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Introduction

The purpose of the Annual Report is to communicate Council's achievements against objectives included in the 2008/2009 Annual Plan. The 2008/2009 year represents year three of the 2006 10-Year-Plan.

Financial Result 2008/2009

This is the third year that the Council and its subsidiaries have reported under the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Along with the Queenstown Airport Corporation, Lakes Leisure Limited and Lakes Environmental Limited - the QLDC group has recorded a satisfactory financial result for the year ended 30 June, 2009. The combined operating result is a \$4.3m deficit. The main reasons for this are explained below.

The Council alone recorded an operating deficit of \$6.1m against a budgeted surplus of \$31.5m. Compared to previous years, this situation is quite unique but not unexpected in the current economic climate. The reported deficit includes \$17.5m of unrealised losses pertaining to the revaluation of investment property and forestry assets. This follows a 2008 value reduction of \$6.8m for investment property. This represents an unrealised loss (not actual) in value of around 23% in the past two 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 \$7.0m for the year ended 30 June, 2009. The following major items contributed to this variance:

- Development contribution income was below budget by \$8.1m for the year principally because of a slowdown in consent related activity. To put this in context, development contributions income was \$11.1m below budget in the previous year.
- Vested Assets were \$3.1m above budget for the year including \$3.7m of reserve land. This is because we have recognised the value of reserve land transferred from the Department of Conservation in Wanaka and Queenstown valued at \$2.8m.

Operating expenditure was above estimate by \$8.6m for the year ended 30 June 2009. The following major items contributed to this variance:

- The main component of the variance relates to \$5.2m of project expenditure which was classified as capital expenditure within the budget but which 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 \$2.5m higher than budget. This is a non cash item and relates primarily to the timing of project expenditure (Project Pure) and higher than anticipated levels of vested assets over recent years.
- The balance of the variance of \$0.9m relates primarily to increased maintenance costs for water supply, wastewater, roading and public toilets.

The first two items account for \$7.7m or around 90% of the variance. This means that after excluding the effect of these items, operating expenditure was around 1.3% over budget.

Project delivery

Infrastructure

Council was able to complete around 70% (by value) of the 2008/09 infrastructure capital works programme (including carry forwards), however it failed to meet set targets. This is slightly down from 2007/08 (77%).

Capital Procurement

In June 2006 the Council announced the delivery of a Procurement Strategy and sought a team of preferred consultants and designers. The strategy places surety around the planning and delivery of infrastructure capital projects for both the Council and the community, and allows contractors the confidence to commit resource to enable this to happen. The Council selected preferred contractors in October 2007.

What have we delivered?

Here are some of the projects that have been delivered during 2008/09:

- Resurfaced 25.9 km of sealed road.
- Sealed Orchard and Faulks Roads in Wanaka.
- Albert Town seal extensions.
- Crown Range Road reconstruction.
- Centennial Avenue rehabilitation together with walking/cycling track.
- Riverbank Road seal widening.
- Gorge Road stage one including cycle path.
- Purchased additional land at Victoria Flats to protect the integrity of the landfill.
- Upgraded parking signage.
- Completed Camp Street upgrade.
- Renewed the Park Street wastewater rising main.
- Began operating Project Pure.
- Renewed the Bendemeer to Ladies Mile wastewater rising main.
- Renewed various water and wastewater pipelines.
- Completed draft Stormwater Catchment Management plans for most of the urban areas across the district.
- Obtained the resource consent for Project Shotover (subsequently appealed to the Environment Court).
- Wanaka western intake pump upgrade.
- Public Health Risk Management plan for Queenstown.
- Water demand management strategy for each system.

Community

The delivery of community capital works projects has been sustained at a high level with 48 of the 58 projects (83%) having been completed (2008 80%). The remaining projects to will be completed in spring when planting conditions permit.

What have we delivered?

Here are some of the projects that have been delivered during 2008/09:

- New barbeque and shelter at the Frankton Domain.
- New toilet at Scurr Heights reserve.
- Completion of a walkway / cycleway through Millbrook to Speargrass Flat Road.
- Extension of the Queenstown Cemetery and improvements to the Wanaka Cemetery.
- Construction of new maintenance depot and public car park improvements.
- Major upgrade of the Queenstown Gardens main path.
- Upgrade of the Roy's Bay Boat ramps.
- New playgrounds in Luggate and Glenorchy.
- Construction of a walkway/cycleway from Lake Hawea to Albert Town and Damper Bay to Glendhu Bay.

Other Project Highlights

10-Year-Plan

The Council spent almost the entire 2008/09 year preparing for the 10-Year-Plan process, the 2009 plan being adopted on 30 June 2009. The resultant work meant the Council was able to identify that years one (2009) to four (2012) are affordable (financially prudent) and necessary for the wellbeing of the district but in the later years of the 10-Year-Plan the programme becomes unaffordable. Some of the key reasons why this had happened since the last 10-Year-Plan in 2006 are:

- a) Better knowledge: Over the past three years the Council has invested in a thorough understanding of our infrastructure networks. It is now clear that there is more work to do on our current assets to ensure they do not fail in the near future than was previously forecast.
- b) Goal Post Shift: In several cases new standards have been applied to Council activities by Central Government and other agencies. Water standards, and quality standards for sewerage discharge, are two examples that have resulted in substantial increases in the size of the capital programme compared to past forecasts.
- c) Growth: The single biggest impact is still due to economic growth. Council's projections, which have been developed and proved accurate, over the past five years highlight that our current district average day population has risen from an estimated 35,777 people in 2006 to 68,305 in 2029. However the Council has to provide infrastructure for the peak day (including visitors). By 2029 the peak day population is estimated to be 137,404.
- d) New Facilities: The Council and the community have made decisions in recent years to invest in new facilities (Alpine Aqualand, Recycling Centre, Project Pure etc) which have been partly paid for out of debt. The draft plan, consulted during April/May 2009 forecast that by the year 2019 debt levels would reach \$413 million. The work carried out identified that as community we have a small rate base that cannot sustain that kind of debt level. The Council chose to reject a simplistic approach to this problem by slashing capital expenditure for the sake of obtaining a perfect scorecard (audit report) and also rejected the option of applying dramatically increased rates, user charges or property sales. Instead the Council chose to maintain rates at an affordable level, disclose the problem, have the conversation with the community and then get on with a solution before the next 10-Year-Plan is adopted. A review was commenced upon adoption (June 2009) and is ongoing.

