

9 October 2025

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REPRESENTATION LETTER FOR THE YEAR ENDED 30 JUNE 2025

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements and statement of performance of Queenstown Lakes District Council for the year ended 30 June 2025 for the purpose of expressing an independent opinion about whether:

The financial statements:

- present fairly, in all material respects:
 - the financial position as at 30 June 2025; and
 - the financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

The statement of performance:

- presents fairly, in all material respects, the performance for the year ended 30 June 2025, including:
 - the performance achievements as compared with forecasts included in the statement of performance expectations for the financial year; and
 - the actual revenue and expenses as compared with the forecasts included in the statement of performance expectations for the financial year.
- complies with generally accepted accounting practice in New Zealand.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

We understand that because you will be issuing a non-standard audit report, the Auditor-General has the responsibility to refer to that audit report in a report to Parliament in accordance with section 20 of the Public Audit Act 2001.

General representations

To the best of our knowledge and belief:

- the resources, activities, and entities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations, and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of Queenstown Lakes District Council) to prevent and detect fraud or error, and which enables the preparation of the financial statements and the statement of performance that are free from material misstatement whether due to fraud or error.

Representations on the financial statements and the statement of performance

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and statement of performance, and that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements and the statement of performance as required by the Local Government Act 2002 and, in particular, that:
 - the financial statements:

- present fairly, in all material respects:
 - the financial position as at 30 June 2025; and
 - the financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the statement of performance:
 - presents fairly, in all material respects, the performance for the year ended 30 June 2025, including:
 - the performance achievements as compared with forecasts included in the statement of performance expectations for the financial year; and
 - the actual revenue and expenses as compared with the forecasts included in the statement of performance expectations for the financial year.
 - complies with generally accepted accounting practice in New Zealand.
- we believe the methods, significant assumptions, and data used in making and supporting the accounting estimates and the related disclosures in the financial statements and performance information are appropriate to achieve recognition, measurement, or disclosure that is in accordance with the applicable financial reporting framework;
- we have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements;
- we have adjusted or disclosed all events subsequent to the date of the financial statements and the statement of performance that require adjustment or disclosure; and
- we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and statement of performance as a whole. A list of the uncorrected misstatements is attached to this representation letter.
- we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with Public Benefit Entity Reporting Standards; and
- we confirm the appropriateness of the restatement of vested assets made to correct a material misstatement in the consolidated financial statements for the prior year ended 30 June 2024 that affect(s) the comparative information.

Representations about the provision of information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
 - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and the statement of performance; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- we have disclosed to you the results of our assessment of the risk that the financial statements and statement of performance may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements and the statement of performance.
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements and statement of performance communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and the statement of performance;

- we have provided you with all the other documents ("other information") which will accompany the financial statements and the performance information which are consistent with one another, and the other information does not contain any material misstatements; and
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

Specific Representations

- We believe the valuation performed on roading and infrastructure assets, investment property and campgrounds adequately represent the fair value of these properties, and we have been through a thorough process to review the inputs and assumptions made as part of the valuations.
- We have reviewed the calculation for the provision for impairment of the Shotover waste water assets and are comfortable with the assumptions in this provision, including the assumption that some of these assets will be reused in future projects.
- We are satisfied Note 14 to the financial statements explains QAC's provision regarding the additional compensation (and associated interest expense) for Lot 6. As stated, the provision represents QAC's estimate of potential cash payments and has been determined based on the independent external valuations ranging from \$26.2m - \$27.7m. We believe that the provision is necessary and has been appropriately recognised. We consider the disclosure made regarding the uncertainty of any additional compensation as a result of the Land Valuation Tribunal (LVT) decision is sufficient and appropriate. This assessment is based on the latest information available from ongoing legal proceedings, the tribunal hearing and external accounting advice received.
- We are satisfied that Note 23 to the financial statements explains QLDC and QAC's contingencies. As stated, the Councillors do not consider that provision for these items is necessary and has not therefore arranged funding to meet the liability should the contingency be realised. The Councillors do not consider that the contingency affects the appropriateness of the going concern basis of accounting in preparing the financial statements and the statement of service performance for the year ended 30 June 2025.

Publication of the financial statements and statement of performance and related audit report on a website

- The Council accepts that it is responsible for the electronic presentation of the audited financial statements and statement of performance.
- The electronic version of the audited financial statements and statement of performance and the related audit report presented on the website are the same as the final signed version of the audited financial statements and statement of performance and audit report.
- We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.
- We have assessed the security controls over audited financial and performance information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.
- Where the audit report on the full financial statements and statement of performance is provided on a website, the financial statements and statement of performance are also provided in full.

