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Introduction

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

Financial Result 2009/2010

The Council and its subsidiaries; Queenstown Airport Corporation, Lakes Leisure Limited and Lakes Environmental Limited, have reported an operating surplus of \$6.3m for the year. Each entity within the group has contributed to an improved financial result when compared to last year's \$4.3m group deficit. This is a very pleasing position and reflects both improved revenue generation and effective controls of costs during the period.

The Council alone recorded an operating surplus of \$9.6m for the year. Operating revenues were up by 9% on last year but below budget by 7% (see below). Operating costs are up on last year by 2.4% but remained largely on budget.

The reported surplus includes \$5.8m of unrealised losses pertaining to the revaluation of investment property (\$5.2m) and forestry assets (\$0.6m). This follows a 2009 value reduction of \$17.5m for investment property (\$16.9m) and forestry (\$0.6m). For investment property, this represents an unrealised loss in value of around 29% in the past 3 years. This was not unexpected, and is in line with the general market movement for property of this type and follows strong valuation gains in the previous 10-years.

Revenue was below estimate by \$6.9m for the year ended 30 June, 2010. The following major items contributed to this variance:

- Waste management revenue was \$2.5m below budget for the year, as a result of substantially less residual waste being created than was forecast. As a result both revenue and expenditure for waste management are significantly below budget for the year.
- Roothing subsidy was \$1.9m under budget for the year, as a result of reduced roading capital expenditure due to deferral of projects and changes to the approved NZTA programme.
- Development contribution income was below budget by \$0.7m for the year principally because of the continued slowdown in consent related activity.
- Vested Assets were \$0.9m below budget for the year.

Operating expenditure was marginally above estimate by \$0.1m for the year ended 30 June 2010. These are the major items; both positive and negative, that contributed to this variance:

- Waste management expenditure was \$2.4m below budget for the year, as a result of substantially less residual waste being created than was forecast. As a result both revenue and expenditure for waste management are significantly below budget for the year.
- Interest expense for the year is \$1.2m less than budget. This is a result of the deferral of all non-essential capital works and lower than expected interest rates.
- There is \$1.6m 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.
- Depreciation expense for the year is \$0.4m higher than budget. This is a non cash item and relates primarily to the timing of project expenditure and higher than anticipated levels of vested assets over recent years.
- The balance of the variance of \$1.5m relates primarily to increased maintenance costs for water supply (\$0.8m), and roading (\$0.6m).

Capital expenditure was below estimate by \$30.3m for the year ended 30 June 2010. The following major items contributed to this variance:

- The main component of the variance relates to \$9.4m of project expenditure within the community services activity which has been delayed or deferred. Most of the budget for the Wanaka Sports Facilities project (\$6.0m) was not spent and has been carried forward. Other projects affected were Wakatipu Reserve Land (\$2.0m) and planned upgrades to the Wanaka Pool and Queenstown Events Centre.
- There is also \$8.2m 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 wastewater pump stations, and the Arrowtown water supply bores.
- There is \$4.9m of project expenditure within the roading activity which has been delayed or deferred as a result of changes to the approved NZTA programme.
- There is also \$4.3m of project expenditure within the commercial property activity which has been delayed or deferred. This mainly relates to the deferral of development work on Council development land at the Commonage.
- Vested Assets were \$0.9m below budget for the year.
- The remaining component of the variance relates to \$1.6m 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 \$5.2m for the year. This movement coupled with the \$16.9m unrealised loss for last year, has led to the main variation in the balance sheet which shows Investment Property \$25m below the forecast position. Borrowings are also \$12m below budget; this relates mainly to the deferral of capital projects (see above).

Project delivery

Infrastructure

Deferral of projects and savings - due to closer scrutiny by staff - are two key reasons the Council district-wide infrastructure capital works was \$14.5 million under budget for the 2009/10 year. That is a budget underspend of 34.8%. There were several aspects to 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 for need at each key stage and projects or part projects deferred where possible. A reduction in growth has been another factor. A significant amount of the under-expenditure had been in wastewater projects. Projects where there were savings included:

- Closed Landfills Queenstown \$216,000.
- Refuse Bins \$215,489.
- Project Shotover Stage 1 \$104,482.
- Aubrey Road East Reticulation \$ 767,732.
- Allenby Farms Reticulation and Pump Station \$408,577.
- Bremner Bay Pump Station \$420,856.
- Gordon Land Sewer Upgrade \$215,635.
- Arrowtown Bore Field Upgrade \$823,812.
- Peninsula Bay Water \$135,403.
- Hawea Water Supply Upgrades Stage 1 – Falling Main \$145,152.
- Gorge Road Stage 3 – road reconstruction \$142,039.
- Humphrey Street Extension \$489,298.
- The reduction in New Zealand Land Transport funding had also seen several capital works projects postponed.

The key advantage is that this flows into 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.

What have we delivered?

Here are some of the projects that have been delivered during 2009/10:

- Resurfaced 27.65 km of sealed road.
- Sealed 1.5km of unsealed road at Hawea Flat.
- Rehabilitated 14.65km of sealed road including parts of: Queenstown-Glenorchy Road, Malaghans Road, Coronet Peak Road, Gorge Road, Willow Place (all), Crown Range Road and Robins Road.
- Built 1514m of new footpath including Totara Terrace and Lake Avenue.
- Completed Wastewater upgrade projects at Willow Place and Kawarau Place.
- Largely completed the Church Street upgrade.
- Replaced part of the Sunshine Bay to Queenstown wastewater gravity main.
- Largely completed the capacity upgrade to the Two Mile water intake.

- Largely completed the capacity upgrade to the Kelvin Heights water intake.
- Renewed various water and wastewater pipelines.
- Installed bus shelters around Queenstown.
- Renewed 111m of drainage culverts and 47m of kerb and channel.
- Resolved all Environment Court appeals for Project Shotover and commenced delivery team procurement.
- Implemented a Hansen Asset Management System (Version 8) for 3-Waters assets.
- Procured and began a new Road Maintenance Contract with Downer NZ Ltd.
- Delivered six school travel plans involving 1600 children.
- Capped the Tucker Beach Landfill with a semi-permeable cap.
- Introduced on 1 October 2009 a new district wide refuse and litter bin collection service.

Community

The delivery of community capital works projects has been sustained at a high level with 48 of the 58 projects having been completed. This represents a completion rate by value of 81.8% for capital projects (excludes land purchase budgets). The remaining projects to will be completed in spring when planting conditions permit. Of note is an increase from 43.16 hectares of park per 1,000 residents in 2007 to 87.94 hectares in 2010 (more than double).

What have we delivered?

Here are some of the projects that have been delivered during 2009/10:

- Yewlett Crescent, Frankton Landscaping.
- Lake Hayes Pavilion.
- New Toilets at Lake Hayes Estate, Lake Hayes Reserve, Recreation Ground and Wanaka Station Park.
- Marine Parade.
- Frankton Courts.
- Upgrade of Kelvin Heights Track.
- Hawea Foreshore Plan.
- Glendhu Bay Walkway.
- Roys Bay Marina

Other Project Highlights

10-Year Plan

The 2009 10-Year Plan highlights financial affordability as one of the key issues.

At the Council meeting on 31 July 2009 the Council voted to establish a strategic steering group to guide a process to address the affordability issue and to undertake the following actions:

1. Use a steering group to guide the review process.
2. More focus on project justification and affordability.
3. Introduce a more meaningful prioritisation process.
4. Evaluate water supply demand management savings.
5. Revisit funding assumptions for network extensions.
6. Complete a benchmarking exercise to better understand costs and levels of service.
7. Review how cost estimates are developed.
8. Prepare a number of different 10-Year Plan scenarios.

The Steering Group, established for the preparation of the 2009 10-Year Plan, provided guidance throughout this review process and helped deliver the key objectives identified below:

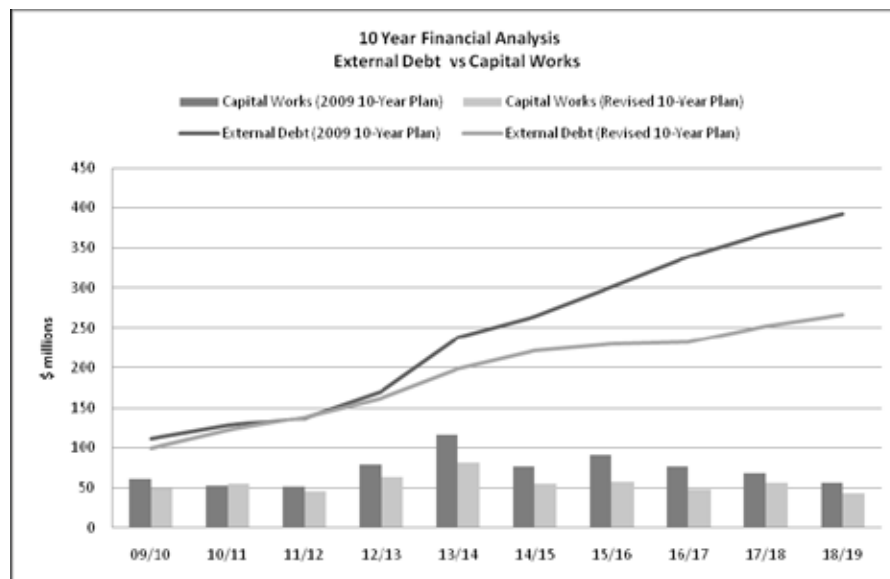
- i. To ensure that Council delivers an affordable 10-Year Plan for 2012 that meets the needs of growth. (Affordability is to be defined by QLDC's Liability Management Policy and the community with regard to acceptable rates increases).
- ii. To ensure that any expenditure committed over the interim years is thoroughly justified and appropriate. (Appropriateness is in regard to scope, levels of service, timing and cost).
- iii. Ensure that service is maintained while delivering on the above objectives.

The members of the steering group are; Mayor Clive Geddes, Councillor and Deputy Mayor John S Wilson, Councillor Vanessa van Uden, Councillor John Mann, Councillor Leigh Overton, Chief Executive - Debra Lawson and General Manager Finance / Deputy CEO - Stewart Burns. A detailed progress report is due to be presented to the full Council in October 2010. What follows is a summary of the key findings.

Of all the workstreams, the one investigating the impact of water demand management shows the greatest potential for savings, with \$72.4m to come out of to the 10-year capital programme. This can only be achieved if targets are met, which presents a major challenge for each community.

The next most significant savings, around \$65.8m, are likely to come from the workstream looking at reviewing cost estimates for infrastructure services projects. This reflects both a change 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 \$125.7m from \$392.5m to \$266.9m. This change is shown in the following graph:



Although significant progress has been made in the first 14 months of the review, 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. It is recommended that a target of removing more than this is set to provide a buffer against unexpected changes and Council is now well placed to achieve this.

Consultation

The Council has undertaken some significant consultation with the community during the 2009/10 year, culminating in the 2010 Annual Plan. Community participation strongly influenced a number of key decisions. One of the key issues being consulted on through the Annual Plan was the relocation of the Queenstown Library to allow for future growth. The majority of submissions were opposed to the proposal. The decision was for the library to remain where it was. Safety in the Queenstown CBD was another high profile issue, with the council opting to include \$200,000 in the plan (to enhance lighting) and for investigating the installation of CCTV in the town.

Other consultation projects during 2009/10 included the Community Pricing Policy, the Memorials and Plaque Policy, the preparation of the draft Queenstown Gardens Management Plan, parking changes for the Queenstown CBD, the Albert Town Reserve Management Plan, Urban Growth Boundaries and a major project around the future of rural areas.

Wanaka Sports Facilities/Aquatic Centre

The Council resolved in February 2009 to further investigate a greenfield site option for this proposed facility. Funding for a sports facility and fields was allocated in the 10-Year Plan. A report went to the full Council in August and a request was made for further information. The 10-Year Plan has \$10.6 million to build the sports facility. Meanwhile the \$350,000 Wanaka pool upgrade commenced in July 2010, with the pool to re-open in September.

Shotover Delta

Progress continues on the project that will introduce disposal of wastewater to land in the Wakatipu Basin. Consents were granted by the Environment Court in mid-May 2010. The project team is now focused on confirming a Design, Build and Operate (DBO) contract by the end of 2010. The plan is to have the plant operational by 2013.

Sustainable growth management.

Monitoring

Council undertook a significant monitoring project in publishing a review of the effectiveness and efficiency of the Rural General Zone. This involved extensive analysis of data on resource consents issued in the zones and conversations with many resource management practitioners. Work has been undertaken to produce a similar report in the other Rural Zones. Council reported as it has done at least annually on the Dwelling Capacity Model. This model monitors the capacity for residential development in the district.

Queenstown and Queenstown Town Centre Strategies

The Queenstown strategy is intended to provide Council guidance on the future direction of development in the town centre. The final strategy was adopted by Council in December 2009. The Wanaka Town Centre Working Party finalised the Wanaka strategy and background documents in September 2009. The Council adopted the strategy in October 2009. Since then the priority actions outlined in section 9 of the strategy are being progressively implemented. A monitoring report outlining progress of the actions will go to the November/December 2010 Strategy Committee.

Cardrona Structure Plan

The decision to develop a structure plan for Cardrona flowed from a desire of the local community for a more detailed consideration of the relationship of the existing village and surrounding activities. Previous planning investigations in this area provided background for the development of a draft structure plan which was consulted on in early 2009, with a final structure plan being adopted in September of that year.

Urban Growth Boundaries

Two Plan Changes have been progressed in respect of Urban Boundaries. These look to provide a statutory basis for concepts identified in the Growth Management Strategy and Community Plans. A Discussion Document on Urban Growth Boundaries was consulted on in the spring. This looked at establishing a strategic approach to managing urban growth throughout the district. Further consultation was undertaken on developing a boundary for Arrowtown during the summer.

Quality landscapes, natural environment and enhanced public access.

District Plan

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

A number of Plan Changes have been notified in the 2009/2010 year including:

Plan Change 27A	Updating Noise Measurement Standards
Plan Change 29	Arrowtown Boundary
Plan Change 30	Urban Boundary Framework
Plan Change 40	Peninsula Bay Zoning Correction

Private Plan Changes:

Plan Change 35	Queenstown Airport
Plan Change 37	Northern Frankton Flats
Plan Change 39	Arrowtown South

Plan Changes under appeal include:

Plan Change 16	Three Parks
Plan Change 18	Mount Cardrona Special Zone
Plan Change 19	Frankton Flats (B)
Plan Change 24	Affordable and Community Housing

Plan Changes made operative:

Plan Change 5B	Bible Face-Glenorchy
Plan Change 6	Access Widths
Plan Change 8	Car Parking
Plan Change 10	High Density Amenity
Plan Change 11B	Definition of Ground Level
Plan Change 25	Kingston Village Special Zone
Plan Change 28	Trails
Plan Change 40	Peninsula Bay Zoning Correction

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.

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.

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

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 35 homes through the Shared Ownership Programme, continuing this innovative programme in the District. Stage 1 of 5 homes at Nerin Square, Lake Hayes Estate was completed in December 2009. Construction of Stage 2 (22 homes) is planned to commence in 2011.

Contributions of land for affordable and community housing through negotiated stakeholder deeds has continued, raising the total number of sections committed from 107 to 118, to result in 295 new homes from 9 developments. The Housing Trust continues its work with these developments on the most effective means for housing delivery as the developments progress to market.

Plan Change 24: Affordable and Community Housing (adopted by Council in December 2008) has had a preliminary hearing in the Environment Court which confirmed scope under the Resource Management Act to address housing affordability issues when reviewing proposals for new developments seeking Council approval to rezone land. A substantive hearing is to be scheduled following resolution of an appeal lodged by appellants in the High Court.

Lakes Leisure

The 2009/10 period has seen the second 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. The organisation enjoyed record usage and participation increased by 9%. Satisfaction with the CCO has also increased with the annual resident and ratepayer survey registering a satisfaction level of 75%, a significant increase of 14% on the previous year. 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.

Effective and efficient infrastructure that meets the needs of growth.

Transport and Carparking Strategy

Key implementation activities over the 2009/10 were carried out in the areas of parking, passenger transport, travel behaviour change and road planning and management.

Parking initiatives included reviews of on-street and public off-street parking controls in Arrowtown, Queenstown and Wanaka Town Centres. Within Queenstown in particular the outcomes were linked to the improvement of bus services and a move to accessible visitor.

In preparation for the introduction of improved bus services by the ORC work was undertaken on the specification and tendering of bus shelters and the legalisation of bus stops. Preparation for the future expansion of services into new areas was undertaken with the identification of stops for Kelvin Heights, Quail Rise, and Lake Hayes Estate.

The Council's travel behaviour programmes commenced the development of school travel plans and associated transport system improvements for Wanaka Schools (Hawea Flat and Wanaka Primary) and the new Remarkables Primary School. The Council continued to work with the New Zealand Transport Agency and other key stakeholders on the development of the district's road network. This included input to the development of NZTA bus priority and pedestrian access planning for Frankton Road and planning of the arterial network for Frankton Flats.

Water Demand Management

The Council consulted on ways to restrict excessive use of water during the 10-year plan process, having adopted a new Water Supply Bylaw, which commenced on 20 December 2008. This allows the Council to control activities which are an abuse of the purpose for which potable water is provided. As a result of the consultation the Council now has prepared Demand Management Plans for communities district-wide and significant work involving leak detection has been undertaken.

Waste Management

In 2009 the community asked the Council to provide better options around waste management collection (recycling and refuse). The key message from the community was to provide incentives for those that minimise waste and recycle to a high degree. These options were consulted in April/May 2009 as part of the 10-year plan consultation.

The adopted plan (30 June 2010) has allowed for the implementation of five new refuse options ranging from create no rubbish to the introduction of the 'half bag' (30 litre) and the 120 litre wheelie bin (Council-owned) service. In terms of organic material the Council worked on providing subsidised incentives, including worm farms and composting solutions.

Flood 2010

An unseasonal April/May flood event saw three homes evacuated in Kingston and Glenorchy and low lying flooding of reserves and roads in the Queenstown CBD. The Council worked with the community to prepare for the worse case scenario, which thankfully did not eventuate.

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

Urban Design and Urban Design Strategy

In the 2009/10 year the Queenstown Urban Design Panel reviewed 15 projects, compared with 23 in the previous 12 months. This reflects a decrease in development in the last financial year. The Wanaka Panel reviewed 5 projects compared to 5 in the previous 12 months. This continues to reflect a lower level of development in the Upper Clutha.