Wanaka Sports Facilities/Aquatic Centre

In February 2009 a number of key reports into the proposed establishment of Wanaka Sports Facilities and an Aquatic Centre were released for consideration by the community. This 'pre consultation' was critical to the 10-Year-Plan process and allowed the elected members to make an informed decision on the basis of community feedback. The Council then consulted on both projects during April/May in the draft 10-Year-Plan.

The final decision adopted on 30 June 2009 involved:

- an assessment of greenfield sites;
- the inclusion of a provisional capital sum in the plan for the purchase of a site, if selected;
- deferral of the aquatic centre but investigate investing in the existing pool;
- confirmation that the sports field facility was a priority and commit to commence development of a stadium and hard court area in 2011.

Project Pure

On November 3, 2008 the first raw wastewater travelled through the pipes of Project Pure from the Wanaka oxidation ponds, marking a milestone for the project. This significant undertaking has ended the practise of disposal of treated waste water into the Clutha River. Wanaka's waste water is now disposed into trenches adjacent to the Wanaka Airport. The project has been a major investment in the environment of the Queenstown Lakes district. The plant has been functioning well and all discharges are within the permit conditions. This sort of initiative also continues to establish this district as a world class destination.

Shotover Delta

In August 2008 the Council, in conjunction with the Otago Regional Council announced a combination of planned works for the Shotover Delta has led the Councils to enter into a partnership approach designed to reap benefits for the community.

A Shotover Delta Steering Group with membership from both Councils worked on a holistic approach to issues relating to the Queenstown Airport Runway End Safety Area (RESA), Shotover River Management, Project Shotover, (the proposed disposal of wastewater to land scheme for the Wakatipu) and future state highway route.

Each of the other three key projects would involve varying degrees of earthworks and development on the Delta, raising a unique opportunity to implement one overarching amenity plan. The result will be a vastly improved public area with walking and cycling trails, picnic areas, improved fishing access and revegetation. Each of the projects is at varying stages in the approval, consent and funding process with Project Shotover notified in August 2009 and the RESA now approved (90 m extension to meet safety requirements for international flights).

Restructure Engineering Services

In January 2009, the Council announced it would produce a formal proposal to bring Council employees and the staff of Lakes Engineering together into one new entity, with all staff directly employed by the Council. Since the establishment of the wholly owned Council Controlled Organisation, Lakes Engineering Limited in 2007 there have been frustrations about achieving the necessary clarity of roles between the two organisations i.e Lakes Engineering and Council. It was decided that the group of people needed to be one team working together for our communities.

Shortening the lines of communication will improve the timeliness of work, reduce the cost of engineering services, and improve the experience of people who need Council input to their projects. The Council estimates a 26% (\$3.3 million) reduction in the cost of engineering management and a 4.5% reduction in the cost of the capital programme.

The new combined structure carries 24.5 full time equivalents, with recruitment commenced in June 2009.

Service Delivery Change

1 July 2008 marked day one of a new Council family with four new contracts and a new 'in house' team working for the community. The new 'in house' horticultural team, including gardeners and town custodians for Wanaka, Queenstown and Arrowtown reported for the first day of work and it was also the first day of new contracts with the Council for Lakes Environmental (Council controlled organisation delivering planning and regulatory), Dunstan Sprayers (plant and animal pest control), United Water (water services operation and maintenance) and Asplundh (parks and reserve maintenance and tree services). A fifth contract for cleaning public toilets was re-tendered and awarded to WanaClean in 2009.

The date of 1 July 2008 was hugely significant to the Council which spent four years conducting a service delivery review to reach the 2008 milestone. Much of the year was also devoted to completing the introduction of a new contract for roading maintenance. This contract was operative in September 2009.

Our other achievements for the 2008/2009 year fall under the heading of the most relevant community outcome to which it relates.

Sustainable growth management.

Advocacy

Council has responded to a number of plans and strategies being progressed by external agencies.

In October 2008 a submission was made to the Ministry of Education on the proposed Wakatipu Schools Strategy. Submissions were also made to Otago Regional Council on proposed Regional Water Plan Change 1C.

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 correspondence with many resource management practitioners. Work has been undertaken to produce a similar report in the other Rural Zones with the results expected to be reported in the 2009-2010 financial year.

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 Town Centre Strategy

During the year a working party of Councillors and local representatives developed a draft Queenstown Town Centre Strategy which was released for public comment in June 2009. In light of some of the issues identified from community feedback on the draft strategy the working party are undertaking some additional research on these matters and have indicated that additional targeted consultation may assist in finalising the strategy for adoption.

Wanaka Town Centre Strategy

In May 2008 the Council established the Wanaka Town Centre Working Party which consists of community representatives and Council staff. The role of the working party is to create a Wanaka Town Centre Strategy which provides direction for the future enhancement of the traditional Wanaka Town Centre.

The Working Party formulated a draft Wanaka Town Centre Strategy and consulted with the community in March 2009. The draft strategy identifies an overall concept plan and vision for the town centre and also includes a range of issues and options, including a preferred option to address each issue. The Working Party is considering all these submissions and anticipates revising and finalising the strategy by October 2009.

Cardrona Structure Plan

Following requests from the community to look more comprehensively at the interrelationship between activities in the Cardrona Valley a structure plan was developed for this area using the Cardrona 2020 Community Plan and subsequent Cardrona Urban Design review for guidance. Consultation on a draft structure plan was completed this financial year and the final structure plan was adopted by Council in September, 2009. The structure plan outlines a number of other projects that will be undertaken in the Cardrona area, including the development of design guidelines for the Cardrona Village.

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

The only outstanding matter in the District Plan (not yet operative) relates to financial contributions.