Going concern basis of accounting

We confirm that, to the best of our knowledge and belief, the Queenstown Lakes District Council has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Councillors continues to adopt the going concern basis of accounting in preparing the financial statements and the statement of performance for the year ended 30 June 2025. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the Queenstown Lakes District Council during the period of one year from the date of signing the financial statements and the statement of performance, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

We consider that the financial statements and the statement of performance adequately disclose the circumstances, and any uncertainties that we can reasonably be expected to be aware of concerning the adoption of the going concern basis of accounting by the Queenstown Lakes District Council.

The representations in this letter are made at your request and to supplement information obtained by you from the records of the Queenstown Lakes District Council and to confirm information given to you orally.

Yours faithfully

Mayor

Chief Executive

Appendix 1: Summary of Unadjusted Misstatements

| Unadjusted misstatements identified | Assets Dr/(Cr) (\$'000) | Liabilities Dr/(Cr) (\$'000) | Equity Dr/(Cr) (\$'000) | Profit or loss Dr/(Cr) (\$'000) |
|---|-------------------------------|------------------------------------|-------------------------------|---------------------------------------|
| Current year: | | | | |
| None noted | | | | |
| Prior year: | | | | |
| Reclassification of FY24 prior year over accrual to borrowing costs from revenue | - | - | - | (762) 762 |
| Prior year correction in the current year: | | | | |
| Reclassification of reserve land from investment property to PPE and related impairment | (2,300) 2,300 | - | 1,175 | (1,175) |
| Total | - | - | 1,175 | (1,175) |

Appendix 2: Summary of Omitted Disclosures

In performing our audit, no material uncorrected disclosure deficiencies were detected in the financial statements. The following omitted disclosures remain uncorrected in the financial statements and management has determined that these do not result in a material misstatement of the financial statement or non-compliance with the applicable legislative framework.

Omitted disclosures assessed by management as not being material

Ref

Fair Value Disclosures

For fair value measurements in Level 3, a reconciliation from the beginning balances to the ending balances, is required to be disclosed.

PBE IPSAS 30: *Financial Instruments Disclosures*, paragraph 33(c)

Revenue Disclosures

The existence and amounts of any advance receipts in respect of non-exchange transactions are required to be disclosed.

PBE IPSAS 23: *Revenue From Non-Exchange Transactions*, paragraph 106 (e)

Investment Property Disclosures

The following is required to be disclosed:

The amounts recognised in surplus or deficit for:

- Rental revenue from investment property;
- Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental revenue during the period; and
- Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental revenue during the period.

The methods and significant assumptions applied in determining the fair value of Investment Property.

PBE IPSAS 16: *Investment Property*, paragraph 86

Provision Disclosures

Entities are required to disclose the following in relation to provisions

- The increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.

PBE IPSAS 19: *Provisions, Contingent Liabilities and Contingent Assets*, paragraph 97

Fair Value Disclosures

If a class of property, plant and equipment is stated at revalued amounts, the following shall be disclosed:

- (c) The methods and significant assumptions applied in estimating the assets' fair values

PBE IPSAS 17: *Property, plant and equipment* paragraph 92(c)

Expected credit losses

An entity shall explain the inputs, assumptions and estimation techniques used to apply the requirements in paragraphs 73–93 of PBE IPSAS 41. For this purpose an entity shall disclose: (a)

The basis of inputs and assumptions and the estimation techniques used to: (i) Measure the 12-month and lifetime expected credit losses; (ii) Determine whether the credit risk of financial instruments has increased significantly since initial recognition; and (iii) Determine whether a financial asset is a credit-impaired financial asset. (b) How forward-looking information has been incorporated into the determination of expected credit losses, including the use of macroeconomic information; and (c) Changes in the estimation techniques or significant assumptions made during the reporting period and the reasons for those changes.

PBE IPSAS 30: *Financial Instruments: Disclosures* paragraph 42G-I

Contingent Liability

Unless the possibility of any outflow is remote an entity shall disclose, for each class of contingent liability as at the reporting date, a brief description of the nature of the contingent liability and, where practicable: an estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow; and the possibility of any reimbursement.

PBE IPSAS 19: *Provisions, Contingent Liabilities and Contingent Assets*, paragraph 100

Prior year imputation credits recognised in the current year

An entity shall disclose the amount of imputation credits available for use in subsequent reporting periods.

PBE IAS 12: *Income Taxes*, paragraph 81.3

A Council should disclose:

- A cross reference to the DWQAR and the aggregate compliance methodology;
- The DIA scale for actual results; and
- Narrative on why compliance is less than “all met”

DIA guidance for drinking water rules disclosure