The membership of the two panels was reviewed in November 2009. A total of 19 panel members were appointed to the Queenstown Panel for a duration of two years commencing in January 2010. In Wanaka 12 panel members were appointed for the same period.

The Queenstown Lakes District Urban Design Strategy was adopted by Council in November 2009.

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 is set to benefit from these games with a tourism flow on effect. In addition to this the district has also been confirmed as an official RWC 2011 training venue for three teams – Ireland, England and the winner of the playoff between Romania and Uruguay on 27 November. The Council has been working with other agencies on welcoming both the teams and their supporters.

Event Partnership

A major event that receives support from the Council was held at the start of the year. Challenge Wanaka is the world's most scenic iron distance triathlon. This year over 1,000 athletes enter from 24 countries and the Council was able to support this international sporting event through its event partnership programme to the value of \$20,000.

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.

Facilitation

Economic development is an area where the Council takes a facilitation role, particularly in the area of employment. Some of the Council's roles in the 2009/2010 year have included the Mayor's Taskforce on Jobs, Seasonal Solutions, membership of Otago Forward, facilitation of the Otago Fashion Incubator programme and support and facilitation in terms of a number of events throughout the district, including, Summerdaze, Wanaka's Festival of Colour and Queenstown's ASB Jazzfest.

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.

Heritage Strategy

In May 2008 the Council established the Heritage Strategy working party. The role of the working party 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 and was then finalised in March 2010. The Council adopted the strategy in April 2010.

Arrowtown Cottages

This can now be reported as a real success story. In February 2007 the Council purchased a 2000 square metre site in Arrowtown containing three historic Arrowtown miners cottages and a fourth property. Concern over the future of the three buildings led to the Council taking the decision that the preservation of the cottages was a priority. The Council purchased the cottages for \$1.9m and established the Buckingham Street Cottages Trust to work towards the restoration, preservation and utilisation of the cottages into the future. This work was largely completed in the 2009/10 financial year and the trust is now leasing the cottages for small business opportunities, including a local cafe.

Events Strategy

Council supports events in a number of ways including infrastructure support, communications, advocacy, venue hire, banners, power supply and event management assistance. In November 2008 the Council consulted on a draft Events Strategy. The Council considered a strategy was needed to clarify its role in supporting events. In June 2009 the community services committee adopted the Events Strategy and the budget of \$50,000 was approved through the 10-year plan process but was removed in the Annual Plan 2009/10 year in line with a review of all budgets.

Overall Perception of Performance

Customer satisfaction

It is pleasing to note that in general the Council has seen an improvement in satisfaction across the board. It is also continues to be rewarding to see that the 'sense of pride' felt in our communities, which leapt from 56.5% (2008/09) to 75.2% (2009/10) continues to increase 77.7% (2010).

Our 2008/2009 Residents' Satisfaction and Opinion Survey utilised a new methodology which effectively introduced the opportunity for those participating to choose a neutral position (this is known as a 5-point system). Previously participants have been 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.

In order to give some kind of context to the targets set in the 10-Year Plan, the 5-point results have been calculated on a 4-point scale - that is by removing the neutral component. This is not truly comparable with previous years, it helps to give context as already explained. In previous years only the 'percent satisfied' has been reported on but this was likely to have included an unknown number of people neither satisfied nor dissatisfied.

Overall Performance QLDC

Overall, as mentioned, on the basis of the 4-point scale we have seen a gratifying increase in satisfaction with the Council being 76% satisfaction 2010 (72.2 % 2009). Under the 5-point scale this equates to 54.1% satisfied 2010 (52.2% 2009), 28.8% neutral 2010 (28.5% 2008/09) and only 17.1% dissatisfied 2010 (19.3% 2009). This true comparison shows that true satisfaction increased and that less people were dissatisfied with the Council.

Conclusion

This year the Council has focused 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 here report a satisfactory financial result for 2009/10.

The year saw a number of significant changes, none-the-least being my appointment in March 2010 to the role of Chief Executive and the departure of Duncan Field after 10-years in the role. The contribution made by Mr Field during his tenure should be acknowledged here.

The Council continues to have a strong policy framework. The work delivered in 2009/10 to take financial stock, reforecast 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.

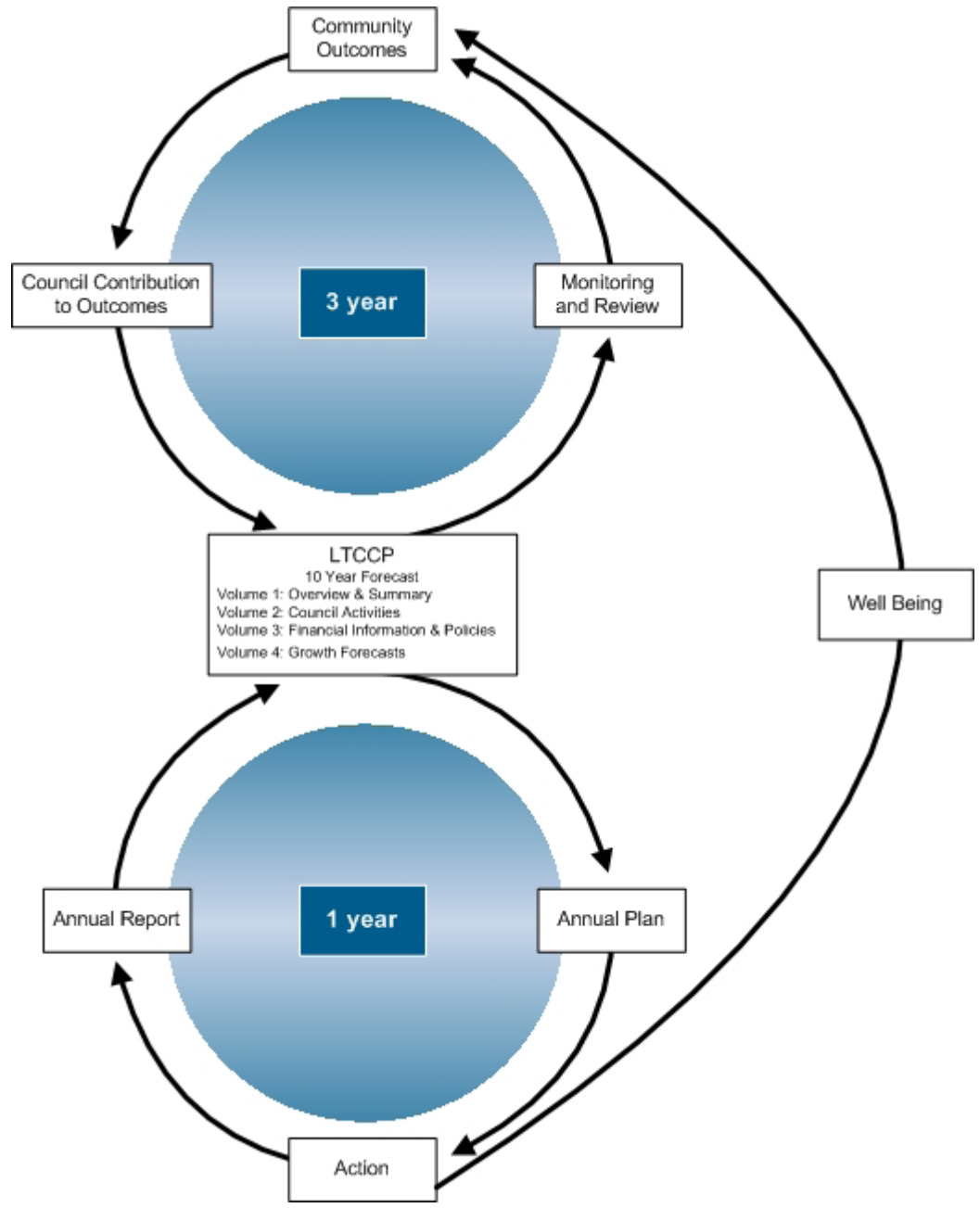
If one thing is certain, it is that QLDC faces continued uncertainty in the pace of change and the rate of growth. There are some challenges ahead for example in how we manage our water resources, Project Shotover (Wakatipu wastewater disposal to land) and in delivering the Wanaka Sports facilities in 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

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 (whether they work for Council or contractors) who work hard, often in challenging conditions and environments.
- The elected members – thank you for the enormous contribution you have personally made over the last three years and farewell to those who have chosen not to seek re-election. In particular Mayor Clive Geddes -, standing down from his role after three terms - deserves recognition and thanks from the Council, associated organisations and the community he has served in such a dedicated manner.
- 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 helps the Council to make better decisions.
- And finally to the media who inform the debate and highlight key issues to the wider QLDC community.

Debra Lawson
Chief Executive





Fact File

Area: 8467 square kilometres

Peak Population 2007: 78,847 (estimate)

Peak Population 2029: 137,404

Average Day Population 2007: 36,925 (estimate)

Average Day Population 2029: 68,305

Rateable properties 2009/10: 19,506

Source - Growth Projections 10-Year Plan 2009

Delegated Responsibilities as at 30 June 2010

<p>Mayor Clive Geddes</p> <p>Deputy Mayor John S Wilson</p> <p>Councillors</p> <p>Arrowtown Ward John Wilson</p> <p>Wakatipu Ward Cath Gilmour Vanessa Van Uden Gillian Macleod Lex Perkins John Mann Mel Gazzard</p> <p>Wanaka Ward John S Wilson Lyal Cocks Leigh Overton</p> <p>Wanaka Community Board Lyal Cocks (Chairperson) Jude Battson Dick Kane Ken Copland Carrick Jones John S Wilson Leigh Overton</p> <p>Council Committees</p> <p>Finance and Corporate Accountability Committee Community Services Committee Strategy Committee Utilities Committee</p>	<p>Chief Executive Debra Lawson</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 Regulatory and Corporate Services Roger Taylor</p> <p>Management Information Systems Manager Kirsty Martin</p> <p>Engineering Professional Services MWH NZ Ltd GHD Ltd</p> <p>Reserves / Three Waters Asplundh United Water PTY Ltd</p>	<p>General Manager Engineering Services Mark Kunath</p> <p>General Manager Communications / Customer Services Manager Meaghan Miller</p> <p>Regulatory / Resource Management Services Lakes Environmental Ltd</p> <p>Property Management Services Lakes Property Services</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

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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

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.
- Utilities.
- 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 2010 fairly reflect the financial position and operations of Queenstown Lakes District Council.



Clive Geddes
Mayor
6 October 2010



Debra Lawson
Chief Executive
6 October 2010

	Notes	Council			Group	
		2010	Budget	2009	2010	2009
For the Financial Year Ended 30 June 2010		\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Rates revenue	2 (a)	46,132	46,479	42,089	45,985	41,935
Other revenue	2 (a)	45,746	52,319	42,174	66,331	60,736
Other gains/(losses)	2 (b)	(6,512)	-	(16,427)	(7,964)	(16,426)
Total income	2 (g)	85,366	98,798	67,836	104,352	86,245
Expenditure						
Employee benefits expense	2 (c)	7,419	7,205	6,463	16,121	15,276
Depreciation and amortisation expense	2 (d)	16,526	16,158	14,534	19,393	17,240
Finance costs	2 (e)	6,191	7,431	5,598	8,142	8,174
Other expenses	2 (f)	45,613	44,857	47,365	47,267	49,140
Total operating expenditure	2 (g)	75,749	75,651	73,960	90,923	89,830
Surplus/(Deficit) before income tax		9,617	23,147	(6,124)	13,429	(3,585)
Income tax expense	3	-	-	-	7,146	732
Surplus/(Deficit) for the period		9,617	23,147	(6,124)	6,283	(4,317)
Surplus/(Deficit) attributable to:						
- Council	20	9,617	23,147	(6,124)	6,468	(4,148)
- Minority interest	20	-	-	-	(185)	(169)
		9,617	23,147	(6,124)	6,283	(4,317)

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

	Notes	Council			Group	
		2010 \$'000	Budget \$'000	2009 \$'000	2010 \$'000	2009 \$'000
As at 30 June 2010						
Current assets						
Cash and cash equivalents	28	326	138	1,149	3,109	3,356
Trade and other receivables	6	13,307	13,372	12,407	14,749	13,664
Inventories		-	-	-	22	16
Current tax refundable	3	-	-	-	-	176
Other financial assets	7	11	79	11	77	11
Other current assets	8	346	277	480	650	521
Development Properties	9	292	292	292	292	292
Total current assets		14,282	14,158	14,339	18,899	18,036
Non-current assets						
Investment in subsidiaries	24	5,873	7,576	6,345	-	-
Other financial assets	7	604	-	608	604	608
Property, plant and equipment	10	748,478	784,766	726,108	883,303	775,073
Forestry assets	11	-	-	-	481	1,219
Intangible assets	12	-	-	-	4,000	3,617
Investment property	13	67,973	92,951	72,449	67,973	72,449
Deferred tax assets	3	-	-	-	-	754
Total non-current assets		822,928	885,293	805,510	956,361	853,720
Total assets		837,210	899,451	819,849	975,260	871,756
Current liabilities						
Bank overdraft	28	-	-	-	-	164
Trade and other payables	14	10,612	16,714	13,393	13,064	15,451
Borrowings	15	48,002	16,624	52,003	84,742	52,141
Other financial liabilities	16	1,656	891	176	3,885	1,862
Employee entitlements	17	832	-	740	1,550	1,288
Finance lease liabilities	18	38	-	46	98	149
Current tax payable	3	-	-	-	749	251
Total current liabilities		61,140	34,229	66,358	104,088	71,306

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

	Notes	Council			Group	
		2010 \$'000	Budget \$'000	2009 \$'000	2010 \$'000	2009 \$'000
As at 30 June 2010						
Non-current liabilities						
Borrowings	15	51,016	94,203	38,017	53,270	70,980
Finance lease liabilities	18	-	-	38	205	304
Deferred tax liabilities	3	-	-	-	7,259	-
Total non-current liabilities		51,016	94,203	38,055	60,734	71,284
Total liabilities		112,156	128,432	104,413	164,822	142,590
Net assets		725,054	771,019	715,436	810,438	729,166
Equity						
Reserves	19	268,157	284,449	268,518	343,145	268,518
Retained earnings	20	456,897	486,570	446,918	467,173	460,343
Total equity attributable to the Council		725,054	771,019	715,436	810,318	728,861
Minority interest	20	-	-	-	120	305
Total Equity		725,054	771,019	715,436	810,438	729,166

Mayor

6 October 2010



Chief Executive

6 October 2010



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

	Notes	Council			Group	
		2010 \$'000	Budget \$'000	2009 \$'000	2010 \$'000	2009 \$'000
For the Financial Year Ended 30 June 2010						
Surplus/(Deficit) for the period		9,617	23,147	(6,124)	6,283	(4,317)
Other Comprehensive Income						
Gain/(Loss) on revaluation	19(a)	-	-	-	77,011	-
Income tax relating to gain on revaluation	19(a)				(2,023)	-
Share revaluation	19(a)	1	-	-	1	-
Total Comprehensive Income		9,618	23,147	(6,124)	81,272	(4,317)
Attributable to:						
- Council		9,618	23,147	(6,124)	81,457	(4,148)
- Minority interest		-	-	-	(185)	(169)
		9,618	23,147	(6,124)	81,272	(4,317)

Statement of Changes in Equity

	Council			Group	
	2010 \$'000	Budget \$'000	2009 \$'000	2010 \$'000	2009 \$'000
For the Financial Year Ended 30 June 2010					
Equity at beginning of year	715,436	747,872	721,560	729,166	733,483
Total Comprehensive Income	9,618	23,147	(6,124)	81,272	(4,317)
Equity at end of year	725,054	771,019	715,436	810,438	729,166

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

	Notes	Council			Group	
		2010 \$'000	Budget \$'000	2009 \$'000	2010 \$'000	2009 \$'000
For the Financial Year Ended 30 June 2010						
Cash flows from operating activities						
Receipts from customers		82,733	88,131	74,503	103,071	93,086
Interest received		-	-	39	89	195
Payments to suppliers and employees		(52,911)	(52,062)	(54,996)	(62,979)	(65,236)
Finance costs paid		(6,191)	(5,931)	(5,598)	(8,005)	(8,153)
Income tax paid		-	-	-	(482)	(337)
Net GST (payment) /receipt		472	-	157	425	181
Net cash inflow/(outflow) from operating activities	28(c)	24,103	30,138	14,105	32,119	19,736
Cash flows from investing activities						
Purchase of investments		(84)	-	(53)	(3)	(3)
Sale of other financial assets		7	-	113	7	113
Sale of investment property		239	-	-	239	-
Purchase of Civic Corporation Ltd (net of acquisition costs)		-	-	-	-	(19)
Cash acquired on amalgamation		-	-	36	-	-
Purchase of property, plant and equipment		(33,765)	(61,178)	(46,543)	(46,569)	(51,102)
Purchase of investment property		(776)	-	(875)	(776)	(875)
Purchase of intangible assets		-	-	-	(411)	(292)
Proceeds from sale of property, plant and equipment		501	-	1,660	570	1,678
Net cash inflow/(outflow) from investing activities		(33,878)	(61,178)	(45,662)	(46,943)	(50,500)
Cash flows from financing activities						
Proceeds from borrowings		8,952	46,039	31,926	14,982	32,041
Repayment of borrowings		-	(15,000)	-	(241)	(844)
Net cash inflow/(outflow) from financing activities		8,952	31,039	31,926	14,741	31,197
Net increase/(decrease) in Cash and cash equivalents		(823)	(1)	369	(83)	433
Cash and cash equivalents at the beginning of the financial year		1,149	139	780	3,192	2,759
Cash and cash equivalents at the end of the financial year		326	138	1,149	3,109	3,192
Represented by:						
Cash and cash equivalents		326	138	1,149	3,109	3,356
Bank overdraft		-	-	-	-	(164)
		326	138	1,149	3,109	3,192

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 and its wholly owned subsidiaries Queenstown Airport Corporation Limited ("QAC"), Queenstown Events Centre Trust ("QEC" (dormant)), Lakes Environmental Limited ("LEL"), Lakes Leisure Limited ("LL") and the 75% owned Lakes Combined Afforestation Committee ("LCAC").

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 a expense or income in the Statement of Financial Performance, except when it relates to items credited or debited to other comprehensive income, in which case the deferred tax is also recognised directly in other comprehensive income.

Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and other short-term highly liquid deposits that are readily convertible to a known amount of cash.