A number of Plan Changes have been notified in the 2008/2009 year including:

Plan Change 5B – Bible Face – Glenorchy
Plan Change 11B – Definition of Ground Level
Plan Change 25 - Kingston Village Special Zone
Plan Change 16 – 3 Parks Special Zone

Plan Changes under appeal include:

Plan Change 10 – Amenity in High Density Residential Zones
Plan Change 18 – Mount Cardrona Special Zone
Plan Change 24 – Community Housing
Plan Change 28 – Trails

Completed Plan Changes made operative

Plan Change 13 – Kirimoko Block – Wanaka
Plan Change 14 – Makarora Rural Lifestyle Zone
Plan Change 22 – Definition of Visitor Accommodation
Plan Change 32 – Ballantyne Mixed Use Zone
Plan Change 33 – Non Residential Activities within Residential, Rural Living and Township Zones

A Council decision on the following will be issued in October 2009:

Plan Change 19 – Frankton Flats (B)

Considerable effort was also spent in this period on preparing a number of further Plan Changes which were notified in August 2009

Plan Change 27A – Updating Noise Measurement and Assessment Standards
Plan Change 29 – Arrowtown Urban Growth Boundary
Plan Change 30 – Urban Boundaries Framework

Considerable effort was also spent in this period on preparing a number of further Plan Changes (which are not yet notified) including:

Plan Change 26 – Wanaka Airport

Wilding Tree Strategy

In November 2008 the Council called for comment on the updated strategy for wilding tree control in the Wakatipu.

A Wakatipu Wilding Conifer strategy was first adopted in 2004, at which time the Council had made a promise to the community that the strategy would be reviewed every four years. In particular, the strategy proposed an increase in annual funding to \$500,000 for the four-year period (previously 100,000 per annum) and that an independent group be set up to actively drive the implementation of the strategy. Comments closed in December 2008 and the strategy was adopted in March 2009.

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

Affordable Housing

The year ending June 2009 saw the Council continue to implement the 32-action HOPE Strategy (adopted June 2005) having completed 16 actions, and removing one. The year has seen the Council continue with another 15 actions.

The Queenstown Lakes Community Housing Trust has delivered 31 homes through the Shared Ownership Programme, with support from private sector developers, the Council and Central Government, successfully completing the initial two-year trial of this innovative programme. Renewal of the programme for a further two years is underway. The Trust has commenced development at Nerin Square, Lake Hayes Estate with Stage 1 of 5 townhouses due for completion by December 2009, and further design of Stage 2.

Contributions of land for affordable housing through negotiated stakeholder deeds has continued, raising the total number of sections committed from 73 to 107, to result in 248 residential units from 7 developments. The Housing Trust continues its work with these developments on the most effective means for housing delivery as the developments progress to the market. Plan Change 24: Affordable and Community Housing was adopted by the Council in December 2008, and is under appeal.

Building Contract Awarded

In May 2008 the Council approved entering into a contract for building services with Asplundh, known as contract 806. The contract, which includes services such as playground safety inspections, building repairs and street furniture installation, had been carried out as a negotiated interim agreement for the last year, with the same company. In total five tenders were received and evaluated by a panel with non price attributes contributing 65% of the evaluation and price 35%. The contract is for a four-year minimum period and a maximum of nine-years, subject to performance. As of July 2008, Asplundh was awarded the contracts for parks and reserve maintenance and tree services (see Service Delivery Change).

Lakes Leisure

The 2008/09 period has seen the first full year of operation for Lakes Leisure Limited, which commenced in February 2008. The not for profit Council Controlled Organisation reported a positive variance against operating budgets of \$19,129. Management worked hard throughout the year to ensure that operations were within the original operating budget set down at the commencement of the company.

A particular highlight for the year was the transferral of the management of the Wanaka Pool to Lakes Leisure, marking a new era for the pool. The main reason for the changeover was that it was no longer viable for the volunteer committee to run the pool for practical and economic reasons. The pool had reached the point where it required professional management.

Lakes Leisure also operates Alpine Aqualand and the Arrowtown Memorial Pool.

Effective and efficient infrastructure that meets the needs of growth.

Transport and Carparking Strategy

Following the adoption of the Wanaka Transportation and Parking Strategy (March 2008) and the Wakatipu Transportation Strategy, work has shifted to strategy implementation. Key implementation activities over the 2008/09 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 with a proposed shift in weight towards the provision of visitor parking ahead of unrestricted parking.

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 or is preparing Demand Management Plans for communities district-wide and significant work involving leak detection has been undertaken.

Waste Management

In 2008 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 2009) 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.

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

Urban Design and Urban Design Strategy

The Queenstown and Wanaka Urban Design Panels continue to be operational. In the 2008/09 year in Queenstown 23 projects were reviewed compared with 13 in the previous twelve months, whereas in Wanaka 5 projects were reviewed compared to 9 in the previous twelve months.

A draft urban design strategy was approved by Council's Strategy Committee to go out for public consultation in May 2009. It is anticipated that the strategy will be finalised and published later in the year.

Lakeview Project

Council has put the Lakeview Project on hold due to the economic climate. Unfortunately economic events overtook the process and the development company selected as the 'preferred participant' was not able to provide the financial covenants required by Council. The company accepted that the Council was free to terminate the 'preferred participant' status and this has been done.

A strong and diverse economy.

Rugby Announcement

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. Mayor Clive Geddes, confirmed that the Queenstown Lakes district was set to benefit from this announcement with a tourism flow on effect and at least one top team likely to be hosted in the district. We await this announcement with confidence.

Facilitation

Economic development is an area where the Council takes more of a facilitation role, particularly in the area of employment. Some of the Council's roles in the 2008/2009 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

The purpose of the Heritage Strategy project is to provide a framework to guide the Council and stakeholders future work programmes and initiatives for heritage across the whole of the district. The Heritage Strategy working party was

formed in May 2008 and has formulated a draft heritage strategy. Consultation and discussions with stakeholders for the Heritage Strategy took place during the 2008/09 year and the draft strategy is due to be notified for public comment in September 2009.

Events Strategy

In November 2008 the Council called for comment on the draft Events Strategy. The Council considered it was needed to make sure it hit the right balance between ensuring giving the right level of encouragement to events - which in turn pay dividends in terms of economic and entertainment benefit - and the ratepayer, who is impacted by any funding commitment. 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.

