residents satisfaction survey. | 96% satisfaction achieved. (97% 2010). |

Community Development

| Target | Achievement |
|---|---------------------------------------|
| 85% satisfaction with community grants as determined by the annual residents satisfaction survey. | 88% satisfaction achieved. (86% 2010) |

Community Information

| Target | Achievement |
|--|--|
| 85% satisfaction with how well residents are kept informed, as determined by the annual residents satisfaction survey. | 84% satisfaction achieved. (67% 2010). |

Public Toilets

| Target | Achievement |
|---|---------------------------------------|
| Satisfaction as determined by annual residents satisfaction survey: | |
| 75% provision of public toilets | 86% satisfaction achieved. (84% 2010) |
| 75% cleanliness | 90% satisfaction achieved. (73% 2010) |

Community Facilities

| Target | Achievement |
|---|---------------------------------------|
| 80% satisfaction with swimming pools, as determined by the annual residents satisfaction survey. | 80% satisfaction achieved. (80% 2010) |
| 90% satisfaction with community halls, as determined by the annual residents satisfaction survey. | 83% satisfaction achieved. (83% 2010) |

Waterways Facilities

| Target | Achievement |
|---|---------------------------|
| 80% satisfaction with waterways facilities as determined by annual residents satisfaction survey. | 84% achieved. (79% 2010). |

Parks and Recreation Facilities

| Target | Achievement |
|--|--|
| 90% satisfaction with parks, reserves and gardens maintenance as determined by the annual residents satisfaction survey. | 97% satisfaction achieved. (94% 2010). |
| 85% satisfaction with number of sportsgrounds, as determined by the annual residents satisfaction survey. | 86% satisfaction achieved. (87% 2010). |
| 90% satisfaction with provision of cycleways and walkways, as determined by the annual residents satisfaction survey. | 96% satisfaction achieved. (96% 2010). |

Emergency Services

| Target | Achievement |
|---|---------------------------------------|
| 90% satisfaction with rural fire suppression, as determined by the annual residents satisfaction survey. | 94% satisfaction achieved. (89% 2010) |
| 90% satisfaction with Civil Defence activities as determined by the annual residents satisfaction survey. | 91% satisfaction achieved. (89% 2010) |

Resource Management and Regulation - Key Targets

Overall activity performance: 73% of targets achieved. (69% 2010).

The District Plan

| Target | Achievement |
|--|---------------------------------------|
| 70% Satisfaction with District Plan planning policy as determined by the annual residents satisfaction survey. | 75% satisfaction achieved. (64% 2010) |

Resource Consents

| Target | Achievement |
|--|---------------------------------------|
| 50% satisfaction with resource consent planning as determined by the annual residents satisfaction survey. | 49% satisfaction achieved. (37% 2010) |
| 90% of resource consent applications and related functions are processed within statutory timeframes. | 97% achieved. (80% 2010) |

General Environmental Health

| Target | Achievement |
|--|---------------------------------------|
| 80% Satisfaction with noise control as determined by annual residents satisfaction survey. | 67% satisfaction achieved. (68% 2010) |

Inspection and Licensing

| Target | Achievement |
|---|---------------------------------------|
| Satisfaction as determined by annual residents satisfaction survey: | |
| Liquor Licensing - 60% | 81% satisfaction achieved. (54% 2010) |
| Food Premises - 80% | 94% satisfaction achieved. (89% 2010) |

Dog and Animal Control

| Target | Achievement |
|---|---------------------------------------|
| Satisfaction as determined by annual residents satisfaction survey: | |
| 80% Registration and Licensing. | 86% satisfaction achieved. (81% 2010) |
| 60% Dog Enforcement Services. | 63% satisfaction achieved. (57% 2010) |

Carparking Enforcement

| Target | Achievement |
|---|--|
| 60% satisfaction with parking enforcement services as determined by the annual residents satisfaction survey. | 65% satisfaction achieved. (71% 2010). |

Building Control

| Target | Achievement |
|---|--|
| Satisfaction as determined by annual residents satisfaction survey: | |
| Building Control Services - 60% | 51% satisfaction achieved. (40% 2010). |
| LIM Services - 80% | 85% satisfaction achieved. (81% 2010). |

Waterways Control

| Target | Achievement |
|---|--|
| 90% satisfaction with Harbourmaster Services as determined by the annual residents satisfaction survey. | 89% satisfaction achieved. (91% 2010). |

Utilities - Key Targets

Overall activity performance: 50% of targets achieved. (42% 2010).