Financial Instruments

Financial assets and financial liabilities are recognised on the Council's or Group's Statement of Financial Position when the Council and/or Group becomes a party to contractual provisions of the instrument. Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract, whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through 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 32 to the financial statements. The Council and Group does not hold derivative financial instruments for speculative purposes.

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.

Derivative instruments entered into by the Group do not qualify for hedge accounting. The resulting gain or loss is recognised in the Statement of Financial Performance immediately.

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.

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 at Fair Value

- 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. 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. 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, 2007 by Rationale, independent valuers. Acquisitions subsequent to 1 July, 2007 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, 2007 by GHD Limited, independent valuers. Bridges and lighting are stated at valuation which is optimised depreciated replacement cost value.

Airport Land, Buildings, Roothing, 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.

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
Roothing - Basecourse	2.10%	SL
Roothing - Bridges	2.60%	SL
Roothing - Surfacing	8.60%	SL
Roothing - Other	1% - 10%	SL
Airport Assets at fair value	Rate (%)	Method
Buildings	2.5%-26.4%	DV
Airport Runway	1.67%-50%	SL
Roothing and Carparking	2.5%-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.

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 24 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 32.

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 Directors 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 2010.

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

In 2010 the group has changed their accounting policy with respect to the recognition of airport land, buildings, roading, carparking and runways held by QAC. The Group has moved from the cost model to the revaluation model pursuant to NZ IAS 16 Property, Plant and Equipment. Accordingly as of 30 June 2010 airport land, buildings, roading, carparking and runway assets held by QAC have been recognised at fair value pursuant to an independent valuation.

This change in accounting policy has had the following impact on the 2010 group financial statements:

- A decrease in the profit before tax of \$751,228 as a result of certain individual assets being revalued below cost.
- An increase in other comprehensive income of \$77,010,830 as a result of certain individual assets being revalued above cost.
- An increase in deferred tax liability (and a reduction in other comprehensive income) of \$2,022,640 representing the deferred tax consequences of the revaluation recognised directly as other comprehensive income.
- An increase in property plant and equipment of \$76,259,599 representing the increase from previous carrying value under the cost model to fair value under the revaluation model.

Adoption of New and Revised Standards and Interpretations

Standards and Interpretations effective in the current period

The Standards and Interpretations listed below became mandatory during the period.

Those with disclosure impact:

The impact of the adoption of the following Standards and Amendments has been to expand the disclosures provided in these financial statements:

Standard / Interpretation	Impact
NZ IAS 1 ' <i>Presentation of Financial Statements</i> ' (revised 2007)	The revised Standard has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. However, the revised Standard has no impact on the reported results or financial position of the Council.
Amendments to NZIRFS 7 Financial Statements: Disclosures	The amendments to NZ IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Council has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional relief offered in these amendments.
Improvements to NZ IFRS 2008: Derivative classification current versus non current.	Amendments to paragraphs 68 and 71 of NZ IAS 1 (2007) to clarify that financial instruments classified as held for trading in accordance with NZ IAS 39 are not always required to be presented as current assets/liabilities. Those derivatives that have a remaining maturity of more than 12 months are now presented as noncurrent assets/liabilities.

Those with no impact:

Other standards adopted during the year have not led to any changes in the Council's accounting policies or measurement or recognition impact on the periods presented in these financial statements.

Standards approved but not yet effective

At the date of authorisation of the financial statements, the following new or revised Standards or Interpretations were in issue but not yet required to be adopted by entities preparing financial statements for the period ending on 30 June 2010.

Standard / Interpretation	Effective for annual reporting periods beginning on or after:	Expected to be initially applied in the financial year ending:
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2009	*	30 June 2011
Improvements to International Financial Reporting Standards 2010	1 July 2010	30 June 2011
- Improvements to IFRS 3 and IAS 27	1 January 2011	30 June 2012
- Improvements to other standards		
Amendments to NZ IFRS 2 <i>Share-based Payment</i> - Group Cash-settled share-based payment transactions	1 January 2010	30 June 2011
Amendment to NZ IAS 32 <i>Financial Instruments: Presentation</i>	1 February 2010	30 June 2011
- Classification of Rights Issues		
Amendments to NZ IAS 24 <i>Related Party Disclosures</i>	1 January 2011	30 June 2012
NZ IFRS 9 <i>Financial Instruments</i>	1 January 2013	30 June 2014
NZ IFRIC 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2010	30 June 2011
Amendments to NZ IFRIC 14 <i>Prepayments of a Minimum Funding Requirement</i>	1 January 2011	30 June 2012

* The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2010, with earlier adoption permitted.

2. Surplus From Operations

For the Financial Year Ended 30 June 2010	Notes	Council		Group	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(a) Revenue					
Revenue consisted of the following items:					
Rates Revenue:					
General rates		9,907	16,275	9,874	16,237
Targeted rates		36,225	25,814	36,111	25,698
		46,132	42,089	45,985	41,935
Other Revenue:					
User charges		11,109	10,768	20,715	19,817
Capital Contributions		10,370	7,297	10,370	7,297
Grants and subsidies		12,473	11,431	12,473	11,431
Vested assets		8,291	10,110	8,291	10,110
Landing dues		-	-	6,003	5,088
Other revenue		3,503	2,529	4,419	3,443
Rental Revenue:					
Operating lease rental revenue		-	-	3,969	3,371
Interest Revenue:					
Bank deposits		-	39	91	174
Inland Revenue Department		-	-	-	5
		45,746	42,174	66,331	60,736

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

2. Surplus From Operations continued

	Notes	Council		Group	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
For the Financial Year Ended 30 June 2010					
(b) Other Gains/(Losses)					
Gain/(loss) on revaluation of investment property	13	(5,216)	(16,951)	(5,216)	(16,951)
Gain/(loss) on disposal of investment property		203	-	203	-
Gain/(loss) on revaluation of property, plant and equipment		-	-	(751)	-
Gain/(loss) on disposal of property, plant and equipment		149	1,149	212	1,151
Gain/(loss) on amalgamation of subsidiary	25	-	(66)	-	-
Gain/(loss) in fair value of forestry assets	11	(554)	(559)	(739)	(677)
Gain/(loss) in fair value of derivative financial instruments classified at fair value through profit or loss		(1,094)	-	(1,673)	51
		(6,512)	(16,427)	(7,964)	(16,426)
(c) Employee Benefits Expense					
Salaries and wages		7,419	6,463	16,094	15,250
Other		-	-	27	26
		7,419	6,463	16,121	15,276
(d) Depreciation and Amortisation Expense					
Depreciation of property, plant and equipment	10	16,526	14,534	19,345	17,159
Amortisation of intangible assets	12	-	-	48	81
		16,526	14,534	19,393	17,240
(e) Finance Costs					
Interest on loans		6,191	5,598	8,135	8,172
Other interest expense		-	-	7	2
		6,191	5,598	8,142	8,174
(f) Other Expenses					
Net bad and doubtful debts arising from:					
Subsidiaries		-	-	-	-
Increase/(Decrease) in allowance for doubtful debts		44	106	62	151
Operating lease rental expenses:					
Minimum lease payments		876	720	1,351	1,246
Intangible asset impairment		-	-	-	-
Other		44,693	46,569	45,854	47,743
		45,613	47,365	47,267	49,140

2. Surplus From Operations continued

For the Financial Year Ended 30 June 2010	Council	
	2010 \$'000	2009 \$'000
(g) Summary Cost of Services by Activity (Council only)		
Income		
Governance and District Promotion	-	(52)
Property	(58)	(10,955)
Community	8,973	9,201
Regulatory and Resource Management	1,436	1,246
Utilities	10,957	10,327
Roading and Parking	18,029	15,320
Other	(103)	660
Targeted Rates	9,907	16,275
General Rates	36,225	25,814
Total Income	85,366	67,836
Expenditure		
Governance and District Promotion	7,729	7,494
Property	4,705	4,507
Community	14,568	13,289
Regulatory and Resource Management	6,882	6,557
Utilities	24,867	25,177
Roading and Parking	16,774	16,843
Other	224	93
Total Operating Expenditure	75,749	73,960

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	
	2010	2009	2010	2009
For the Financial Year Ended 30 June 2010	\$'000	\$'000	\$'000	\$'000
Tax expense/(income) comprises:				
Current tax expense/(credit):				
Current year	-	-	1,180	679
Adjustments for prior years	-	-	(25)	(1)
	-	-	1,155	678
Deferred tax expense/(credit)				
Origination and reversal of temporary differences	-	-	114	54
Adjustments for prior years	-	-	-	-
Adjustments relating to changes in tax rates or imposition of new taxes	-	-	(379)	-
Deferred tax relating to future non depreciation of buildings	-	-	6,481	-
Deferred tax on revaluation recognised in surplus before tax	-	-	(225)	-
	-	-	5,991	54
Total tax expense/ (income)	-	-	7,146	732
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	9,617	(6,124)	13,429	(3,585)
Income tax expense (credit) calculated at 30%	2,885	(1,837)	4,028	(1,074)
Non assessable income and expenses	(2,885)	1,837	(2,989)	1,806
Adjustments relating to changes in tax rates	-	-	(379)	-
Reversal of temporary difference	-	-	253	-
Adjustments for prior years	-	-	(23)	-
Deferred tax relating to future non depreciation of buildings	-	-	6,481	-
Revaluation recognised in surplus before tax	-	-	(225)	-
	-	-	7,146	732
Taxation effect of imputation credits:				
Imputation credits utilised	-	-	-	-
(Over)/under provision of income tax in previous year	-	-	-	-
Income tax expense (credit)	-	-	7,146	732

The tax rate used in the above reconciliation is the corporate tax rate of 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

There was \$2.0m of deferred tax charged directly to other comprehensive income during the period (2009: Nil), relating to the revaluation of property, plant and equipment (excluding land), for Queenstown Airport Corporation.

(c) Current Tax Assets and Liabilities

	Council		Group	
	2010	2009	2010	2009
For the Financial Year Ended 30 June 2010	\$'000	\$'000	\$'000	\$'000
Current Tax Refundable:				
Current tax refundable	-	-	-	176
Current Tax Payable:				
Current tax payable	-	-	749	251

(d) Deferred Tax Balances Comprise

Taxable and deductible temporary differences arising from the following:

	Opening Balance	Charged to income	Group	
			Charged to other comprehensive income	Closing balance
2010	\$'000	\$'000	\$'000	\$'000
Gross deferred tax asset / (liability)	754	(5,990)	(2,023)	(7,259)

	Opening Balance	Charged to income	Group	
			Charged to other comprehensive income	Closing balance
2009	\$'000	\$'000	\$'000	\$'000
Gross deferred tax asset / (liability)	809	(55)	-	754

(e) Imputation Credit Account Balances	Council		Group	
	2010	2009	2010	2009
For the Financial Year Ended 30 June 2010	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	-	-	2,431	2,070
Attached to dividends received	-	-	-	-
Taxation paid	-	-	670	361
Income tax refunded	-	-	(222)	-
Attached to taxable bonus issue	-	-	-	-
Prior year adjustment	-	-	-	-
Balance at end of year	-	-	2,879	2,431
Imputation credits available directly and indirectly to Council through:				
Council	-	-	-	-
Subsidiaries	-	-	2,879	2,431
	-	-	2,879	2,431

(f) Tax Changes

On 20 May 2010 the Government announced that the company tax rate will reduce from 30% to 28% and tax depreciation deductions will no longer be available for any buildings with an estimated useful life of 50 years or more. The changes were enacted 27 May 2010 and are effective for tax years beginning on or after 1 April 2011.

The effect of the change in tax rate has been brought into the financial statements for the year ended 30 June 2010. The impact of this change has to reduce the deferred tax liability by \$0.4m.

The effect of the change relating to deductibility of tax depreciation of buildings has been recognised at 30 June 2010. This increased deferred tax liability by \$6.48m.

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	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
For the Financial Year Ended 30 June 2010				
Short-term employee benefits	772	759	1,410	1,436
Directors Fees	-	-	298	368
	772	759	1,708	1,804

5. Remuneration of Auditors

	Council		Group	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
For the Financial Year Ended 30 June 2010				
Audit fees for financial statement audit	125	131	229	211
Audit fees for assurance and related services	23	100	82	110
Fees for tax services	7	4	13	13
	155	235	324	334

Audit fees for assurance and related services include:

- audit of the Long Term Council Community Plan

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

6. Trade and Other Receivables

	Council		Group	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
For the Financial Year Ended 30 June 2010				
Trade receivables (i)	8,862	3,979	10,294	5,267
Parking receivables (i)	1,016	1,150	1,016	1,150
Rates receivables (i)	2,524	2,531	2,524	2,531
New Zealand Transport Agency	294	3,320	294	3,320
Other (i)	1,543	2,458	1,603	2,476
Allowance for doubtful debts (ii), (iii)	(932)	(1,031)	(982)	(1,080)
	13,307	12,407	14,749	13,664

(i) Trade receivables, parking receivables and rates receivables are non-interest bearing and generally on monthly terms.

(ii) The Council has a small provision for impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future repayments.

In relation to Trade and Other Receivables (excluding rates) the Group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

	Council		Group	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Ageing Analysis				
Trade and Other Receivables (excluding Rates)				
Current (0-30 days)	2,561	5,828	3,523	6,675
31-60 days *	5,328	417	5,570	569
61-90 days *	320	1,294	390	1,360
90 days + *	2,654	2,413	2,822	2,605
	10,863	9,952	12,305	11,209
Rates Receivables				
Current (0-30 days)	1,048	842	1,048	842
31 days - 1 Year *	997	1,237	997	1,237
1 Year + *	399	376	399	376
	2,444	2,455	2,444	2,455
Total Receivables	13,307	12,407	14,749	13,664

* Amounts are considered past due.

	Council		Group	
	2010	2009	2010	2009
For the Financial Year Ended 30 June 2010	\$'000	\$'000	\$'000	\$'000
Disclosed in the financial statements as:				
Current	13,307	12,407	14,749	13,664
Non-current	-	-	-	-
	13,307	12,407	14,749	13,664
(iii) Movement in the allowance for doubtful debts:				
Balance at beginning of year	(1,031)	(843)	(1,080)	(902)
Amounts written off during year	95	(76)	112	(21)
Amounts recovered during year	48	(6)	48	(6)
Additional allowance recognised in Statement of Financial Performance	(44)	(106)	(62)	(151)
Balance at end of year	(932)	(1,031)	(982)	(1,080)

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. At 30 June 2010, however Council was owed \$5.1 million in development contributions by the receivers for the Kawarau Falls development at Frankton. 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	
	2010	2009	2010	2009
For the Financial Year Ended 30 June 2010	\$'000	\$'000	\$'000	\$'000
National Provident Sinking Fund	27	25	27	25
Other investments held	117	123	117	123
Advances to community organisations	460	460	460	460
Short term investments	11	11	11	11
Interest rate swap (i) (FVTPL)	-	-	66	-
	615	619	681	619
Represented by:				
Current	11	11	77	11
Non Current	604	608	604	608
	615	619	681	619

Other financial assets are recognised at amortised cost with the exception of the interest rate swap 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 4 January 2012 at a rate of 7%. A premium of \$208,100 has been paid during the year.

8. Other Current Assets

	Council		Group	
	2010	2009	2010	2009
For the Financial Year Ended 30 June 2010	\$'000	\$'000	\$'000	\$'000
Prepayments	346	480	650	521
	346	480	650	521

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	
	2010	2009	2010	2009
For the Financial Year Ended 30 June 2010	\$'000	\$'000	\$'000	\$'000
Land	292	292	292	292
	292	292	292	292

10. Property, Plant and Equipment

Council 2010												
	Cost/ Valuation 1-Jul-09	Additions	Disposals	Transfers	Revaluation	Cost/ Valuation 30-Jun-10	Accumulated depreciation and impairment charges 1-Jul-09	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Other	Accumulated depreciation and impairment charges 30-Jun-10	Carrying amount 30-Jun-10
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Council Operational Assets												
At Cost												
Land	53,879	774	(301)	-	-	54,352	-	-	-	-	-	54,352
Buildings	42,953	277	-	-	-	43,230	(5,395)	-	(969)	-	(6,364)	36,866
Building Improvements	25,803	1,923	-	259	-	27,985	(6,705)	-	(1,557)	-	(8,262)	19,723
Plant and Machinery	6,450	308	(43)	-	-	6,715	(1,345)	-	(380)	4	(1,721)	4,994
Motor Vehicles	751	127	(8)	-	-	870	(289)	-	(101)	6	(384)	486
Furniture and Office Equipment	4,540	60	-	-	-	4,600	(3,379)	-	(250)	-	(3,629)	971
Computer Equipment	850	268	-	-	-	1,118	(529)	-	(220)	-	(749)	369
Library Books	2,409	195	-	-	-	2,604	(1,768)	-	(243)	-	(2,011)	593
Work in progress	2,525	373	-	(259)	-	2,639	-	-	-	-	-	2,639
Total Operational Assets	140,160	4,305	(352)	-	-	144,113	(19,410)	-	(3,720)	10	(23,120)	120,993
Council Infrastructural Assets												
Water Supply	67,998	3,965	-	1,585	-	73,548	(3,341)	-	(1,884)	-	(5,225)	68,323
Sewerage	96,307	5,306	-	3,051	-	104,664	(5,047)	-	(3,352)	-	(8,399)	96,265
Stormwater	57,636	2,459	-	235	-	60,330	(2,041)	-	(1,093)	-	(3,134)	57,196
Roading - Basecourse	42,892	6,553	-	-	-	49,445	(4,125)	-	(3,089)	-	(7,214)	42,231
Roading - Bridges	13,738	-	-	-	-	13,738	(366)	-	(209)	-	(575)	13,163
Roading - Surfacing	32,146	3,116	-	2,652	-	37,914	(1,738)	-	(1,033)	-	(2,771)	35,143
Roading - Other	192,034	10,326	-	-	-	202,360	(3,982)	-	(2,146)	-	(6,128)	196,232
Land under Roads	103,282	-	-	-	-	103,282	-	-	-	-	-	103,282
Work in Progress	19,965	3,208	-	(7,523)	-	15,650	-	-	-	-	-	15,650
Total Infrastructural Assets	625,998	34,933	-	-	-	660,931	(20,640)	-	(12,806)	-	(33,446)	627,485
Total Council Property, Plant and Equipment	766,158	39,238	(352)	-	-	805,044	(40,050)	-	(16,526)	10	(56,566)	748,478

The Council's obligation under finance leases (note 18) are secured by the lessors' title to the leased assets which have a carrying amount of \$56,679 (2009: \$90,687).