Remarkables Centre (Pokapu Kawarau)

In October 2005 the Council decided to move forward with a master plan and concept designs for the proposed Stanley Street community and arts centre including a carpark, auditorium, playhouse, rehearsal space, gallery, community workrooms, and meeting rooms and a conference centre. Towards the end of 2007 the Council acknowledged community concern regarding the affordability of the project and further workshops were proposed. The Council has now held the first of these workshops in 2008. Further workshops are planned however no financial provision has been made for this project.

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 has since 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 2008/09 financial year and the trust is now seeking consent to allow the cottages to be used for small business opportunities.

Overall Perception of Performance

Customer satisfaction

Our 2008/2009 Residents' Satisfaction and Opinion Survey has 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. As anticipated the new method has registered a drop, if held up against last years set targets. On that basis it is then pleasing to note that in general the Council has seen an improvement in satisfaction in areas like street cleaning, footpaths, parks reserves

and gardens maintenance, libraries and Council's customer services. As outlined it has seen a decrease in satisfaction in some aspects of roading, parking, regulatory and resource services, planning and growth and the overall satisfaction with Council controlled organisations, namely Lakes Environmental and Lakes Leisure.

On a positive note it is rewarding to see that the 'sense of pride' felt in our communities has taken a huge leap from last year's figure of 56.5% to 75.2%.

Overall Performance QLDC

Overall on the basis of the 4-point scale 72.2 % of residents were satisfied with the Council. Under the 5-point scale this equates to 52.2% satisfied, 28.5% neutral and only 19.3% dissatisfied. The value of this information will grow in the following year, which will give a true comparison.

Conclusion

The 2008/09 period has allowed the Council to bring to fruition initiatives to increase levels of services, consolidate services and address costs all in an uncertain climate of global economic decline. The work began five years ago in terms of the service delivery review began to pay dividends at the right time. It has not been without considerable effort on the part of the Council that it can here report a satisfactory financial result for the 2008/09 year.

The year saw a new era of contracts, the bringing back 'in house' of services such as the horticultural team and engineering services, the first full financial year of not for profit Council controlled organisation, Lakes Leisure and the operation of Project Pure, the single biggest infrastructural investment in the district.

The Council continues to have a strong policy framework behind it and the work delivered in 2008/09 has been significant. The 2009 10-Year-Plan was a major focus of the year and an important opportunity for the Council to take stock of its financial position and forecast debt levels, give full disclosure of this to its communities and scrutinise and prioritise the work programme. An example of this was the Council's decision 30 June 2009, not to proceed with the proposed new Council office building, one of 12 significant projects that were deferred through the 10-Year-Plan process.

As in the previous financial year particularly rewarding is the ongoing improvement in the delivery of capital projects, however as outlined the drive to deliver is now accompanied by a more immediate need to scrutinise and prioritise projects and explore all options in terms of cost effectiveness.

It's evident that the pace and challenges of growth continue but so too is the emerging era commenced in 2008/09 of caution and frugality - more 'bang for your buck'. This gives rise to challenges ahead such as public transport, Project Shotover (Wakatipu wastewater disposal to land), the development of Wanaka Sports facilities and the ongoing debate around the provision of arts/community centres. That is in addition to an investment programme in infrastructure which, although under scrutiny, cannot be undermined to the extent that it encumbers communities of the future.

Thanks

The continuing progress of our communities as always depends on the efforts of many people. My thanks go to:

The staff (whether they work for Council or contractors) who work hard to serve the community, often in challenging conditions and environments.

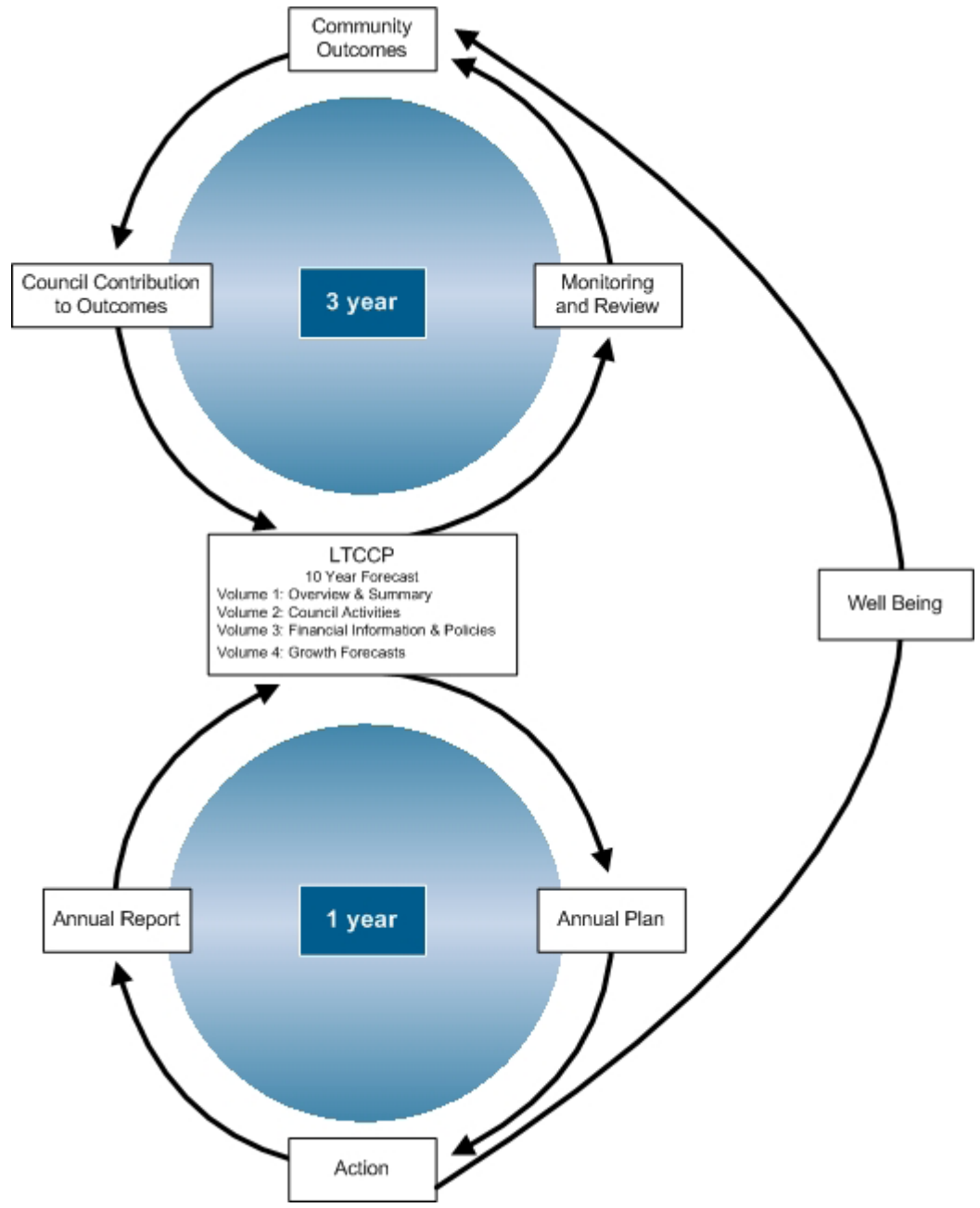
Our elected members, who carry a workload that is many times greater than any other equally sized local authority. Debate and challenge are key to an effective democracy and on this front the Council is in good shape.