Water Supplies

| Target | Achievement |
|---|--|
| Satisfaction as determined by the annual residents satisfaction survey: | |
| 85% water quality | 80% satisfaction achieved. (80% 2010). |
| 100% reliability | 93% satisfaction achieved. (90% 2010). |

Stormwater

| Target | Achievement |
|---|---------------------------------------|
| 85% Satisfaction with storm water facilities as determined by the annual residents satisfaction survey. | 76% satisfaction achieved. (73% 2010) |

Wastewater

| Target | Achievement |
|---|---------------------------------------|
| 85% Satisfaction with wastewater as determined by annual residents satisfaction survey. | 86% satisfaction achieved. (86% 2010) |

Waste Management

| Target | Achievement |
|--|---------------------------------------|
| Satisfaction with: | |
| Recycling Collection Service - 85% | 92% satisfaction achieved. (94% 2010) |
| Refuse Collection Service - 85% | 89% satisfaction achieved. (84% 2010) |
| Resource Recovery Parks - 85% | 89% satisfaction achieved. (91% 2010) |
| Landfill site management - 85% | 90% satisfaction achieved. (87% 2010) |
| Transfer station - 85% | 89% satisfaction achieved. (90% 2010) |
| Based on the annual residents satisfaction survey. | |

In accordance with the Waste Management Strategy to divert 35% of waste from landfill. 29% achieved. (26% 2010)

Roading and Parking - Key Targets

Overall activity performance: 85% of targets achieved. (71% 2010)

Roading

| Target | Achievement |
|---|---------------------------------------|
| Satisfaction with: | |
| 70% Sealed roads | 83% satisfaction achieved. (76% 2010) |
| 70% Unsealed roads | 78% satisfaction achieved. (74% 2010) |
| 60% Footpaths | 74% satisfaction achieved. (67% 2010) |
| 65% Bus Stop Facilities | 85% satisfaction achieved. (88% 2010) |
| 90% Trails and Cycleways | 96% satisfaction achieved. (96% 2010) |
| based on the annual residents satisfaction survey. | |
| 100% Streets cleaned to an acceptable level to the community as determined by the annual residents satisfaction survey. | 83% satisfaction achieved. (85% 2010) |

Parking Facilities

| Target | Achievement |
|---|---|
| 60% Overall Satisfaction with parking facilities based on the annual residents satisfaction survey. | 56% satisfaction achieved. (52% 2010). |





INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
QUEENSTOWN LAKES DISTRICT COUNCIL AND GROUP'S
SUMMARY OF THE ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

We have audited the summary of the annual report (the summary) as set out on pages 10 to 18, which was derived from the audited statements in the annual report of the Queenstown Lakes District Council (the District Council) and group for the year ended 30 June 2011 on which we expressed an unmodified audit opinion in our report dated 25 October 2011.

The summary comprises:

- the summary statement of financial position as at 30 June 2011, and summaries of the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the District Council and group's non-financial performance information and summaries of other information contained in its annual report.

Opinion

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 25 October 2011 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the District Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

In addition to the audit we have carried out assignments in the areas of tax compliance, the audit of an amendment to the Long Term Council Community Plan, and 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 District Council or any of its subsidiaries.

Peter Gulliver
DELOITTE
On behalf of the Auditor-General
Dunedin, New Zealand
25 October 2011

Matters relating to the electronic presentation of the summary audited financial statements, statement of service performance and the other requirements

This audit report relates to the summary financial statements, statement of service performance and the other requirements of Queenstown Lakes District Council and group for the year ended 30 June 2011 included on Queenstown Lakes District Council's website. The Council is responsible for the maintenance and integrity of Queenstown Lakes District Council's website. We have not been engaged to report on the integrity of Queenstown Lakes District Council's website. We accept no responsibility for any changes that may have occurred to the summary financial statements, statement of service performance and the other requirements since they were initially presented on the website.

The audit report refers only to the summary financial statements, statement of service performance 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 summary financial statements, statement of service performance 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 summary financial statements, statement of service performance and the other requirements as well as the related audit report dated 25 October 2011 to confirm the information included in the audited summary financial statements, statement of service performance and the other requirements presented on this website.

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