10. Property, Plant and Equipment continued

	Council 2009										
	Cost/ Valuation 1-Jul-2008	Additions	Disposals	Transfers	Revaluation	Cost/ Valuation 30-Jun-2009	Accumulated depreciation and impairment charges 1-Jul-2008	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Accumulated depreciation and impairment charges 30-Jun-2009	Carrying amount 30-Jun-2009
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Council Operational Assets											
At Cost											
Land	46,456	7,687	(264)	-	-	53,879	-	-	-	-	53,879
Buildings	43,348	(228)	(247)	80	-	42,953	(4,426)	-	(969)	(5,395)	37,558
Building Improvements	22,408	2,928	-	467	-	25,803	(5,353)	-	(1,352)	(6,705)	19,098
Plant and Machinery	6,231	219	-	-	-	6,450	(984)	-	(361)	(1,345)	5,105
Motor Vehicles	368	383	-	-	-	751	(210)	-	(79)	(289)	462
Furniture and Office Equipment	4,442	98	-	-	-	4,540	(3,088)	-	(291)	(3,379)	1,161
Computer Equipment	527	323	-	-	-	850	(399)	-	(130)	(529)	321
Library Books	2,249	160	-	-	-	2,409	(1,543)	-	(225)	(1,768)	641
Work in progress	2,174	898	-	(547)	-	2,525	-	-	-	-	2,525
Total Operational Assets	128,203	12468	(511)	-	-	140,160	(16,003)	-	(3,407)	(19,410)	120,750
Council Infrastructural Assets											
Water Supply	63,964	2,814	-	1,221	-	67,998	(1,632)	-	(1,709)	(3,341)	64,657
Sewerage	65,961	9,051	-	21,295	-	96,307	(2,174)	-	(2,873)	(5,047)	91,260
Stormwater	55,268	1,927	-	441	-	57,636	(988)	-	(1,053)	(2,041)	55,595
Roading - Basecourse	39,974	2,918	-	-	-	42,892	(1,104)	-	(3,021)	(4,125)	38,767
Roading - Bridges	13,738	-	-	-	-	13,738	(180)	-	(186)	(366)	13,372
Roading - Surfacing	26,161	765	-	5,220	-	32,146	(1,218)	-	(520)	(1,738)	30,408
Roading - Other	175,375	16,659	-	-	-	192,034	(2,217)	-	(1,765)	(3,982)	188,052
Land under Roads	103,282	-	-	-	-	103,282	-	-	-	-	103,282
Work in Progress	40,116	8,026	-	(28,177)	-	19,965	-	-	-	-	19,965
Total Infrastructural Assets	583,839	42,160	-	-	-	625,998	(9,513)	-	(11,127)	(20,640)	605,358
Total Council Property, Plant and Equipment	712,042	54,628	(511)	-	-	766,158	(25,516)	-	(14,534)	(40,050)	726,108

10. Property, Plant and Equipment continued

Group 2010

	Cost/ Valuation 1-Jul-09	Additions	Disposals	Transfers	Revaluation	Cost/ Valuation 30-Jun-10	Accumulated depreciation and impairment charges 1-Jul-09	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Transfers	Accumulated depreciation and impairment charges 30-Jun-10	Carrying amount 30-Jun-10
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Group Operational Assets												
At Cost												
Land	54,856	774	(301)	-	-	55,329	-	-	-	-	-	55,329
Buildings	45,030	553	-	-	-	45,583	(5,683)	-	(981)	-	(6,664)	38,919
Building Improvements	23,211	1,923	-	259	-	25,393	(6,446)	-	(1,596)	-	(8,042)	17,351
Plant and Equipment	9,444	1,888	(44)	(1,113)	-	10,175	(2,779)	-	(837)	748	(2,868)	7,307
Motor Vehicles	2,065	185	(11)	-	-	2,239	(755)	-	(309)	7	(1,057)	1,182
Furniture and Office Equipment	6,965	253	-	(733)	-	6,485	(4,421)	-	(463)	617	(4,267)	2,218
Computer Equipment	1,010	320	(20)	-	-	1,310	(434)	-	(257)	17	(674)	636
Library Books	2,410	195	-	-	-	2,605	(1,768)	-	(243)	-	(2,011)	594
Work in progress	2,525	373	-	(259)	-	2,639	-	-	-	-	-	2,639
Total Operational Assets	147,516	6,464	(376)	(1,846)	-	151,758	(22,286)	-	(4,686)	1,389	(25,583)	126,175
Airport Assets at Fair Value												
Land	5,802	389	(1)	-	69,786	75,976	-	-	-	-	-	75,976
Building	29,198	766	-	1,846	(4,014)	27,796	(6,351)	8,785	(1,073)	(1,361)	-	27,796
Airport Runway	14,032	9,111	-	-	(3,061)	20,082	(2,071)	2,592	(521)	-	-	20,082
Roading and Carparking	4,421	-	-	-	1,363	5,784	(546)	805	(259)	-	-	5,784
Total Airport Assets	53,453	10,266	(1)	1,846	64,074	129,638	(8,968)	12,182	(1,853)	(1,361)	-	129,638
Group Infrastructural Assets												
Water Supply	67,999	3,965	-	1,585	-	73,549	(3,341)	-	(1,884)	-	(5,225)	68,324
Sewerage	96,307	5,306	-	3,051	-	104,664	(5,047)	-	(3,352)	-	(8,399)	96,265
Stormwater	57,636	2,459	-	235	-	60,330	(2,041)	-	(1,093)	-	(3,134)	57,196
Roading - Basecourse	49,608	6,553	-	-	-	56,161	(4,125)	-	(3,089)	-	(7,214)	48,947
Roading - Bridges	12,039	-	-	-	-	12,039	(366)	-	(209)	-	(575)	11,464
Roading - Surfacing	15,802	3,116	-	2,652	-	21,570	(1,738)	-	(1,033)	-	(2,771)	18,799
Roading - Other	203,362	10,326	-	-	-	213,688	(3,983)	-	(2,146)	-	(6,129)	207,559
Land under Roads	103,282	-	-	-	-	103,282	-	-	-	-	-	103,282
Work in Progress	19,964	3,213	-	(7,523)	-	15,654	-	-	-	-	-	15,654
Total Infrastructural Assets	625,999	34,938	-	-	-	660,937	(20,641)	-	(12,806)	-	(33,447)	627,490
Total Group Property, Plant and Equipment	826,968	51,668	(377)	-	64,074	942,333	(51,895)	12,182	(19,345)	28	(59,030)	883,303

The Group's obligations under finance leases (note 18) are secured by lessors' title to the leased assets, which have a carrying amount of \$280,803 (2009: \$476,346).

10. Property, Plant and Equipment continued

Group 2009

	Cost/ Valuation 1-Jul-08	Additions	Disposals	Transfers	Revaluation	Cost/ Valuation 30-Jun-09	Accumulated depreciation and impairment charges 1-Jul-08	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Other	Accumulated depreciation and impairment charges 30-Jun-09	Carrying amount 30-Jun-09
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Group Operational Assets At Cost												
Land	47,433	7,687	(264)	-	-	54,856	-	-	-	-	-	54,856
Buildings	45,364	(167)	(247)	80	-	45,030	(4,713)	-	(970)	-	(5,683)	39,347
Building Improvements	19,690	2,938	(3)	586	-	23,211	(5,048)	-	(1,398)	-	(6,446)	16,765
Plant and Equipment	8,948	499	(3)	-	-	9,444	(2,044)	-	(734)	(1)	(2,779)	6,665
Motor Vehicles	1,499	590	(24)	-	-	2,065	(518)	-	(245)	8	(755)	1,310
Furniture and Office Equipment	5,623	1,354	(12)	-	-	6,965	(3,922)	-	(499)	-	(4,421)	2,544
Computer Equipment	639	372	(1)	-	-	1,010	(263)	-	(172)	1	(434)	576
Library Books	2,250	160	-	-	-	2,410	(1,543)	-	(225)	-	(1,768)	642
Work in progress	2,293	897	-	(666)	-	2,525	-	-	-	-	-	2,525
Total Operational Assets	133,739	14,330	(554)	0	-	147,516	(18,051)	-	(4,243)	8	(22,286)	125,230
Airport Assets At Fair Value												
Land	5,502	300	-	-	-	5,802	-	-	-	-	-	5,802
Building	28,836	362	-	-	-	29,198	(5,077)	-	(1,274)	-	(6,351)	22,847
Airport Runway	12,514	1,518	-	-	-	14,032	(1,616)	-	(455)	-	(2,071)	11,961
Roading and Carparking	4,355	66	-	-	-	4,421	(486)	-	(60)	-	(546)	3,875
Total Airport Assets	51,207	2,246	-	-	-	53,453	(7,179)	-	(1,789)	-	(8,968)	44,485
Group Infrastructural Assets At Cost												
Water Supply	63,964	2,814	-	1,221	-	67,999	(1,632)	-	(1,709)	-	(3,341)	64,658
Sewerage	65,961	9,051	-	21,295	-	96,307	(2,174)	-	(2,873)	-	(5,047)	91,260
Stormwater	55,268	1,927	-	441	-	57,636	(988)	-	(1,053)	-	(2,041)	55,595
Roading - Basecourse	46,690	2,918	-	-	-	49,608	(1,104)	-	(3,021)	-	(4,125)	45,483
Roading - Bridges	12,039	-	-	-	-	12,039	(180)	-	(186)	-	(366)	11,673
Roading - Surfacing	9,817	765	-	5,220	-	15,802	(1,218)	-	(520)	-	(1,738)	14,064
Roading - Other	186,703	16,659	-	-	-	203,362	(2,218)	-	(1,765)	-	(3,983)	199,379
Land under Roads	103,282	-	-	-	-	103,282	-	-	-	-	-	103,282
Work in Progress	40,118	8,023	-	(28,177)	-	19,964	-	-	-	-	-	19,964
Total Infrastructural Assets	583,842	42,157	-	-	-	625,999	(9,514)	-	(11,127)	-	(20,641)	605,358
Total Group Property, Plant and Equipment	768,788	58,733	(554)	0	-	826,968	(34,744)	-	(17,159)	8	(51,895)	775,073

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 (2009: \$Nil).
- (ii) Sewer, stormwater and water assets are stated at valuation which is optimised depreciated replacement cost value as at 1 July, 2007 by Rationale, independent valuers. Acquisitions subsequent to 1 July, 2007 are at cost.
- (iii) Roading assets are stated at valuation, which is optimised depreciated replacement cost value as at 1 July, 2007 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 are stated at valuation 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.

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	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Balance at beginning of year	-	-	1,219	1,896
Increases due to purchases	-	-	-	-
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to physical changes	-	-	147	-
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to price changes	-	-	(885)	(677)
Decreases due to sales	-	-	-	-
Decreases due to harvest	-	-	-	-
Balance at end of year	-	-	481	1,219

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 10 to 22 years in age.

No forests have been harvested during the period (2009: Nil).

Independent registered valuers Guild Forestry have valued forestry assets as at 30 June, 2010 at \$481,000 (30 June, 2009: \$1,219,000). 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	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Gross carrying amount				
Balance at beginning of the year	-	-	803	495
Additions	-	-	431	380
Disposal	-	-	-	(72)
Balance at end of the year	-	-	1,234	803
Accumulated amortisation & impairment				
Balance at beginning of the year	-	-	166	157
Amortisation expense (i)	-	-	48	81
Impairment	-	-	-	-
Eliminated on disposal of assets	-	-	-	(72)
Balance at end of the year	-	-	214	166
Net Book Value	-	-	1,020	637

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

The gross carrying amount of \$1,234,000 comprises of the following:

- The Finite Life Intangible Asset of \$153,000 attributed to the Department of Labour contract held by Lakes Environmental Limited at the date of acquisition. The value attributed to the Department of Labour contract is being amortised over 27 months.
- The Finite Life Intangible Asset of \$974,000 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 \$70,000 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 \$37,000 represents costs incurred by Lakes Leisure for computer software. These costs are being amortised on a diminishing value basis at 60%.

(b) Goodwill

	Council		Group	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'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	-	-	4,000	3,617

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 2010, 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 2008 for a three year period and can be extended for two further periods of three years each, 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 2011, 30 June 2012 and 30 June 2013 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	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Balance at beginning of year	72,449	88,525	72,449	88,525
Additions from subsequent expenditure	776	875	776	875
Sale of property	(36)	-	(36)	-
Net gain/(loss) from fair value adjustments	(5,216)	(16,951)	(5,216)	(16,951)
Balance at end of year	67,973	72,449	67,973	72,449

The fair value of the Council's investment property at 30 June, 2010 (30 June, 2009) 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	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Trade payables (i)	5,741	8,338	7,389	9,699
Other accrued charges	2,469	2,383	3,273	3,080
Deposits and bonds	2,402	2,672	2,402	2,672
	10,612	13,393	13,064	15,451

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

15. Borrowings

	Council		Group	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
At amortised cost				
Bank borrowings (unsecured)	3	6	3	6
Bank borrowings (secured) (i), (ii), (iii)	69,000	90,000	107,994	123,101
Bonds (secured) (i), (v)	30,000	-	30,000	-
Other borrowings (iv)	15	14	15	14
	99,018	90,020	138,012	123,121
Disclosed in the financial statements as:				
Current	48,002	52,003	84,742	52,141
Non-current	51,016	38,017	53,270	70,980
	99,018	90,020	138,012	123,121

(i) Council borrowings are secured through a debenture trust deed over rates.

(ii) Queenstown Airport Corporation Ltd (QAC) loans of \$35.8m are secured by a first debenture charge over QAC assets and also a registered first mortgage over all QAC property. As set out in note (3) QAC has recognised an additional \$6,481,147 of deferred tax liability as a result of the change in legislation preventing a tax deduction to be taken in relation to depreciation of buildings. This liability has been recognised in accordance with financial reporting standards and will reverse over time as the buildings are depreciated for accounting purposes. Recognition of this additional deferred tax liability has caused a technical breach of the banking covenant requiring a certain minimum ratio of shareholders funds to total tangible assets. Both the BNZ and Westpac have provided a waiver of this technical breach subsequent to year end. In addition QAC has repaid \$26.7m of bank debt subsequent to year end.

(iii) Lakes Environmental loans of \$2.5m are secured by a general security over the companys' assets and

guaranteed by the Council. Lakes Leisure loans of \$780,000 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 \$27,187 maturing in 2012. The sinking fund investments, together with accumulated interest, will be sufficient to repay the principal of the associated loans on the due dates. The amount held in the sinking funds is shown in Note 7.

(v) Bonds - during the 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	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Income in advance (i)	305	-	2,063	1,686
Rates in advance	257	176	257	176
Interest Rate Swaps (ii), (iii) FVTPL	1,094	-	1,565	-
	1,656	176	3,885	1,862

(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 two interest rate swap agreements for \$15m each, which are effective from 15 September 2010 and 15 September 2011. The interest rate is fixed at 5.705% and 6.090% respectively.

(iii) QAC holds three interest rate swap agreements for \$5m each, which are effective from 1 July 2010, 4 January 2012 and 14 May 2012. The interest rate is fixed at 5.640%, 6.300% and 6.095% respectively.

All of the other financial liabilities are recognised at amortised cost except interest rate swaps which are recognised at Fair Value Through Profit and Loss (FVTPL).

17. Employee Entitlements

	Council		Group	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Accrued salary and wages	399	323	750	515
Annual leave	433	417	800	773
	832	740	1,550	1,288
Disclosed in the financial statements as:				
Current	832	740	1,550	1,288
Non-current	-	-	-	-
	832	740	1,550	1,288

18. Finance Lease Liabilities

	Council			
	Minimum Future Lease payments		Present Value of Minimum Future Lease Payments	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Not longer than 1 year	40	53	38	46
Longer than 1 year and not longer than 5 years	-	40	-	38
Longer than 5 years	-	-	-	-
Minimum future lease payments*	40	93	38	84
Less future finance charges	(2)	(9)	-	-
Present value of minimum lease payments	38	84	38	84
Disclosed in the financial statements as:				
Current			38	46
Non-current			-	38
			38	84

*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	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Not longer than 1 year	126	194	98	149
Longer than 1 year and not longer than 5 years	243	375	205	304
Longer than 5 years	-	-	-	-
Minimum future lease payments*	369	569	303	453
Less future finance charges	(66)	(116)	-	-
Present value of minimum lease payments	303	453	303	453
Disclosed in the financial statements as:				
Current			98	149
Non-current			205	304
			303	453

19. Reserves

	Council		Group	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Revaluation reserve (a)	239,229	244,444	314,217	244,444
Operating reserves (b)	14,979	10,326	14,979	10,326
Capital reserves (c)	13,949	13,748	13,949	13,748
	268,157	268,518	343,145	268,518

(a) Revaluation Reserve

	Council		Group	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Balance at beginning of year	244,444	261,395	244,444	261,395
Revaluation of Roading	-	-	-	-
Revaluation of Sewer	-	-	-	-
Revaluation of Water	-	-	-	-
Revaluation of Stormwater	-	-	-	-
Revaluation of Airport assets	-	-	74,988	-
Transferred from /(to) retained earnings:				
Revaluation of Investment Property	(5,216)	(16,951)	(5,216)	(16,951)
Revaluation of Shares	1	-	1	-
Balance at end of year	239,229	244,444	314,217	244,444

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	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Individual reserve balances are as follows:				
Investment properties	57,653	62,869	57,653	62,869
Roading	96,709	96,709	96,709	96,709
Sewer	29,945	29,945	29,945	29,945
Water	25,749	25,749	25,749	25,749
Stormwater	29,165	29,165	29,165	29,165
Shares	8	7	8	7
Airport Assets	-	-	74,988	-
	239,229	244,444	314,217	244,444

(b) Operating Reserves

	Council		Group	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	10,326	9,403	10,326	9,403
Transferred from /(to) retained earnings:				
Contributions	10,370	7,297	10,370	7,297
Other	(5,717)	(6,374)	(5,717)	(6,374)
Balance at end of year	14,979	10,326	14,979	10,326

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	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	13,748	17,793	13,748	17,793
Transferred from /(to) retained earnings:				
Interest	3	7	3	7
Contributions	10,386	9,060	10,386	9,060
Disbursements	(10,188)	(13,112)	(10,188)	(13,112)
Balance at end of year	13,949	13,748	13,949	13,748

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.