The many individuals who - donate their time to addressing local issues, big and small and in particular those that have participated in working parties in partnership with the Council to – make decisions better.

The groups, residents and non resident owners, who - on various issues are willing to give up their time in consultation, submissions and meetings to - make decisions better.

The media, which assists the Council by informing the debate and highlighting key issues to our communities.

Duncan Field
Chief Executive





Fact File

Area: 8467 square kilometres

Peak Population 2007: 78,847 (estimate)

Average Day Population 2007: 36,925 (estimate)

Residential dwellings and accommodation units 2007: 22,954 (estimate)

Wanaka: 7,453 (estimate)

Wakatipu: 15,501 (estimate)

Rateable properties 2007: 19,836

Residential population 2007: 20,560 (estimate)

Delegated Responsibilities as at 30 June 2009

Mayor
Clive Geddes

Deputy Mayor
John S Wilson

Councillors

Arrowtown Ward
John Wilson

Wakatipu Ward
Cath Gilmour
Vanessa Van Uden
Gillian Macleod
Lex Perkins
John Mann
Mel Gazzard

Wanaka Ward
John S Wilson
Lyal Cocks
Leigh Overton

Wanaka Community Board
Lyal Cocks (Chairperson)
Jude Battson
Dick Kane
Ken Copland
Carrick Jones
John S Wilson
Leigh Overton

Council Committees

Finance and Corporate Accountability
Committee
Community Services Committee
Strategy Committee
Utilities Committee

Chief Executive
Duncan Field

Deputy CEO / General Manager Finance
Stewart Burns

General Manager
Policy and Planning
Philip Pannett

General Manager
Community Services
Paul Wilson

General Manager Engineering Services
Mark Kunath

General Manager
Regulatory and Corporate Services
Roger Taylor

Management Information Systems
Manager
Kirsty Martin

Communications / Customer
Services Manager
Meaghan Miller

Human Resources Manager
Rachel Reece

Engineering Professional Services
MWH NZ Ltd
GHD Ltd

Regulatory / Resource Management
Services
Lakes Environmental Ltd

Roading
Downer EDI Works Ltd

Reserves / Three Waters
Asplundh
United Water PTY Ltd

Property Management Services
Lakes Property Services

Facilities Management Services
Lakes Leisure Ltd

Council Offices

Civic Centre
10 Gorge Road
Private Bag 50072
Queenstown

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

Service Centres

Arrowtown Library
58 Buckingham Street
Arrowtown
Phone: 03 442 1607

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

Lakes Environmental Limited

Private Bag 50077
Queenstown
Phone: 03 450 0300

Lakes Leisure Limited

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

Queenstown Airport Corporation Limited

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

Auditors

Deloitte on behalf of the Auditor General
Dunedin

Bankers

Bank of New Zealand
Queenstown

Solicitors

MacTodd
Queenstown

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 2009 fairly reflect the financial position and operations of Queenstown Lakes District Council.



Clive Geddes
Mayor



Duncan Field
Chief Executive

For the Financial Year Ended 30 June 2009	Notes	Council			Group	
		2009 \$'000	Budget \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Income						
Rates revenue	2 (a)	42,089	42,459	37,703	41,935	37,524
Other revenue	2 (a)	42,174	48,847	63,194	60,736	80,321
Other gains/(losses)	2 (b)	(16,427)	5,604	(7,180)	(16,426)	(7,122)
Total income	2 (g)	67,836	96,910	93,717	86,245	110,723
Expenditure						
Employee benefits expense	2 (c)	6,463	5,943	5,376	15,276	12,441
Depreciation and amortisation expense	2 (d)	14,534	12,050	11,818	17,240	14,931
Finance costs	2 (e)	5,598	5,056	3,091	8,174	6,051
Other expenses	2 (f)	47,365	42,301	49,868	49,140	51,182
Total operating expenditure	2 (g)	73,960	65,350	70,153	89,830	84,605
Surplus/(Deficit) before income tax		(6,124)	31,560	23,564	(3,585)	26,118
Income tax expense	3	-	-	-	732	744
Surplus/(Deficit) for the period		(6,124)	31,560	23,564	(4,317)	25,374
Surplus/(Deficit) attributable to:						
- Council	20	(6,124)	31,533	23,564	(4,148)	25,390
- Minority interest	20	-	27	-	(169)	(16)
		(6,124)	31,560	23,564	(4,317)	25,374

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

As at 30 June 2009	Notes	Council			Group	
		2009 \$'000	Budget \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current assets						
Cash and cash equivalents	28	1,149	184	780	3,356	2,968
Trade and other receivables	6	12,407	7,700	13,247	13,664	14,845
Inventories		-	-	-	16	9
Current tax refundable	3	-	-	-	176	277
Other financial assets	7	11	593	79	11	155
Other current assets	8	480	270	277	521	365
Development Properties	9	292	3,258	292	292	292
Total current assets		14,339	12,005	14,675	18,036	18,911
Non-current assets						
Shares in subsidiaries		6,345	8,302	6,926	-	-
Other financial assets	7	608	-	650	608	650
Property, plant and equipment	10	726,108	737,185	686,526	775,073	734,044
Forestry assets	11	-	-	-	1,219	1,896
Intangible assets	12	-	-	-	3,617	3,318
Investment property	13	72,449	105,966	88,525	72,449	88,525
Deferred tax assets	3	-	-	-	754	809
Total non-current assets		805,510	851,453	782,627	853,720	829,242
Total assets		819,849	863,458	797,302	871,756	848,153
Current liabilities						
Bank overdraft	28	-	-	-	164	209
Trade and other payables	14	13,393	12,106	16,714	15,451	18,881
Borrowings	15	52,003	-	26,033	52,141	28,808
Other financial liabilities	16	176	146	170	1,862	2,253
Employee entitlements	17	740	-	680	1,288	1,183
Finance lease liabilities	18	46	-	41	149	132
Current tax payable	3	-	-	-	251	-
Total current liabilities		66,358	12,252	43,638	71,306	51,466

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

As at 30 June 2009	Notes	Council			Group	
		2009 \$'000	Budget \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Non-current liabilities						
Borrowings	15	38,017	73,525	32,020	70,980	63,070
Finance lease liabilities	18	38	-	84	304	134
Total non-current liabilities		38,055	73,525	32,104	71,284	63,204
Total liabilities		104,413	85,777	75,742	142,590	114,670
Net assets		715,436	777,681	721,560	729,166	733,483
Equity						
Reserves	19	268,518	386,140	288,591	268,518	288,591
Retained earnings	20	446,918	390,965	432,969	460,343	444,418
Total equity attributable to the Council		715,436	777,105	721,560	728,861	733,009
Minority interest	20	-	576	-	305	474
Total Equity		715,436	777,681	721,560	729,166	733,483

Mayor

27 October 2009

Chief Executive

27 October 2009

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

	Notes	Council			Group	
		2009 \$'000	Budget \$'000	2008 \$'000	2009 \$'000	2008 \$'000
For the Financial Year Ended 30 June 2009						
Net income recognised directly in equity		-	27	36,792	-	36,792
Surplus/(Deficit) for the period		(6,124)	31,560	23,564	(4,317)	25,374
Total recognised income and expense for the year		(6,124)	31,587	60,356	(4,317)	62,166
Attributable to:						
- Council		(6,124)	31,560	60,356	(4,148)	62,182
- Minority interest		-	27	-	(169)	(16)
		(6,124)	31,587	60,356	(4,317)	62,166

Statement of Changes in Equity

	Council			Group	
	2009 \$'000	Budget \$'000	2008 \$'000	2009 \$'000	2008 \$'000
For the Financial Year Ended 30 June 2009					
Equity at beginning of year	721,560	746,094	661,204	733,483	671,317
Total recognised income and expenses	(6,124)	31,587	60,356	(4,317)	62,166
Equity at end of year	715,436	777,681	721,560	729,166	733,483

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

	Notes	Council			Group	
		2009 \$'000	Budget \$'000	2008 \$'000	2009 \$'000	2008 \$'000
For the Financial Year Ended 30 June 2009						
Cash flows from operating activities						
Receipts from customers		74,503	82,766	72,753	93,086	90,125
Interest received		39	-	690	195	878
Payments to suppliers and employees		(54,996)	(47,057)	(54,448)	(65,236)	(63,313)
Finance costs paid		(5,598)	(5,056)	(3,091)	(8,153)	(6,007)
Income tax paid		-	-	-	(337)	(467)
Net GST (payment) /receipt		157	-	(369)	181	(275)
Net cash inflow/(outflow) from operating activities	28	14,105	30,653	15,535	19,736	20,941
Cash flows from investing activities						
Purchase of investments		(53)	-	(58)	(3)	(58)
Sale of other financial assets		113	-	179	113	179
Sale of investment property		-	6,000	-	-	-
Purchase of Civic Corporation Ltd (net of acquisition costs)		-	-	-	(19)	(31)
Cash acquired on amalgamation		36	-	-	-	-
Purchase of property, plant and equipment		(46,543)	(50,663)	(58,799)	(51,102)	(63,382)
Purchase of investment property		(875)	-	(1,023)	(875)	(1,023)
Purchase of intangible assets		-	-	-	(292)	(270)
Proceeds from sale of property, plant and equipment		1,660	-	-	1,678	106
Net cash inflow/(outflow) from investing activities		(45,662)	(44,663)	(59,701)	(50,500)	(64,479)
Cash flows from financing activities						
Proceeds from borrowings		31,926	14,000	43,960	32,041	43,960
Repayment of borrowings		-	(80)	-	(844)	(251)
Repayment of shareholders current account		-	-	-	-	(124)
Net cash inflow / (outflow) from financing activities		31,926	13,920	43,960	31,197	43,585
Net increase/(decrease) in Cash and cash equivalents		369	(90)	(206)	433	47
Cash and cash equivalents at the beginning of the financial year		780	273	986	2,759	2,712
Cash and cash equivalents at the end of the financial year		1,149	183	780	3,192	2,759
Represented by:						
Cash and cash equivalents		1,149	183	780	3,356	2,968
Bank overdraft		-	-	-	(164)	(209)
		1,149	183	780	3,192	2,759

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”), 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. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

(c) Lease Incentives

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Financial Performance because it excludes items of income or expense that are taxable in other years and it further excludes items that are never taxable or deductible. The Council's and Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements, and the corresponding tax bases used in the computation of taxable profit and is accounted for using the comprehensive balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Council and Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Council and Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised as an expense or income in the Statement of Financial Performance, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

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 the available-for-sale revaluation reserve, 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 the available-for-sale revaluation reserve 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.

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, foreshore structures, plant and equipment, furniture and office equipment and library books; and
- Subsidiary owned land, buildings, runway and plant and equipment.

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 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. When significant, interest costs incurred during the period required to construct an item of property, plant and equipment are capitalised as part of the asset's total cost.