20. Retained Earnings

	Council		Group	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	446,918	432,969	460,343	444,418
Net surplus/(deficit)	9,617	(6,124)	6,468	(4,199)
Forestry revaluation transfer	-	-	-	51
Transfers from/(to) reserves:				
Revaluation reserve	5,216	16,951	5,216	16,951
Operating reserves	(4,653)	(923)	(4,653)	(923)
Capital reserves	(201)	4,045	(201)	4,045
Balance at end of year	456,897	446,918	467,173	460,343
Minority Interest				
Balance at beginning of year	-	-	305	474
Share of Surplus/(Deficit) for the year	-	-	(185)	(118)
Forestry revaluation transfer	-	-	-	(51)
Balance at end of year	-	-	120	305

21. Commitments for Expenditure**(a) Capital Expenditure Commitments**

	Council		Group	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Queenstown Lakes District Council (i)	662	3,922	662	3,922
Queenstown Airport Corporation Limited	-	-	3,790	-
Lakes Environmental Limited	-	-	-	-
Lakes Leisure Limited	-	-	-	-
	662	3,922	4,452	3,922

- (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 23 to the financial statements.

22. Contingent Liabilities and Contingent Assets

Council

(a) Legal Claims

A total of eight claims were registered with the Weather-tight Homes Resolution Services (WHRS) for the buildings located within the District as at 30 June 2010. Council has been joined as a party in all of these claims. Four of these claims have been lodged with the Department of Housing and Building and are in the early stages of the process. Therefore Council is unsure on the full potential quantum of any liability arising from these claims. One claim was settled post year end for \$0.06m. The total of the remaining three claims is \$4.49m. 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. Notwithstanding this Council estimates its exposure to the above claims to be \$0.42m (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.

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.

Lakes Environmental has a contingent liability related to a claim made by QLDC to recover the costs of defending a claim of negligence. Further details are set out in the related party note 26 (2009:Nil).

(b) Guarantees

The Council has guaranteed \$3 million external borrowings to the subsidiary entity, Lakes Environmental Limited (2009: \$3m) and \$800,000 external borrowings to subsidiary entity Lakes Leisure Limited (2009:NIL). 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.

23. 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	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Not longer than 1 year	723	713	1,157	1,277
Longer than 1 year and not longer than 5 years	1,187	1,035	1,805	1,357
Longer than 5 years	240	357	240	357
	2,150	2,105	3,202	2,991

(c) Non-Cancellable Operating Lease Receipts	Council		Group	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Not longer than 1 year	860	1,273	3,908	4,610
Longer than 1 year and not longer than 5 years	2,455	3,315	7,520	11,102
Longer than 5 years	-	-	923	1,188
	3,315	4,588	12,351	16,900

24. Subsidiaries

Council	Country of Incorporation	Ownership Interest		Principal activity of the entity
		2010 %	2009 %	
Council				
Queenstown Lakes District Council (i)	NZ			
Subsidiaries:				
Queenstown Airport Corporation Limited (ii)	NZ	100%	100%	Airport Operator Resource management, regulatory & consulting services
Lakes Environmental Limited	NZ	100%	100%	
Queenstown Events Centre Trust (iii)	NZ	N/A	N/A	Charitable Trust
Lakes Combined Afforestation Committee	NZ	75%	75%	Forestry
Lakes Leisure Limited	NZ	100%	100%	Leisure Management

- (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 26 April 2010 Queenstown Airport Corporation Ltd issued 48,190 fully paid up shares to the Council.
- (iii) Not trading

All entities in the Group have 30 June balance dates.

25. Amalgamation of Subsidiary

On 30 June, 2009 Lakes Engineering Limited, a subsidiary of Queenstown Lakes District Council, amalgamated with Queenstown Lakes District Council. The pre-amalgamation results of Lakes Engineering Limited are not included within the 2009 results of the parent, Queenstown Lakes District Council.

Net Assets Acquired	Book Value on Amalgamation
	\$000
Cash	36
Trade and other payables	(45)
Property, plant and equipment	15
	6
Investment in Lakes Engineering	72
Gain/(Loss) on Amalgamation	(66)

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 24 to the financial statements.

(c) Transactions With Related Parties

Transactions Involving the Council

During the year the following (payments)/receipts were made (to)/from related parties which were conducted on normal commercial terms:

	Council	
	2010	2009
	\$	\$
Queenstown Airport Corporation Limited		
Payment of rates on its property	146,878	153,600
Resource consent costs	130,283	36,443
Share Capital	(81,261)	-
Subvention payment	81,261	-
Lakes Leisure Limited		
Operating Grant	(1,997,299)	(1,675,002)
Capital Grant	(638,067)	(365,117)
Other Grants	(261,105)	(253,500)
Share Capital	-	(50,000)
Health & Fitness Centre Lease	90,000	75,000
Other	(10,650)	-
Lakes Engineering Limited		
Council Payment for services under the terms of a service delivery agreement	-	(1,242,975)
Lakes Environmental Limited		
Council Payment for services under the terms of a service delivery agreement	(1,589,172)	(1,645,000)
Council payment for services in relation to commercial activities	(733,040)	(598,703)
	(2,322,212)	(2,243,703)
Council recovery of acquisition related costs, parking and computer related services	157,269	90,696
Balances owed (to) / from at 30 June 2010 were:		
Owed from Lakes Environmental Limited	82,098	29,769
Owed to Lakes Environmental Limited	(57,429)	(126,987)
Owed to Lakes Leisure Limited	(48,470)	(108,094)
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)	(4,028)	-
Dornoch Management(Councillor Cocks - Director)	-	(10,184)

	2010	2009
	\$	\$
The following transactions took place between Queenstown Airport and Related Parties		
Trojan Holdings Ltd (M Valentine - Director)	(53,348)	(53,503)
Trojan Holdings Ltd (M Valentine - Director)	34,602	33,624
NZ Ski Ltd (M Valentine - Director)	-	(10,000)
Balances owed (to)/from at 30 June 2010 were:		
Owed from Trojan Holdings Ltd	774	-
Owed to Trojan Holdings Ltd	3,872	3,134
The following transactions took place between Lakes Leisure Ltd and related parties:		
Advantage Plumbing Ltd (P Faul - Director)	(16,607)	(23,607)
Dornoch Management (Councillor Cocks - Director)	(37,477)	(38,767)
The following transactions took place between Lakes Environmental Ltd and related parties:		
Jayal Enterprises Limited (A Bickers - Director)	(6,179)	-

Other Transactions Involving Related Parties

1. Lakes Leisure netball courts are located on QAC's buffer land. Negotiations between Lakes Leisure and QAC are continuing for long term access to the land. No revenue has been derived from this arrangement in the year (2009;\$Nil).
2. The Council has successfully defended a claim of negligence from a matter that occurred in December 2003 but in doing so incurred legal costs which in part it recovered from its insurer.

One or more of the actions alleged to be negligent were carried out on behalf of Council by Civic Corporation Ltd (Civic Corp) pursuant to the terms of the Regulatory Services Agreement between Civic Corp and Council dated 8 May 1998.

Lakes Environmental is the legal successor to Civic Corp as a result of a formal amalgamation effected on 30 March 2007. The Council insurer Riskpool is seeking recovery of legal costs of \$152,311 incurred to 15 June 2009 and a declaration that Lakes Environmental is obliged to meet all future costs incurred by Council in defending the claim pursuant to an indemnity in clause 25 of the Regulatory Services Agreement.

Lakes Environmental has received legal advice that supports its position that it is not liable for any costs. If required the company will vigorously defend its position.

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

United Water Contract

In March 2008, United Water International Pty Limited (UWI) was awarded Contract 08 – 002 titled "Management, Operation and Maintenance of Utilities".

The contract commenced on 1 July 2008 and has an initial term of 3 years with 2 further rights of renewal. Budget over runs on the contract have caused concern to Council. As a consequence, Council has sought to investigate whether value has been and is being achieved under the contract.

This process commenced in April 2010, and has resulted in some reimbursement to Council for items claimed under the contract, but the process had not been completed by balance date. Since balance date, the review and negotiations have continued and it is likely that Council will be further reimbursed but insufficient certainty exists for historic expenditure to be reduced at this time.

The contract has a six monthly 'pain/gain' adjustment mechanism. The adjustment for the six month period to 30 June has not been advised to Council and is to be dealt with as part of settlement of the issue noted above. A progress report will be brought to the October meeting of Council. No decision has been taken to proceed with renewal at this stage.

Queenstown Airport Corporation (QAC)

Subsequent to year end QAC issued 4,013,485 shares to Auckland International Airport Limited for consideration of \$27.7 million.

Air New Zealand Limited and the Queenstown Community Strategic Asset Group both initiated High Court proceedings (against both QAC and Council) seeking to overturn the sale of shares to Auckland International Airport Limited. The result of these proceedings is unknown.

28. Notes to the Cash Flow Statement

	Council		Group	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'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	326	1,149	3,109	3,356
Bank Overdraft	-	-	-	(164)
	326	1,149	3,109	3,192
(b) Borrowings - Facilities				
Details of the amounts drawn down on the available borrowing facility are as follows:				
Amount used	99,000	90,000	137,994	123,365
Amount un-used	26,000	20,000	34,270	25,436
	125,000	110,000	172,264	148,801

28. Notes to the Cash Flow Statement continued

	Council		Group	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
(c) Reconciliation of Surplus/(Deficit) for the Period to Net Cash Flows From Operating activities				
Surplus/(Deficit) for the period	9,617	(6,124)	6,283	(4,317)
Add/(less) non-cash items:				
Depreciation and Amortisation	16,526	14,534	19,393	17,240
Vested assets	(8,291)	(10,110)	(8,291)	(10,110)
(Gain)/loss on sale of property, plant & equipment	(149)	(1,149)	(212)	(1,151)
(Gain)/loss on revaluation of property, plant & equipment	-	-	751	-
(Gain)/loss on revaluation of forestry investment	554	559	739	677
(Gain)/loss on revaluation of investment property	5,216	16,951	5,216	16,951
(Gain)/loss on sale of investment property	(203)	-	(203)	-
Net change in fair value of derivative financial instruments	1,094	-	1,499	76
(Gain)/loss on amalgamation of subsidiary	-	66	-	-
Bad debts written off	-	-	16	38
	24,364	14,727	25,191	19,404
Movement in working capital:				
Trade and other receivables	(900)	840	(1,085)	1,181
Inventories	-	-	(6)	(7)
Current tax refundable/payable	-	-	674	349
Other current assets	134	(203)	(129)	(156)
Deferred tax asset/liability	-	-	5,973	55
Trade and other payables	(2,781)	(3,321)	(2,387)	(3,426)
Employee entitlements	92	60	262	106
Other financial liabilities	386	6	458	(388)
Trade and other payables acquired on amalgamation	-	(45)	-	-
	(3,069)	(2,663)	3,760	(2,286)
Movement in items treated as investing activities	2,808	2,041	3,168	2,618
Net Cash inflow from operating activities	24,103	14,105	32,119	19,736

29. Severance Payments (Council Only)

For the year ended 30 June 2010 Council made severance payments to employees of \$15,000 (2009: \$Nil).

30. Remuneration (Council Only)

During the year to 30 June, 2010, 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:

Chief Executive

For the year ended 30 June 2010, 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 \$83,562. This amount is for the period from 1 March 2010 through to 30 June 2010. The cost of Chief Executive remuneration package for Duncan Field for the period 1 July 2009 to 18 March 2010 was \$199,468 (2009: \$284,936). This amount includes all payments in relation to the termination of employment.

Elected Representatives	Council	
	2010 \$	2009 \$
Council		
Lyal Cocks - Councillor/Chair: Community Board	38,606	*43,305
Clive Geddes - Mayor	85,316	81,350
Cath Gilmour - Councillor	28,077	26,686
Gillian Macleod - Chair Strategy	38,606	*39,502
John Mann - Chair Utilities	38,606	35,527
Mel Gazzard - Councillor	28,077	25,945
Leigh Overton - Councillor /Chair Community Services	38,606	*43,197
Lex Perkins - Councillor	28,077	25,945
Vanessa van Uden - Councillor	28,077	25,945
John R Wilson - Councillor	28,077	25,945
John S Wilson - Deputy Mayor /Chair Finance	38,606	36,654
Wanaka Community Board		
Jude Battson - Board Member	17,688	16,755
Ken Copland - Board Member	17,688	16,457
Carrick Jones - Board Member	17,688	16,457
Dick Kane - Board Member	17,688	16,457

* Includes remuneration from sitting on hearing panels.

31. Explanation of Major Variances against Budget

Explanation of major variations from Council's estimated figures in the 2009/10 budget as reflected in the 2009/10 Annual Plan are as follows:

Statement of Financial Performance

The Council alone recorded an operating surplus of \$9.6m against a budgeted surplus of \$23.1m. The reported surplus includes \$5.8m of unrealised losses pertaining to the revaluation of investment property and forestry assets. This follows a 2009 value reduction of \$17.5m for investment property and forestry. This represents an unrealised loss in value of around 29% in the past 3 years. This is in line with the general market movement of property of this type and follows strong valuation gains in the previous 10 years.

Revenue was below estimate by \$6.9m for the year ended 30 June, 2010. The following major items contributed to this variance:

- Waste management revenue was \$2.5m below budget for the year, as a result of substantially less residual waste than forecast being created. As a result both revenue and expenditure for waste management are significantly less than budget for the year.
- Roading subsidy was \$1.9m below budget for the year, as a result of reduced roading capital expenditure due to deferral of projects and changes to the approved NZTA programme.
- Development contribution income was below budget by \$0.7m for the year principally because of a slowdown in consent related activity.
- Vested Assets were \$0.9m below budget for the year.

Operating expenditure was marginally above estimate by \$0.1m for the year ended 30 June 2010. These are the major items, both positive and negative, that contributed to this variance:

- Waste management expenditure was \$2.4m below budget for the year, as a result of substantially less residual waste than forecast being created. As a result both revenue and expenditure for waste management are significantly under budget for the year.
- Interest expense for the year is \$1.2m less than budget. This is a result of the deferral of all non-essential capital works
- \$1.6m of project expenditure 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.
- Depreciation expense for the year is \$0.4m higher than budget. This is a non cash item and relates primarily to the timing of project expenditure and higher than anticipated levels of vested assets over recent years.
- The balance of the variance of \$1.5m relates primarily to increased maintenance costs for water supply (\$0.8m), and roading (\$0.6m).

Statement of Financial Position

The main variance relates to the difference in expected capital expenditure for the year. Capital expenditure was below estimate by \$30.3m for the year ended 30 June 2010. The following major items contributed to this variance:

- The main component of the variance relates to \$9.4m of project expenditure within the community services activity which has been delayed or deferred. Most of the budget for the Wanaka Sports Facilities project (\$6.0m)

was not spent and has been carried forward. Other projects effected were Wakatipu Reserve Land (\$2.0m) and planned upgrades to the Wanaka Pool and Queenstown Events Centre.

- There is also \$8.2m 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 wastewater pump stations, and the Arrowtown water supply bores.
- There is \$4.9m of project expenditure within the roading activity which has been delayed or deferred as a result of changes to the approved NZTA programme.
- There is also \$4.3m of project expenditure within the commercial property activity which has been delayed or deferred. This mainly relates to the deferral of development work on Council development land at the Commonage.
- Vested Assets were \$0.9m below budget for the year.
- The remaining component of the variance relates to \$1.6m 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 \$5.2m for the year. This movement coupled with the \$17.0m unrealised loss for last year, has lead to the main variation in the balance sheet which shows Investment Property \$25m below the forecast position. Borrowings are also \$12m below budget; this relates mainly to the deferral of capital projects (see above).

Statement of Changes in Equity

Accumulated differences between actual and budgeted net surpluses (for 2010 as described above and for 2009) has resulted in an equity variance of \$46m 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 \$27m below estimate and new borrowings were consequently around \$22m less than expected.

32. 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 Council Community Plan (LTCCP) 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 2009.

(b) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(c) Categories of Financial Instruments

	Council		Group	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
For the Financial Year Ended 30 June 2010				
Financial Assets				
Cash and cash equivalents (AC)	326	1,149	3,109	3,356
Trade and other receivables (AC)	13,307	12,407	14,749	13,664
Other financial assets (AC)	498	496	498	496
Other financial assets (FVTPL)	-	-	66	-
Other financial assets (AFS)	117	123	117	123
Financial Liabilities				
Bank Overdraft (AC)	-	-	-	164
Trade and other payables (AC)	10,612	13,393	13,064	15,451
Borrowings (AC)	99,018	90,020	138,012	123,121
Finance Lease liabilities (AC)	38	84	303	453
Other financial liabilities (AC)	562	176	2,320	1,862
Other financial liabilities (FVTPL)	1,094	-	1,565	-

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 () represents a loss in the table below):

	Council		Group			
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
	+50 bps Profit	+50 bps Equity	+50 bps Profit	+50 bps Equity	+50 bps Profit	+50 bps Equity
Interest Rate Risk						
Financial Liabilities						
Borrowings	(45)	(45)	(93)	(93)	(76)	(76)
	(45)	(45)	(93)	(93)	(76)	(76)

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 \$9,000,000 (2009: \$18,500,000).

32. 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. At 30 June 2010, however Council was owed \$5.1 million in development contributions by the receivers for the Kawarau Falls development at Frankton. 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	
	2010	2009
For the Financial Year Ended 30 June 2010	\$'000	\$'000
Financial Assets and Other Credit Exposures		
Group	18,539	17,639
Guarantees	-	-

(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).