Accounting for Revaluations

Infrastructural assets other than Land under Roads are stated at fair value.

The results of revaluing are credited or debited to an asset revaluation reserve 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 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.

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
Runway	1.25% - 6.67%	SL
Plant and equipment	5.5% - 28%	SL
Motor vehicles	20% - 26%	DV
Furniture and office equipment	10% - 33%	SL
Computer equipment	25%	SL
Library books	10%	SL
Infrastructural Assets		
Sewerage	1.67% - 10%	SL
Water supply	1.67% - 10%	SL
Stormwater	1.67% - 10%	SL
Roading - Basecourse	4%	SL
Roading - Bridges	1%	SL
Roading - Surfacing	8.33%	SL
Roading - Other	2% - 8.33%	

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 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.

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.

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; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under estimating the annual deprecation charge recognised as an expense in the statement of financial performance. To minimise this risk the Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives the Council further assurance over its useful life estimate.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

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 2009.

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.

Standards and Interpretations Issued but not yet Adopted

The Group and Council have adopted all new standards as issued by the Financial Reporting Standards Board except for those listed in the table below. Initial application of the following standards will not affect any of the amounts recognised in the financial statements, but may change the disclosures presently made in relation to the Group and Council's financial statements:

Standard / Interpretation	Effective for annual reporting periods beginning on or after:	Expected to be initially applied in the financial year ending:
NZ IAS 1 'Presentation of Financial Statements' - Revised Standard	1 January 2009	30 June 2010
NZ IFRS 3 'Business Combinations' - revised 2008	1 July 2009	30 June 2010
NZ IAS 27 'Consolidated and Separate Financial Statements' - revised 2008	1 July 2009	30 June 2010
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2008	Various *	30 June 2010
Omnibus Amendments (2008)	1 January 2009	30 June 2010
Improving Disclosures about Financial Instruments (Amendments to NZ IFRS 7 Financial Instruments: Disclosures)	1 January 2009	30 June 2010
Omnibus Amendments (2009)	1 July 2009	30 June 2010
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2009	**	30 June 2011

* The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2009, with earlier adoption permitted, and they are to be applied retrospectively.

**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 2009	Notes	Council		Group	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Revenue					
Revenue consisted of the following items:					
Rates Revenue:					
General rates		16,275	14,277	16,237	14,232
Targeted rates		25,814	23,426	25,698	23,292
		42,089	37,703	41,935	37,524
Other Revenue:					
User charges		10,768	10,069	19,817	17,869
Capital Contributions		7,297	14,509	7,297	14,509
Grants and subsidies		11,431	10,685	11,431	10,753
Vested assets		10,110	24,288	10,110	24,288
Landing dues		-	-	5,088	5,258
Other revenue		2,529	2,953	3,443	3,688
Rental Revenue:					
Operating lease rental revenue		-	-	3,371	3,079
Interest Revenue:					
Bank deposits		39	690	174	877
Inland Revenue Department		-	-	5	-
		42,174	63,194	60,736	80,321

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

2. Surplus From Operations continued

For the Financial Year Ended 30 June 2009		Council 2009 \$'000	2008 \$'000	Group 2009 \$'000	2008 \$'000
	Notes				
(b) Other Gains/(Losses)					
Gain/(loss) on revaluation of investment property		(16,951)	(6,867)	(16,951)	(6,867)
Gain/(loss) on disposal of property, plant and equipment		1,149	(313)	1,151	(301)
Gain/(loss) on amalgamation of subsidiary		(66)	-	-	-
Gain/(loss) in fair value of forestry assets		(559)	-	(677)	(67)
Gain/(loss) in fair value of derivative financial instruments classified at fair value through profit or loss (forward exchange contract)		-	-	51	113
		(16,427)	(7,180)	(16,426)	(7,122)
(c) Employee Benefits Expense					
Salaries and wages		6,463	5,376	15,250	12,420
Other		-	-	26	21
		6,463	5,376	15,276	12,441
(d) Depreciation and Amortisation Expense					
Depreciation of property, plant and equipment	10	14,534	11,818	17,159	14,863
Amortisation of intangible assets	12	-	-	81	68
		14,534	11,818	17,240	14,931
(e) Finance Costs					
Interest on loans		5,598	3,091	8,172	6,036
Other interest expense		-	-	2	15
		5,598	3,091	8,174	6,051
(f) Other Expenses					
Net bad and doubtful debts arising from:					
Subsidiaries		-	-	-	-
Increase/(Decrease) in allowance for doubtful debts		76	34	144	86
Operating lease rental expenses:					
Minimum lease payments		720	720	1,246	1,110
Intangible asset impairment		-	-	-	72
Other		46,569	49,114	47,750	49,914
		47,365	49,868	49,140	51,182

2. Surplus From Operations continued

For the Financial Year Ended 30 June 2009	Council	
	2009 \$'000	2008 \$'000
(g) Summary Cost of Services by Activity (Council only)		
Income		
Governance and District Promotion	(52)	-
Property	(10,955)	(2,052)
Community	9,201	16,089
Regulatory and Resource Management	1,246	6,565
Utilities	10,327	16,083
Roading and Parking	15,320	17,958
Other	660	1371
Targeted Rates	16,275	23,426
General Rates	25,814	14,277
Total Income	67,836	93,717
Expenditure		
Governance and District Promotion	7,494	6,339
Property	4,507	4,659
Community	13,289	11,754
Regulatory and Resource Management	6,557	11,133
Utilities	25,177	19,657
Roading and Parking	16,843	15,163
Other	93	1448
Total Operating Expenditure	73,960	70,153

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

For the Financial Year Ended 30 June 2009	Council		Group	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Tax expense/(income) comprises:				
Current tax expense/(credit):				
Current year	-	-	679	885
Adjustments for prior years	-	-	(1)	2
	-	-	678	887
Deferred tax expense/(credit)				
Origination and reversal of temporary differences	-	-	54	(109)
Adjustments for prior years	-	-	-	(42)
Adjustments relating to changes in tax rates or imposition of new taxes	-	-	-	8
	-	-	54	(143)
Total tax expense/ (income)	-	-	732	744
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	(6,124)	23,564	(3,585)	26,118
Income tax expense (credit) calculated at 30% (2008: 33%)	(1,837)	7,776	(1,074)	8,619
Non assessable income and expenses	1,837	(7,776)	1,806	(7,875)
	-	-	732	744
Taxation effect of imputation credits				
Imputation credits utilised	-	-	-	-
(Over)/under provision of income tax in previous year	-	-	-	-
Income tax expense (credit)	-	-	732	744

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. Legislation was passed which changed the corporate tax rate in 2007/2008 to 30% (previously 33%).