For the Financial Year Ended 30 June 2010	Total	Level 1	Level 2	Level 3
Council	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Derivatives	-	-	-	-
Financial Liabilities				
Derivatives	1,094	-	1,094	-
Group				
Financial Assets				
Derivatives	66	-	66	-
Financial Liabilities				
Derivatives	1,565	-	1,565	-

32. Financial Instruments continued

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

	Weighted Average Effective Interest Rate	Carrying Amount	Undiscounted Contractual Cash Flows	Less than 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years
2010 Council	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets									
Cash and cash equivalents	2.25%	326	326	326	-	-	-	-	-
Trade and other receivables	-	13,307	13,307	13,307	-	-	-	-	-
Other financial assets	0.43%	615	615	588	-	27	-	-	-
		14,248	14,248	14,221	-	27	-	-	-
Financial Liabilities									
Trade and other payables	-	10,612	10,612	10,612	-	-	-	-	-
Borrowings	6.37%	99,018	110,749	53,059	11,209	25,292	10,986	10,203	-
Finance Lease Liabilities	11.20%	38	40	40	-	-	-	-	-
Other Financial Liabilities	-	1,656	1,656	1,656	-	-	-	-	-
		111,324	123,057	65,367	11,209	25,292	10,986	10,203	-
2009 Council									
	Weighted Average Effective Interest Rate	Carrying Amount	Undiscounted Contractual Cash Flows	Less than 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years
2009 Council	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets									
Cash and cash equivalents	2.25%	1,149	1,149	1,149	-	-	-	-	-
Trade and other receivables	-	12,407	12,407	12,407	-	-	-	-	-
Other financial assets	0.38%	619	619	594	-	-	25	-	-
		14,175	14,175	14,150	-	-	25	-	-
Financial Liabilities									
Trade and other payables	-	13,393	13,393	13,393	-	-	-	-	-
Borrowings	5.92%	90,020	98,990	56,543	19,613	9,265	13,569	-	-
Finance Lease Liabilities	11.20%	84	93	53	40	-	-	-	-
Other Financial Liabilities	-	176	176	176	-	-	-	-	-
		103,673	112,652	70,165	19,653	9,265	13,569	-	-

32. Financial Instruments continued

2010 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 Assets									
Cash and cash equivalents	3.19%	3,109	3,109	3,109	-	-	-	-	-
Trade and other receivables	-	14,749	14,749	14,749	-	-	-	-	-
Other financial assets	0.43%	681	681	654	-	27	-	-	-
		18,539	18,539	18,512	-	27	-	-	-
Financial Liabilities									
Bank Overdraft		-	-	-	-	-	-	-	-
Trade and other payables	-	13,064	13,064	13,064	-	-	-	-	-
Borrowings	5.87%	138,012	151,558	92,028	13,049	25,292	10,986	10,203	-
Finance Lease Liabilities	11.37%	303	369	126	86	62	35	35	25
Other Financial Liabilities	-	3,885	3,885	3,885	-	-	-	-	-
		155,264	168,876	109,103	13,135	25,354	11,021	10,238	25

2009 Group	Fixed Maturity Dates								
	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 Assets									
Cash and cash equivalents	2.62%	3,356	3,356	3,356	-	-	-	-	-
Trade and other receivables	-	13,664	13,664	13,664	-	-	-	-	-
Other financial assets	0.38%	619	619	594	-	-	25	-	-
		17,639	17,639	17,614	-	-	25	-	-
Financial Liabilities									
Bank Overdraft	9.85%	164	164	164	-	-	-	-	-
Trade and other payables	-	15,451	15,451	15,451	-	-	-	-	-
Borrowings	6.06%	123,121	138,473	58,818	21,866	44,220	13,569	-	-
Finance Lease Liabilities	11.33%	453	569	188	125	90	65	35	66
Other Financial Liabilities	-	1,862	1,862	1,862	-	-	-	-	-
		141,051	156,519	76,483	21,991	44,310	13,634	35	66

Introduction

The following statements set out the financial and service performance objectives that appear in the 2009/10 Annual Plan, which was incorporated into the 10-Year-Plan. The level of performance reporting required by the 10-Year-Plan is significantly greater than previously undertaken. Some of the performance targets are not measurable at present, but Council is actively working towards ensuring that all reporting requirements are met. These statements therefore report only on those targets where relevant data exists for 2009/10.

Chief Executive Report

The report on pages 2-7 covers a number of key points regarding the Council performance for the 2009/10 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 - July 2010

For the 2009/10 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 2010 Queenstown Lakes District Council Residents and Ratepayers Satisfaction and Opinion Survey involves the continued use of a change in methodology adopted in 2009, a change from that used in previous years. The most significant affect of this is the 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 structural 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 figures with the changed survey, the Council decided to use a 'calculated' four-point data, which shows only those results where respondents scored the Council positively or negatively (i.e. 'satisfied' or 'unsatisfied' response only - with all neutral responses excluded from the analysis). The percentage has been calculated on the basis of the results, minus the neutral respondents.

Because the four-point calculation differs from previous years (unknown neutral) the result has been an anticipated drop, comparatively, in some results. For example in terms of the overall Council performance 54.1% of respondents said they were satisfied, 17.1% said they were dissatisfied and 28.8% said they were neutral.

To achieve a four-point result in order to report on the figures set in the 10-year plan the Council has taken the satisfied and dissatisfied figures only and calculate a new percentage (minus neutral) being 76% satisfied (72.2% 2008/09) and 24% dissatisfied (27.8% 2008/09).

Questionnaires were mailed out to 3300 randomly selected residents and to 1000 absentee owners from the Queenstown Lakes District. The response rate of 12.1% was up from the 2009 year (11.1%).

The results were independently processed by Research First Limited and were calculated from a return on 509 surveys (increase on 470 surveys 2009) and the maximum margin of error from the sample is 'plus' or 'minus' 4.3%.

Quality Management

The Council has controls in place for monitoring and improving the quality of the services it provides. The controls consist of inspections and audits by technical staff and external consultants with reports to Council. Other controls are by response to public enquiry and concerns. 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. The outcomes are an important part of the new legislation because they will direct future planning and decision making by the Council.

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

* The term infrastructure includes network infrastructure, roads, trails, public transport and community facilities.

Monitoring of Community Outcomes

The Council adopted an Integrated Monitoring Strategy in June 2005. The strategy provides an integrated framework for meeting the statutory requirements for monitoring of:

- Progress towards community outcomes
- Effectiveness of District Plan

The Council has prepared its first Community Outcomes Monitoring Report (August 2006) in accordance with the Monitoring Strategy. The report is currently a working document and will be updated on an ongoing basis as new information is collected against each of the Council's indicators. The Community Outcomes monitoring reports have been prepared in accordance with the requirements of s92 (1) of the Local Government Act.

What is Monitoring?

Monitoring involves the collection, analysis and reporting of information which indicates the community's progress towards achieving the District's Community Outcomes. Monitoring is essential for the Council to check that its actions and decisions are consistent with community goals and expectations. It also 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.

Legal Requirements for Monitoring

The Council is required by national legislation to monitor and report on various issues. A summary of the types of monitoring that the Council is required to undertake is provided in the table below.

Type of Monitoring	Legal Requirement
Progress towards Community Outcomes	Local Government Act 2002 (LGA)
Level of service provided by the Council	Local Government Act 2002
Effects of Council services, programs and activities	Local Government Act 2002
State of the Environment	Resource Management Act 1991 (RMA)
Efficiency and Effectiveness of the District Plan	Resource Management Act 1991
Performance and Accountability of the Resource Management Act and the District Plan for Resource Users and the Council	Resource Management Act 1991

Note: Please refer to the Queenstown Lakes District Council Monitoring Strategy if you would like further information about the Council's legal monitoring requirements.

The monitoring reports prepared by the Council to date primarily respond to the Council's requirements to monitor progress towards Community Outcomes as required by the Local Government Act.

Information Reported to Date

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 of this years monitoring 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 remained high. In particular libraries recorded an overall satisfaction rating of 96%. There was also a marked improvement in the satisfaction with swimming pools, increasing to 80%, up from 53% in 2007.
- 64% 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 94% (92.3% in 2008/9);
- 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 community also reported a marked increase in satisfaction with the waste refuse collection.
- 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 and the look and feel of their towns;
- The number of paying visitors to the museum has remained relatively consistent despite the increase in both population and tourist numbers that has been recorded over this period. However the museum also has a free art/special exhibitions gallery and a bookshop. This is currently attracting about 8-10,000 people per year, who don't pay to come into the rest of the museum;
- Growth in employment and businesses by sector have averaged around 5% recently, down slightly from the 8%-11% five and seven year averages. With the current economic conditions, we may well see these rates of growth slow further, yet the multi year averages still demonstrate that the region's growth sits well above national averages;
- 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 particular bright spot is the film industry, which is showing a large increase in the number of film permits issued from 15% 2008/09 to 38% per annum 2009/10.

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

This includes:

- Community Leadership
- Tourism Marketing

Community Leadership

Council is a structure 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."*

Our Goals

- To facilitate the democratic process through an effective elected system of Government comprising the Mayor, Councillors and Wanaka Community Board Members including the 2004 elections (Council, Community Board, Health and Community Trust).
- 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, Council Community 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 progressively adopting a development contributions policy under the Local Government Act 2002.
- Carry out a comprehensive review of the size of the elected Council and Wanaka Community Board wards.

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	13
Finance and Corporate Accountability Committee	5
Community Services Committee	9
Strategy Committee	8
Utilities Committee	9
Wanaka Community Board	9
Council 10 Year Plan Submissions Hearings	2
District Licensing Agency Hearings	1
Swimming Pool Subcommittee	4
Resource Consent Hearings	58
District Plan Change Hearings	8
Total Number of meetings	126

Target

Monitor performance of Council in contributing to Community Outcomes via Annual Reports by 30 November.

Achievement

Achieved.

Target

85% compliance with statutory consultation.

Achievement

Achieved 100%.

Target

83% Capex plan completed in period planned.

Achievement

52% Capex completed by value (refer to page 2-3).

Target

Council Annual Plan draft completed by 30 April.

Achievement

Achieved.

Target

Council Annual Plan finalised by 30 June.

Achievement

Achieved.

Target

80% satisfaction of the level of community consultation as determined by the annual residents satisfaction survey.

Achievement

61% satisfaction. (73% 2009). The Chief Executive Report highlights consultation (page 4). This result is more likely to reflect polarising issues, for example the Wanaka Sportsfields location and Queenstown Airport (issuing of shares by the Queenstown Airport Corporation). See page 7 for an explanation regarding the new survey methodology.

Target

80% satisfaction with the level of involvement in the 10-Year-Plan as determined by the annual residents satisfaction survey.

Achievement

61% satisfaction. (59.2% 2009). This is a slight improvement based on the Council's performance in delivering the 10-Year Plan. See page 7 for an explanation regarding the new survey methodology.

Target

75% overall satisfaction with Council's consultation with the community as determined by the annual residents satisfaction survey.

Achievement

57% satisfaction. (59.6% 2009). See above.



Over ten years ago the commercial sector of 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 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 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 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

Achieved 9.3% Biggest growth in international guest nights up 13.2 percent to 1,710,174.

Target

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

Achievement

87% (85.6% 2009) - annual resident and ratepayers survey.



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

Actual		Actual	CCP
2008/09	\$000	2009/10	2009/10
	Expenditure	\$000	\$000
4,057	Governance	4,074	4,274
3,437	Tourism Promotion	3,655	3,657
7,494	Operating Costs	7,729	7,931
(52)	Group Activity Income	-	-
7,546	Net Cost/(Surplus) of Service	7,729	7,931
-	Capital Expenditure	-	-
7,546	Funding Required/(Generated)	7,729	7,931
	Funded By:-		
3,209	Targeted Rates	5,824	5,612
4,337	General Rates	1,905	2,319
7,546	Total Funding	7,729	7,931
	Activity Income Includes (1)		
14	User Charges	-	-
(66)	Other gains/(losses)	-	-
(52)	Total Activity Income	-	-

Significant Cost of Service Variances

Not Applicable.

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.

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.
- Acquisition of land to assure the long term operational viability of Wanaka Airport.

Our Accountability - Land

Target

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

Achievement

No subdivision work was undertaken for the year 2009/10.

Target

75% Community Satisfaction Affordable Housing as determined by the annual resident and ratepayers survey.

Achievement

56% satisfaction - annual residents satisfaction survey.

Target

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

Achievement

Achieved 93% satisfaction - annual residents satisfaction survey.

Target

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

Achievement

Achieved 78% satisfaction - annual residents satisfaction survey.

Target

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

Achievement

83% satisfaction - annual residents satisfaction survey.

Target

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

Achievement

100%

Housing

Our Goals - Housing

- Provision of elderly housing (Abbeyfield Housing Project).
- 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 (see page 5).

Target

100% occupancy of all available housing.

Achievement

93% occupied (elderly 97%, other 88%).

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 continue to implement the outcomes of a review of all camp grounds (Glendhu Bay and Wanaka Camp Grounds reverted to Council management this year in March and August respectively).
- 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 2009/10.)

Our Accountability - Camping Grounds

Target

80% Visitor satisfaction for all camping grounds with facilities, staff and value for money - annual residents satisfaction survey.

Achievement

71% satisfaction (68.1% 2009) - Facilities at Glendhu Bay and Wanaka Camp Ground will be upgraded during 2010/11.

Significant Cost of Service Variances

The net cost of service includes \$5.7m of unrealised losses pertaining to the revaluation of investment property and forestry assets. This follows a 2009 value reduction of \$16.9m for investment property. This represents an unrealised loss in value of around 29% in the past 3 years. This is in line with the general market movement for property of this type and follows strong valuation gains in the previous 10 years.

Significant Capital Expenditure

Not applicable

Significant Capital Expenditure Variances

Capital expenditure was below estimate by \$4.2m for the year and relates mainly to the deferral of development costs for Council owned land at the Commonage in Queenstown.

Property			
Summary of Forecasted Financial Performance			
Actual		Actual	CCP
2008/09	\$000	2009/10	2009/10
Expenditure			
528	Council Land	473	554
176	Housing	135	201
332	Wanaka Airport	297	290
203	Forestry	283	348
3,268	Holiday Parks	3,517	3,865
4,507	Operating Costs	4,705	5,258
(10,955)	Group Activity Income (1)	(58)	5,608
15,462	Net Cost/(Surplus) of Service	4,763	(350)
Capital Expenditure			
22	Council Land	289	3,506
50	Housing	16	158
120	Wanaka Airport	187	306
580	Holiday Parks	1,066	1,870
772	Capital and Debt Repayment	1,558	5,840
16,234	Funding Required/(Generated)	6,321	5,490
Funded By:-			
205	General Rates	353	109
139	Asset Sales	692	-
117	Loans (Internal & External)	1,097	2,138
246	Transfers (to)/from Reserves	(1,094)	3,207
15,527	Other	57	36
16,234	Total Funding	1,105	5,490
Activity Income Includes (1)			
5,406	User Charges	5,336	5,608
-	Other	24	-
(16,361)	Other gains/(losses)	(5,418)	-
(10,955)	Total Activity Income	(58)	5,608

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 Liberty 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.

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 15%

Target

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

Achievement

Achieved 97% satisfaction achieved. (93.8% 2009).

Target

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

Achievement

Achieved - 96% satisfaction. (96.5% 2009).

Target

90% satisfaction with full and diverse collection.

Achievement

Achieved - 97% satisfaction. (96.5% 2009).

Target

84% of population registered.

Achievement

Achieved - 98% population are registered - this figure is due to the large number of temporary residents.

Target

310,000 numbers of material issued.

Achievement

For the period 01 July 2009 – 31 March 2010 QLDC Libraries issued: 274,947 items. Year-to-date statistics show an increase of 5.47 percent. Year end figures are not available due to the introduction of new software in the libraries.

Target

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

Achievement

Achieved 1.70 items - This figure is due to the large number of temporary residents and growth in Queenstown since 2006.

Target

Achieve NZ Library Standards 2004 percentage of residents registered (the percentage of population that has used the library in the past two years. Districts covering large areas with rural populations have a target of 35%)

Achievement

Achieved for the period 01 July 2009 – 31 March 2010. Year-end figures are not available due to the introduction of new software in the libraries.

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 8850 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 community grants initiatives completed and reported approved by the Council.

Achievement

Achieved 100% (see page 6).

Target

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

Achievement

Achieved 86% satisfaction (87.7% 2009)

Target

\$300,000 allocated in the district.

Achievement

Achieved - 33 grants paid (\$512,151)

Target

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

Achievement

Achieved.

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

12 per month on average.

Target

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

Achievement

Achieved 100% (six issues).

Target

10% increase in website visitors per annum.

Achievement

Achieved 17% (8,892 visits per week 2009/10, 7,233 visits per week 2008/09)

Target

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

Achievement

67% satisfaction achieved. This result is likely to reflect the impact of certain polarising issues, for example the issue of shares by Queenstow Airport Corporation (see page 7 for explanation of new survey methodology).

Target

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

Achievement

Achieved 100%

Target

175,000 visitors per annum (Queenstown Aquatic Centre)

Achievement

135,606 (see page 69)

Target

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

Achievement

Achieved 88% satisfaction - ongoing improvements.

Target

25,000 distribution of Scuttlebutt per issue

Achievement

Achieved - 25,150 - inserted in Mirror and Sun Newspapers and direct mailed to out of town ratepayers.

Target

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

Achievement

Achieved.

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

38% per annum (Lakes Property Services).

Target

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

Achievement

10% per annum 171 2009/10 - (155 2008/09).

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 CCP. 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 2010-11 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.

Our Accountability

Target

100% of toilet facilities open and operational 24 hours per day/365 days per year.

Achievement

99% achieved (only one closure due to frozen water).

Target

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

Achievement

71% by value (\$332,000).

Target

Satisfaction as determined by annual residents satisfaction survey:

75% provision of public toilets

75% cleanliness

Achievement

Achieved provision of public toilets - 84% satisfaction. (83.3% 2009)

Cleanliness - 73% satisfaction. (80.5% 2009)

Target

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

Achievement

83% - key measures include cleanliness (audited by Council staff) and timeliness (electronically monitored).

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 are kept neat, tidy and free of litter as determined by annual residents satisfaction survey.

Achievement

Achieved 96% satisfaction. (93.3% 2009)

Target

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

Achievement

Achieved 100% - based on no complaints.

Target

80% end of year contract performance

Achievement

Achieved 87% (contract audit performed by Council staff).

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 per week, as long term residents this is exceptional value. Casual prices represent great value for a day's visit.

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

Achieved 100% (inspections).

Target

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

Achievement

Achieved 80% satisfaction. (71.6% 2009)

Target

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

Achievement

Achieved 83% satisfaction. (77.2% 2009) This increase may be due to improved levels of service through Lakes Leisure management.

Target

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

Achievement

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

Target

14,000 people per month using Queenstown Aquatic Centre.

Achievement

11,300 (lower than expected in part due to long term fast hydroslide closure, due to safety concerns. This figure does not include the Health and Fitness Centre).

Target

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

Achievement

Achieved.

Target

No more than 80 health and safety incidents.

Achievement

247 (240 2008/09) - majority of incidents are minor and more are now captured with greater record keeping of all incidents.

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

79% satisfaction (87.1% 2009).

Target

8 Council waterway facilities accessible to public at all times.

Achievement

Achieved - 8 facilities accessible at all times 2009/10.

Target

500 boat and trailer parks available

Achievement

Achieved - 500 parks.

Target

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

Achievement

\$59,430

Target

100% facilities identified and recorded.

Achievement

Achieved.

Parks and Recreation Facilities

This activity provides affordable and accessible recreation facilities throughout the District. The Council owns and maintains 230ha of designated 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 Lakes Contract Services under Contract 330. This includes: the Queenstown Gardens, 30 playgrounds and 24.5ha of sports fields in Queenstown, Arrowtown, Hawea and Wanaka. This activity does not include facilities on Council owned land that are owned by other organisations i.e. bowling, tennis and golf clubs.

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 projects in the District will total over \$1 million over the next three years. These projects represent a significant investment in the "green network". The cost of these projects will be funded on a joint basis by Council, DOC, The Trails Trust and community funders.

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 - 94% satisfaction. (93.3% 2009).

Target

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

Achievement

Achieved - 91% satisfaction. (88.5% 2009)

Target

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

Achievement

Achieved - 93% satisfaction.

Target

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

Achievement

Achieved - 88% satisfaction.

Target

60km of walkways/cycleways

Achievement

Achieved - 75.8km (see page 5).

Emergency Services

This activity relates to the provision of civil defence and rural fire emergencies. The Council is reviewing its civil defence plan and the associated infrastructure. The Council supported a Rural Fire Unit (managed by Lakes Contract Services) volunteer Rural Fire Forces based at Kingston, Makarora and Glenorchy and offers financial support to volunteer brigades at Hawea and Luggate.

The main roles of this function are to protect public safety by conducting emergency planning, educating the public and responding to emergencies.

Each utility operator has prepared Emergency Management Plans that outline procedures to be followed to enable the District's essential infrastructure to continue to function in the event of a major breakdown or civil emergency. These plans have been established to meet the needs of the Civil Defence Emergency Management Act 2002 (Lifelines).

The Council, in association with the other local authorities and emergency services in the Otago have rewritten the Regional Civil Defence Plan.

Our Goals

- To provide fire-fighting resources for rural areas controlled by the Queenstown Lakes District Council.
- To prevent uncontrolled rural fire emergencies.
- To provide management resources for the control of Civil Defence emergencies.
- Completion of Civil Defence Plan under new Civil Defence and Emergency Management Act.

Our Accountability

Target

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

Achievement

Achieved - 89% satisfaction. (89.7% 2009)

Target

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

Achievement

89% satisfaction. (92% 2009)

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.

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 as follows:

1st eight hours - 25

Subsequent shifts - 40

Achievement

Achieved as per the Code of Practice and National Rural Fire Authority audit 2009.

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

Achieved

Achieved 100% - adopted by the Council August 2009.

Target

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

Achieved

Achieved 100%



Significant Cost of Service Variances

Revenue was ahead of estimate by \$3.9m for the year with Development Contributions \$2.8m above budget, with grants and vested assets also ahead of estimate. Development Contributions are ahead of budget due to the timing of the contributions due for Stage 1 of the Kawarau Falls Development.

Significant Capital Expenditure

The major items here are \$1.1m of debt repayments and \$1.2m of reserve improvements; \$0.48m of new or upgraded walkways (including Kelvin Heights and Glendhu Bay) and \$0.33m of new toilets.

Significant Capital Expenditure Variances

Capital expenditure was below estimate by \$9.4m for the year and relates mainly to the delays associated with the decision over the site for the Wanaka Sports Facilities (\$6.0m) and the deferral of other reserve land purchases (\$2.0m). A number of other projects have been delayed or deferred as a result of the forward capital review process which will result in revised project prioritisations for the next 10-Year Plan.

Community			
Summary of Forecasted Financial Performance			
Actual		Actual	CCP
2008/09	\$000	2009/10	2009/10
Expenditure			
3,968	Community Facilities	4,274	3,722
4,922	Active & Passive Recreation	5,439	5,169
849	Community Development	900	905
424	Community Grants	522	528
1,766	Libraries	1,954	1,982
189	Waterways	206	185
85	Cemeteries	152	134
595	Public Toilets	644	670
491	Emergency Services	477	537
13,289	Operating Costs	14,568	13,832
9,201	Group Activity Income (1)	8,972	5,080
4,088	Net Cost/(Surplus) of Service	5,596	8,752

Community			
Summary of Financial Performance			
Actual		Actual	CCP
2008/09	\$000	2009/10	2009/10
Capital Expenditure			
2,519	Community Facilities	1,021	2,684
7,252	Active & Passive Recreation	2,279	9,654
183	Libraries	204	313
234	Waterways	272	403
206	Cemeteries	126	60
268	Public Toilets	379	517
205	Emergency Services	85	112
10,867	Capital and Debt Repayment	4,366	13,743
14,955	Funding Required/(Generated)	9,962	22,495
Funded By:-			
690	Targeted Rates	5,621	6,233
9,327	General Rates	4,088	3,957
1,108	Loans (Internal & External)	2,586	6,509
1,753	Transfers (to)/from Reserves	(3,730)	4,444
2,077	Other	1,397	1,352
14,955	Total Funding	9,962	22,495
Activity Income Includes (1)			
1,417	User Charges	1,604	1,445
585	Grants & Subsidies	511	164
129	Other	273	180
3,789	Vested Assets	457	-
3,281	Capital Contributions	6,127	3,291
9,201	Total Activity Income	8,972	5,080

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.

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 CCP.
- To maintain a District Plan that is free of errors.
- 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 CCP.
- 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

64% satisfaction. (42.9% 2009)

Target

Statutory regime for monitoring plan effectiveness.

Achievement

Achieved - Monitoring of rural living and residential zone provisions.

Target

100% annual plan change program completed

Achievement

80%

Target

100% cost of growth allocated to development

Achievement

Achieved 100%

Target

100% completion of heritage variations and compliance

Achievement

Achieved 100%

Target

100% adhere to RMA Maori Protocol

Achievement

Achieved 100%

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 Consent, Development, Control and Monitoring
- General Environmental Health
- Inspection and Licensing
- Animal Control
- Bylaw and General Enforcement
- Car Parking Enforcement
- Building Control
- 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 generally obliged to observe the wording of the relevant act and must generally act as an impartial decision maker weighting the evidence placed in front of it by the parties.
- One area of high public interest is the leaky homes issues. 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 is developing a financial assistance package for homeowners to simplify settlement of weathertightness claims. Refer to the financial statements (note 220 for details of the potential financial impact on these claims).

Resource Consents

Our Goals

- To process applications for land use and subdivision consents and new activities requiring special consents and 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.

Our Accountability

Target

90% of Resource Consent applications and related functions are processed within statutory timeframes.

Achievement

Achieved 79.6% - (Lakes Environmental monitoring system).

Target

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

Achievement

Achieved 100% - 58 applicants have gone to hearing (Lakes Environmental monitoring system).

Target

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

Achievement

69% of consents issued were monitored for compliance within two years of issue. The ongoing reduction in resource consents is likely to lead to an improvement in this measure.

Target

100% material updated and available.

Achievement

Achieved 100%.

Target

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

Achievement

63% satisfaction

Target

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

Achievement

37% satisfaction (29.2% 2009) - this satisfaction level is improving and reflects improved processing systems.

General Environmental Health

Our Goals

- To monitor noise levels and respond to public complaints of excessive noise.
- To investigate notifiable disease incidents and 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

68% satisfaction achieved. (65.2% 2009) - an education campaign was undertaken in 2009/10.

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 (417 premises inspected 2009/10)

Target

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

Achievement

89% achieved.

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

54% satisfaction. (42.9% 2009).

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 and correct 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.

60% Dog Enforcement Services.

Achievement

Achieved Registration and Licensing - 81% satisfaction. (75.6% 2009)

Dog Enforcement Services - 57% satisfaction. (56.7% 2009)

Bylaw and General Enforcement

Our Goals

- To publish support material to provide information and assistance to consent and licence holders.
- To monitor the ongoing compliance of standards imposed on resource consents and through other methods.

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

63% satisfaction.

Carparking Enforcement

Our Goals

- To ensure parking areas are regularly patrolled - 150 hours per week between 9.00 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 139 hours per week.

Target

Public complaints assessed and actioned within 48 hours.

Achievement

Achieved 100%.

Target

Zero justified complaints received.

Achievement

Achieved no complaints received.

Target

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

Achievement

Achieved 71% satisfaction. (57.4% 2009).

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 - 87.4% achieved meeting new statutory time frames.

Achieved LIM - 100%.

Achieved PIM - 100%.

Target

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

Achievement

Achieved 99%.

Target

Satisfaction with Resource Consent Management as determined by annual residents satisfaction survey:

Building Control Services - 60%

LIM Services - 80%

Achievement

Building Control Services - 40% satisfaction. (29.8% 2009) - improved processing timeframes.

Achieved LIM Services - 81% satisfaction. (67.4% 2009) - improved processing timeframes.

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.

Target

Water safety radio promotion annually in January.

Achievement

Achieved.

Target

Safe Operation Plans audited annually.

Achievement

Achieved.

Target

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

Achievement

Achieved 91% satisfaction. (86.4% 2009).

Target

10 incidents

Achievement

12 attended by harbourmaster (variety of vessels on lakes and rivers).

Target

No Fatalities

Achievement

Achieved - significant publicity and education around water safety.

Target

100% safety of private and public structures.

Achievement

95% (two year audit 2009).

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

Actual 2008/09	\$000	Actual 2009/10	CCP 2009/10
Expenditure			
4,133	Regulatory Services	4,347	3,559
431	Waterways Regulation	406	405
1,994	District Plan	2,129	2,458
6,558	Operating Costs	6,882	6,422
1,246	Group Activity Income (1)	1,437	1,522
5,312	Net Cost/(Surplus) of Service	5,445	4,900
Capital Expenditure			
4	Regulatory Services	2	202
560	District Plan	410	410
564	Capital and Debt Repayment	412	612
5,875	Funding Required/(Generated)	5,857	5,512
Funded By:-			
5,007	General Rates	4,836	4,142
-	Loans (Internal & External)	801	1,354
866	Transfers (to)/from Reserves	217	13
3	Other	3	3
5,875	Total Funding	5,857	5,512
Activity Income Includes (1)			
76	User Charges	94	68
-	Grants & Subsidies		
1,170	Other	1,343	1,454
-	Capital Contributions	-	-
1,246	Total Activity Income	1,437	1,522

Significant Cost of Service Variances

Not applicable.

Significant Capital Expenditure

Not applicable.

Significant Capital Expenditure Variances

Not applicable.



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. Studies are proceeding to assess the potential cost of improving the water quality gradings. Drinking water standards compliance is mandatory from 2013. Our means of compliance is through public health risk management plans.

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 failure. A small number of Wanaka properties continue to either receive low pressure water or extremely high pressure. We will continue to plan around addressing this issue.

Our district continues to have extremely high level of water use at 831 litres per person per day and a significant proportion of this usage is leakage (26%) and irrigation. A leak detection programme is in place and in the coming financial year we will spend over \$400,000 on reducing leaks.

The impact of our low compliance on the environment is minimal because our sources are not rivers or streams where a risigual water flow is important to stream and all other health. In this year we have implemented a new resource consent monitoring software package which has given us increased visibility and improved measurement of compliance.

Water supply demand management

The 2009 10-Year Plan includes expenditure for implementing water supply demand management initiatives. It does not, however, include any evaluation of the potential savings resulting from these initiatives. This analysis has been completed at a high level as part of the Forward Capital Review. The work undertaken to date, has focussed on the Queenstown and Wanaka schemes, as they account for 58% and 23% respectively, of water supply capital expenditure 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 plans assess the current water demands and suggest action plans for addressing the issues identified, they do not however assess future demands.

The following process was undertaken to assess the impact demand management could have:

- Calibrate dynamic water supply models for Queenstown and Wanaka.

- Benchmark current water use.
- Develop future scenarios including demand management targets.
- Evaluate project savings and demand management implementation costs.

High level analysis, using current data, shows that there is the potential to remove around \$72.4m from the Queenstown and Wanaka water supply capital programmes as a result of successful demand management. This can only be achieved if targets are met. This will present a major challenge for each community but the ensuing financial benefits are clear-cut.

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:

85% water quality

100% reliability

Achievement

Water quality - 80% satisfaction. (78.6% 2009)

Reliability - 90% satisfaction (86.9% 2009)

Target

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

Achievement -

831 litres per day. Calculation is based on water usage less the estimate leakage by measuring consumption at 3am (see comment on leakage).

Target

95% of hydrants meeting fire safety standards

Achievement

Achieved - 97% of fire hydrants as modelled by Council complied with SNZ PAS 4509: 2008.

Target

No confirmed illnesses attributable to the water supply.

Achievement

None

Target

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

Achievement

122 complaints (the majority related to Wanaka algae issues).

Target

100% compliance with NZDWS 2005 - aesthetics standard.

Achievement

94% - a testing regime has been established to comply with the NZ Drinking Water Standard. In practice all schemes are tested, with frequency varying according to the presence of on site equipment (most sites have continual monitoring). The achievement of 94% is due to environmental factors affecting turbidity but not potability of the water.

Target

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

Achievement

96% achieved - measured through United Water contract monitoring.

Target

99% household connections at a point of supply with pressure >300kPa and <900kPa (kPa water pressure measure).

Achievement

97% complied with the target. 100% were within the range of 150kPa to 1160kPa.

Target

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

Achievement

Achieved - 93% as per the RFS system reporting.

Target

100% completion of repairs within the specified time in response to level 1 incident (health and safety issues < 1 hour).

Achievement

1 incident (burst water pipe) resolution time 3 hours and 52 minutes (this measure has highlighted that a one hour response sign off is difficult to achieve).

Target

The conditions of all resource consents for water supply to be complied with 95% of the time.

Achievement

43.8% (Variance arises as the Council used to measured on 1 condition and now must be measured on 10 conditions of the resource consent).

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.

Our Goals

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

Our Accountability**Target**

85% Satisfaction with storm water facilities, as determined by the annual residents satisfaction survey.

Achievement

73% satisfaction achieved. (63.4% 2009) This increase may reflect community satisfaction with the Council response to the April/May flood event.

Target

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

Achievement

Achieved 95% as per the RFS system reporting

Target

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

Achievement

None were reported.

Target

100% compliance with Resource Consents

Achievement

60% compliance. (This year the Council purchased CS Vue a new software product that is a database for our Resource Consent information. This measures each consent as a pass or a fail depending on whether all the conditions were met. Previously not all the information was recorded).

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.

For Queenstown, the Council has now secured all the resource consents necessary for the delivery of Project Shotover (wastewater disposal to land) and will tender a construction contract for the project in the coming year. Project Pure at Wanaka has been operating since February 2009. For Hawea investigations continued to find an affordable way to upgrade the treatment plant for disposal to land. Our new software system for monitoring resource consents has identified 63.2% compliance with resource consent conditions. There is no measurable degradation to the environment as a result of less than 100% compliance.

We have been continuing to manage and respond to odour complaints that have formed part of the first full year of operation at Project Pure. The Council has undertaken a full review of the odour issue and is working closely with the Otago Regional Council. In all other aspects the plant is operating successfully.

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 environment 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 wastewater as determined by annual residents satisfaction survey.

Achievement

86% satisfaction. (84.8% 2009)

Target

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

Achievement

7 (relating to flushing of pipes leading to backflow in toilets).

Target

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

Achievement

Achieved 100% - as per the monthly report from contractors.

Target

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

Achievement

31% response. Response time needs to be reviewed. The average time was 41.9 minutes.

Target

No more than 30 odour complaints.

Achievement

93 - (the majority being around Project Pure's first year of operation).

Target

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

Achievement

406 litres per person - (This relates to water supply leakage as explained in the Water Supply activity).

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.

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.

It has been a challenging year in terms of an unexpected reduction in waste volumes, which has led to an unexpected reduction in revenue. There has been a corresponding reduction in recycling volumes although the percentage of recyclables has remained stable. We have dealt with this by putting on hold projects and programs that were not core to delivering recycling and residual waste collections. Recycling contributes to a longer landfill life as has the unexpected reduction in waste this year.

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

Achieved Recycling Collection Service - 94% satisfaction. (88.6% 2009)

Refuse Collection Service - 84% satisfaction. (84.5% 2009)

Achieved Resource Recovery Parks - 91% satisfaction achieved. (87.7% 2009)

Achieved Landfill site management - 87% satisfaction. (77.2% 2009)

Achieved Transfer Station - 90% satisfaction achieved. (81.8% 2009)

Target

100% compliance with Victoria Flats Landfill resource consents.

Achievement

78% - the Council received a number of non-compliances from an ORC audit relating to non submission of water quality data and a lack of updated management plans.

Target

100% monitoring of transfer stations and resource recovery parks.

Achievement

75% - the Council's contractors carry out self monitoring and these are reviewed by the Council at monthly meetings. The Council has not undertaken audits of these operations, this why the target has not been achieved.

Target

No more than 40 complaints per annum regarding overflowing bins.

Achievement

Achieved - 37 complaints (as reported in the Request For Service system).

Target

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

Achievement

26% - this figure was derived from establishing the total recyclables/greenwaste tonnage (7,937 tonnes) as a percentage of the total waste tonnage (30,523 tonnes).

Target

100% compliance with conditions of consent for closed landfills

Achievement

50% achieved - this reflects a situation which is expected to improve but does not reflect the Tucker Beach landfill non-compliance issues, which are being addressed with the ORC.

Target

100% compliance with resource consent conditions for transfer stations and landfills.

Achievement

Achieved 100%.

Target

Zero illness attributed to waste management services.

Achievement

Achieved - based on zero complaints received.

Target

100% services requested actioned within the specified contract timeframes

Achievement

95.55% - (Request For Services)

Target

Waste Management charge increase per property per annum < 10 %

Achievement

Achieved - reduction of 3% commercial - (2009/10 \$103) (2008/09 \$107)

Achieved - reduction of 20% residential - (2009/10 \$140) (2008/09 \$175)

Target

50% waste minimisation costs to be recovered from polluter.

Achievement

Achieved 50% - 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.

Target

100% monitoring of resource recovery parks.

Achievement

Achieved - 100%

Utilities

Summary of Forecasted Financial Performance

Actual 2008/09	\$000	Actual 2009/10	CCP 2009/10
Expenditure			
8,267	Wastewater	8,442	8,390
7,713	Water Supply	8,058	7,056
5,773	Waste Management	5,964	8,320
3,424	Stormwater	2,403	2,130
25,177	Operating Costs	24,867	25,896
10,327	Group Activity Income (1)	10,957	16,840
14,850	Net Cost/(Surplus) of Service	13,910	9,056
Capital Expenditure			
13,754	Wastewater	7,292	12,211
6,209	Water Supply	4,238	7,760
2,289	Waste Management	227	471
2,150	Stormwater	2,687	4,604
24,402	Capital and Debt Repayment	14,444	25,046
39,252	Funding Required/(Generated)	28,354	34,102
Funded By:-			
13,322	Targeted Rates	15,271	15,460
108	General Rates	15	245
4,040	Loans (Internal & External)	8,050	14,052
13,261	Transfers (to)/from Reserves	2,170	1,933
8,521	Other	2,848	2,412
39,252	Total Funding	28,354	34,102
Activity Income Includes (1)			
2,727	User Charges	3,050	5,610
60	Grants & Subsidies	150	134
404	Other	533	392
4,058	Vested Assets	4,508	5,664
3,078	Capital Contributions	2,716	5,040
10,327	Total Activity Income	10,957	16,840

Significant Cost of Service Variances

Revenue was below estimate by \$5.9m for the year with the shortfall in Development contribution income of \$2.3m being the main cause. Waste Management revenue is down by \$2.6m as a result of reduced volumes of residual waste. This is matched by a reduction in operating expenditure of \$2.4m. Maintenance costs for water supply are above estimate by \$1m: this relates mainly to the Queenstown scheme where the work required was greater than forecast.

Significant Capital Expenditure

Expenditure on wastewater upgrades account for \$5.7m of the total with vested assets comprising a further \$4.5m. The major projects include replacing part of the Sunshine Bay to Queenstown wastewater gravity main and largely completing the capacity upgrades to the Two Mile and Kelvin Heights water intakes.

Significant Capital Expenditure Variances

Capital expenditure for Utilities was \$10.6m below estimate; most of this underspend relates to wastewater projects (\$4.9m) which have been delayed or deferred as a result of the forward capital review, which will deliver a revised prioritisation of projects for the next 10-Year Plan. There are also a number of water supply (\$3.3m) projects in a similar position. Vested assets were \$1.1m below estimate.

This activity includes:

- Roading
- Parking Facilities

Roading

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 predicatble and safe for the road user. The District controls 804km of formed roads (of which 449km are sealed), 90km footpaths, 89 bridges, 2720ha land and 1029 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 contained in our rural roading corridors document. This activity requires the Council to work in close partnership with New Zealand Transport Agency which funds a portion of local roads through national levies and provide the complementary state highway network.

Safety continued to be a key focus and is part of our road upgrade program. We endeavor 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.

In terms of congestion we have introduced robust measuring of travel choices on Frankton Road to understand the wider issues of congestion for the district. Early measurements showed a higher than expected level of people making choices other than motor vehicles.

Our Goals

- To provide and maintain a safe roading network that allows the integrated and sustainable movement of people and goods throughout the district.
- To provide and maintain a safe roading network that promotes and enhances the cultural, social and environmental aspects of the district.
- To provide and maintain safe town centre and urban community assets that promotes the cultural, social, economic and environmental aspects of the District.
- To deliver a road safety strategy.

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

Achievement

- Achieved - Sealed roads - 76% satisfaction. (61.1% 2009)
- Achieved - Unsealed roads - 74% satisfaction. (61.6% 2009)
- Achieved - Footpaths - 67% satisfaction (59.5% 2009)
- Achieved - Bus stop - 88% satisfaction (55% 2009). Introduction of new services.
- Achieved - Trails and Cycleways - 96% satisfaction (85.8% 2009)

Target

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

Achievement

Glenorchy Road closure 21 May 2010 (alternative transport provided to Glenorchy residents boat/bus).

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

Urban Roads - 108
 Rural Roads - 84
 (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 - 91.3%
 Achieved - Rural Roads - 99.6%
 (Measurements are for all sealed roads measured at 100 metre intervals).

Target

No serious injury road crashes per 10,000 vehicles.

Achievement

26 serious injury crashes with a range of causes (this is how NZTA Road Safety Data is compiled within the 2009 calendar year). The 2008 figure was 22 serious injury crashes. The Council is embarking on a road safety campaign in conjunction with NZTA which will focus on alcohol, speed, youth and driver distraction.

Target

100% Streets cleaned to an acceptable level to the community as determined by the annual residents satisfaction survey.

Achievement

85% satisfaction achieved. (74.1% 2009)

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 6% (Queenstown Traffic Modal Split Survey 2010). Undertaken through annual 'screen line' surveys.

Parking Facilities

Parking provides access to the attractions of Queenstown, Arrowtown and Wanaka. Increasingly the Council is seeing tension between inner town residences and worker/visitor parking. In the past year we have reviewed parking controls in the three main centres. We have continued to work on incentivising commuters to consider travel choice options through changes to the parking regime. This included the introduction of the highly successful month-long Right Way Campaign which will continue in 2010.

In the Queenstown Lakes District, there are presently 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.

Central 165 and the old Queenstown District High School are Council's main carparking facilities in Queenstown. There are also facilities in Gorge Road, Athol Street and Brecon Street. In central Wanaka the Council has facilities on Pembroke Park, Dunmore Street and Wanaka waterfront. All of these facilities are at times under considerable pressure.

Our Goals

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

Our Accountability**Target**

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

Achievement

52% satisfaction achieved. (40.3% 2009). This result could be due to less traffic demand and the partial implementation of changes to parking controls in the town centres.



Significant Cost of Service Variances

Revenue was below estimate by \$3.0m for the year with the shortfall in subsidy income (\$1.9m) from LTNZ as a result of a change in the approved NZTA program and development contribution income of \$1.2m being the main cause.

Significant Capital Expenditure

Expenditure on major road reconstructions and rehabilitations accounts for \$11.2m of the total with vested assets comprising a further \$3.3m. The balance of \$7.0m comprises mainly resurfacing, seal extensions, town centre improvements & loan repayments. Included in the figure above is 27.7 km of resurfacing of sealed roads; seal extensions at Hawea Flat; 14.65km of sealed road rehabilitation including parts of: Queenstown-Glenorchy Road, Malaghans Road, Coronet Peak Road, Gorge Road, Willow Place (all), Crown Range Road and Robins Road; and built 1514m of new footpath including Totara Terrace and Lake Avenue.

Significant Capital Expenditure Variances

The positive variance of \$5.1m relates to a combination of factors including the deferral of certain projects and others coming in under estimate. The deferrals relate mainly to projects not being included in the approved NZTA program as anticipated.

Roading and Parking			
Summary of Forecasted Financial Performance			
Actual		Actual	CCP
2008/09	\$000	2009/10	2009/10
	Expenditure		
16,100	Roading	16,263	15,732
743	Parking Provision	511	459
16,843	Operating Costs	16,774	16,191
15,320	Group Activity Income (1)	18,029	21,000
1,523	Net Cost/(Surplus) of Service	(1,255)	(4,809)
	Capital Expenditure		
21,729	Roading	21,362	26,530
260	Parking Provision	150	150
21,989	Capital and Debt Repayment	21,512	26,680
23,512	Funding Required/(Generated)	20,257	21,871
	Funded By:-		
8,593	Targeted Rates	9,509	9,574
3,170	Loans (Internal & External)	6,939	8,415
6,542	Transfers (to)/from Reserves	1,508	1,533
5,207	Other	2,301	2,349
23,512	Total Funding	20,257	21,871
	Activity Income Includes (1)		
1,031	User Charges	907	582
10,786	Grants & Subsidies	11,811	13,748
303	Other	457	423
2,262	Vested Assets	3,327	3,502
938	Capital Contributions	1,527	2,745
15,320	Total Activity Income	18,029	21,000

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 margins 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 foreseeable future, by New Zealand's major domestic airlines and International Airlines likely to operate here.
- To promote Queenstown's 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 Queenstown Lakes District community and the environment.
- To act as a 'good neighbour' to the adjacent residential areas.

Objectives

Target

Provide suitable terminal facilities for satisfactory trans-Tasman and expanded domestic operations.

Achievement

The company has completed a comprehensive capacity study incorporating feedback from airlines, border control agencies and other stakeholders. The study will be the foundation for further expansion of terminal capacity.

Target

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

Achievement

The Company continues to be involved in ensuring that surrounding land developments and planning are consistent with the airport's operations.

Target

Ensure adequate communication exists between Queenstown Airport 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, while continuing existing reporting systems.

Achievement

The shareholder of the Company is represented at Board meetings as an observer, and the Company provides quarterly reports to the shareholder. Regular meetings are held with airport users and interested members of the public regarding airport operations.

Target

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

Achievement

The company continues to promote 'the responsible use of airspace over Queenstown' through the Queenstown/Milford User Group.

QAC is currently promoting Plan Change 35 to establish new noise boundaries to cater for the airports growth. The airport has undertaken modelling for the busiest 3 months summer and winter periods to ascertain compliance with existing noise boundaries and will report to QLDC regarding these modelling results in accordance with its noise management plan.

Target

Develop an achievable plan to meet the revised RESA requirements within the prescribed transitional timeframes.

Achievement

The Company is actively planning to develop a preferred option for the construction of Runway End Safety Areas (RESA) at the eastern and western ends of the runway.

Target

Achieve the forecast profit result.

Achievement

The budgeted profit result was a surplus after tax of \$1.75m. The actual result was a surplus of \$71.23m. There has been a one off impact as a result of the revaluation of land holdings and buildings, runways and parking and related deferred income tax adjustments.

Target

To achieve an average tax paid rate of return on Shareholder's funds commensurate with that achieved by similar organisations. For the year ending 30 June 2010 the target was 5.96%. This target was lowered due to the extensive capital costs undertaken in previous financial years.

Achievement

The tax paid return on shareholders' funds was 409%. The actual shareholders' funds to total assets is 65.5%, the target was 31.5%. This significant increase results from the revaluation of land holdings and buildings, runways and carparking and related deferred income tax adjustments.

Target

The Company will operate with a debt equity ratio that will not exceed the allowable lending criteria.

Achievement

At 30 June 2010, the company was in technical breach of banking covenants in respect of its Equity Ratio. The breach stemmed from the \$6,481,147 adjustment to deferred tax required by a change in tax policy for building depreciation. The 2010 Government Budget announced the future non-deductibility of depreciation in respect of buildings with an estimated economic life exceeding 50 years. The company's bankers were fully briefed on the potential breach stemming from the tax policy change and subsequently waived the breach.

Financial Performance

2009 Actual		2010 Actual	2010 Budget
000's		000's	000's
11,308	Revenue	12,812	11,392
8,956	Operating Expenditure	9,481	8,893
2,352	Operating Surplus/(deficit) before tax	3,331	2,499
706	Taxation	7,086	749
-	Other comprehensive income	74,988	-
1,646	Operating Surplus/(deficit) after tax	71,233	1,750



The primary objective of the company is to promote, encourage and facilitate the wider practical community participation in recreation and leisure within the Queenstown Lakes district. Lakes Leisure Limited meets the definition of a Council controlled organisation (CCO) in terms of section 6 of the Local Government Act 2002.

Goals

- Contribute to the achievement of the community outcomes set down in the Long Term Council Community Plan 2006 - 2009.
- 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.
- Meet the principal objectives of a Council Controlled Organisation as set out in Section 59 of the Local Government Act 2002. Those objectives, which are embodied in our constitution are:
- Achieve the objectives of the shareholders, both commercial and non commercial, specifically:
 - i To promote, encourage and facilitate the widest practical community participation in recreation and leisure within the facilities under our control;
 - ii In pursuit of that objective, to make access to facilities as affordable as possible to the community and users;
 - iii In partnership with QLDC, plan for the further development of facilities under our control to meet the ongoing demands of growth; and
 - iv To assure the value of assets under our control and promote their enhancement.
- Be a good employer;
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which we operate and by endeavouring to accommodate or encourage these interests when able to do so; and
- Provide excellent customer service to all of our clients.

Objectives

Target

Ensure that facilities and sports fields are maintained to an exceptionally high standard.

Achievement

Managed the district sports field maintenance contract efficiently and effectively improving sports turf standards.

Target

Planning for growth on a district basis, building on work already completed at Queenstown Events Centre and ensuring that the boundaries of the Frankton campus are protected are a priority.

Achievement

Completion of the Aquatics Project in October 2009 with the opening of the Alpine Health and Fitness Centre. A facilities Maintenance Plan was completed and land boundaries have been discussed and will form part of the plan. Consulted with user groups and a review of the Master Facilities Plan is underway.

Target

Growing the overall use of facilities and developing recreational and leisure opportunities for the Queenstown Lakes District community as a priority.

Achievement

Record use and participation across all venues and facilities: total community participation was increased 9% to 501,142: community programme participation rates were increased 19% to 11,169.

Target

While increasing the number of nationally recognised events is a key strategy, this must be tempered by the need for facilities to be accessible to regular users.

Achievement

Supported community participation by maintaining an appropriate balance between direct programme delivery and hireage of facilities.

Target

Provide a safe and enjoyable aquatics environment and ensure the community has opportunities to participate in a variety of aquatics activities in the 2009/10 year.

Achievement

Passed the annual NZ Recreation Society Pool Safe review.

Target

Develop revenue streams to become less reliant on rates funding.

Achievement

Worked with 62 sponsors in 2009/10 to financially support programmes and events.

Target

Focus on ensuring we are in a strong financial position with robust management practices so that we can take advantages of opportunities.

Achievement

Implemented robust and responsive financial management systems that recognise and address the financial risks

Target

To have an open and collaborative relationship with Council.

Achievement

Adheres to Council's reporting mechanisms and have developed strong working relationships with Council officers.

Financial Performance

2009 Actual		2010 Actual	2010 Budget
000's		000's	000's
4,298	Revenue	5,216	5,274
4,045	Operating Expenditure	4,737	4530
253	Operating Surplus/(deficit) before tax	479	744
-	Taxation	-	-
253	Operating Surplus/(deficit) after tax	479	744

Lakes Engineering Limited ceased operations on 30 June 2009. The assets and liabilities transferred to Queenstown Lakes District Council on that date. The engineering activity is now provided 'in house' by the Infrastructure Services Department.

Financial Performance

2009 Actual		2010 Actual	2010 Budget
000's		000's	000's
1,309	Revenue	-	-
1,247	Operating Expenditure	-	-
62	Operating Surplus/(deficit) before tax	-	-
7	Taxation	-	-
55	Operating Surplus/(deficit) after tax	-	-



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 meets the definition of 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 80% customer satisfaction.

Achievement

77% achieved.

Target

To achieve 90% staff satisfaction.

Achievement

82% achieved.

Target

To have no more than 13% staff turnover.

Achievement

28% staff turnover.

Target

To have nil number of lost time injuries.

Achievement

2 lost time injuries.

The customer satisfaction measure is the percentage of customers who, in a direct customer survey, rated themselves as satisfied or better in their dealings with the company. The customer satisfaction survey has been independently conducted this year. Customer satisfaction was 77% compared to the target of 80%

The staff satisfaction survey measures the degree of staff satisfaction with the company as an employer. Staff satisfaction has increased when compared with the 2009 result (78%) and is below the target (90%).

The staff turnover measures the number of permanent staff that left the company during the year ended 30 June 2010 as a percentage of total staff positions as at 30 June 2010. Of the 28% staff turnover during the year, 4% was involuntary turnover.

A lost time injury is an injury incurred at work that requires more than one day off work.

Financial Performance

2009 Actual		2010 Actual	2010 Budget
000's		000's	000's
7,633	Revenue	7,717	7,846
7,643	Operating Expenditure	7,531	7,656
(10)	Operating Surplus/(deficit) before tax	186	190
19	Taxation	60	60
(29)	Operating Surplus/(deficit) after tax	126	130



AUDIT REPORT

TO THE READERS OF QUEENSTOWN LAKES DISTRICT COUNCIL AND GROUP'S FINANCIAL STATEMENTS AND SERVICE PROVISION INFORMATION

FOR THE YEAR ENDED 30 JUNE 2010

The Auditor-General is the auditor of Queenstown Lakes District Council (the District Council) and group. The Auditor-General has appointed me, Peter Gulliver, using the staff and resources of Deloitte, to carry out the audit on her behalf. The audit covers the financial statements, the service provision information and the District Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are included in the annual report of the District Council and group for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the District Council and group on pages 14 to 56:
 - comply with generally accepted accounting practice in New Zealand;
 - and fairly reflect:
 - the District Council and group's financial position as at 30 June 2010; and
 - the results of operations and cash flows for the year ended on that date.
- The service provision information of the District Council on pages 57 to 87:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's levels of service provision for the year ended 30 June 2010, including:
 - the levels of service provision as measured against the intended levels of service provision adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service provision and the expected service provision.
- The District Council and group have complied with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report, and that are included in the District Council and group's financial statements and service provision information.

The audit was completed on 6 October 2010, and 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 the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, the service provision information and the other requirements did not have material misstatements, whether caused by fraud or error.

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

The audit involved performing procedures to test the information presented in the financial statements, the service provision information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether the significant management and system controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported financial and service provision data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied;
- determining the appropriateness of the reported service provision information within the Council's framework for reporting performance; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, the service provision information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, the service provision information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Matters relating to the electronic presentation of the audited financial statements, service provision information and the other requirements.

This audit report relates to the financial statements, service provision information and the other requirements of Queenstown Lakes District Council and group for the year ended 30 June 2010 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 financial statements, service provision information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, service provision 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, service provision 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, service provision information and the other requirements as well as the related audit report dated 6 October 2010 to confirm the information included in the audited financial statements, service provision 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.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements and service provision information in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council and group as at 30 June 2010. They must also fairly reflect the results of operations and cash flows for the year ended on that date. The service provision information must fairly reflect the District Council's levels of service provision for the year ended 30 June 2010.

The Council is also responsible for meeting the other requirements of Schedule 10 of the Local Government Act 2002 and including that information in the annual report. The Council's responsibilities arise from section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, the service provision information and the other requirements and reporting that opinion to you. This 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 assignments in the areas of tax compliance, and the audit of an amendment to the long term council community 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.



Peter Gulliver
Deloitte
On behalf of the Auditor-General
Dunedin, New Zealand