3. Income Taxes continued

(b) Income Tax Recognised Directly In Equity

There was no current or deferred tax charged/(credited) directly to equity during the period (2008: Nil).

(c) Current Tax Assets and Liabilities

	Council		Group	
	2009	2008	2009	2008
For the Financial Year Ended 30 June 2009	\$'000	\$'000	\$'000	\$'000
Current Tax Refundable:				
Current tax refundable	-	-	176	277
Current Tax Payable:				
Current tax payable	-	-	251	-

(d) Deferred Tax Balances Comprise

Taxable and deductible temporary differences arising from the following:

2009	Opening Balance	Group		Closing balance
		Charged to income	Charged to equity	
	\$'000	\$'000	\$'000	\$'000
Gross deferred tax assets:				
Property, plant and equipment	771	(48)	-	723
Employee entitlements	38	(7)	-	31
	809	(55)	-	754

2008	Opening Balance	Group		Closing balance
		Charged to income	Charged to equity	
	\$'000	\$'000	\$'000	\$'000
Gross deferred tax assets:				
Property, plant and equipment	652	119	-	771
Employee entitlements	14	24	-	38
	666	143	-	809

Legislation was enacted which, from 2007/2008, changed the corporate tax rate to 30% from 33%. Accordingly the deferred tax asset was reassessed at 30% to the extent the underlying temporary differences are expected to reverse in 2008/2009 and beyond.

(e) Imputation Credit Account Balances

	Council		Group	
	2009	2008	2009	2008
For the Financial Year Ended 30 June 2009	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	-	-	2,070	1,417
Attached to dividends received	-	-	-	-
Taxation paid	-	-	361	653
Attached to taxable bonus issue	-	-	-	-
Prior year adjustment	-	-	-	-
Balance at end of year	-	-	2,431	2,070
Imputation credits available directly and indirectly to Council through:				
Council	-	-	-	-
Subsidiaries	-	-	2,431	2,070
	-	-	2,431	2,070

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	
	2009	2008	2009	2008
For the Financial Year Ended 30 June 2009	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	759	782	1,804	1,617
Post-employment benefits	-	-	-	-
Other long-term employee benefits	-	-	-	-
Termination benefits	-	-	-	-
	759	782	1,804	1,617

5. Remuneration of Auditors

	Council		Group	
	2009	2008	2009	2008
For the Financial Year Ended 30 June 2009	\$'000	\$'000	\$'000	\$'000
Audit fees for financial statement audit	131	116	211	246
Audit fees for assurance and related services	100	9	110	28
Fees for tax services	4	6	13	14
	235	131	334	288

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	
	2009	2008	2009	2008
For the Financial Year Ended 30 June 2009	\$'000	\$'000	\$'000	\$'000
Trade receivables (i)	3,979	4,922	5,267	6,411
Parking receivables (i)	1,150	1,010	1,150	1,010
Rates receivables (i)	2,531	2,068	2,531	2,068
Transfund New Zealand	3,320	2,804	3,320	2,804
Other (i)	2,458	3,286	2,476	3,454
Allowance for doubtful debts (ii), (iii)	(1,031)	(843)	(1,080)	(902)
	12,407	13,247	13,664	14,845

- (i) Trade receivables, parking receivables and rates receivables are non-interest bearing and generally on monthly terms.
- (ii) The Council does not provide for any 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.

Ageing Analysis

	Council		Group	
	2009	2008	2009	2008
For the Financial Year Ended 30 June 2009	\$'000	\$'000	\$'000	\$'000
Trade and Other Receivables (excluding Rates)				
Current (0-30 days)	5,828	8,294	6,675	9,337
31-60 days *	417	385	569	694
61-90 days *	1,294	189	1,360	325
90 days + *	2,413	2,311	2,605	2,421
	9,952	11,179	11,209	12,777
Rates Receivables				
Current (0-30 days)	842	722	842	722
31 days - 1 Year *	1,237	948	1,237	948
1 Year + *	376	398	376	398
	2,455	2,068	2,455	2,068
Total Receivables	12,407	13,247	13,664	14,845

* Amounts are considered past due.

	Council		Group	
	2009	2008	2009	2008
For the Financial Year Ended 30 June 2009	\$'000	\$'000	\$'000	\$'000
Disclosed in the financial statements as:				
Current	12,407	13,247	13,664	14,845
Non-current	-	-	-	-
	12,407	13,247	13,664	14,845
(iii) Movement in the allowance for doubtful debts:				
Balance at beginning of year	(843)	(810)	(902)	(837)
Amounts written off during year	(76)	23	(21)	24
Amounts recovered during year	(6)	65	(6)	65
Additional allowance recognised in Statement of Financial Performance	(106)	(121)	(151)	(154)
Balance at end of year	(1,031)	(843)	(1,080)	(902)

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, other than Transfund New Zealand, the concentration of credit risk is limited due to the customer base being large and unrelated. The Council and Group believes no further credit provision is required in excess of the allowance for doubtful debts.

7. Other Financial Assets

At Amortised cost

	Council		Group	
	2009	2008	2009	2008
For the Financial Year Ended 30 June 2009	\$'000	\$'000	\$'000	\$'000
National Provident Sinking Fund	25	59	25	59
Other investments held	123	131	123	207
Advances to community organisations	460	460	460	460
Short term investments	11	79	11	79
	619	729	619	805
Represented by:				
- Current	11	79	11	155
- Non Current	608	650	608	650
	619	729	619	805

There are no impairment provisions for other financial assets.

8. Other Current Assets

	Council		Group	
	2009	2008	2009	2008
For the Financial Year Ended 30 June 2009	\$'000	\$'000	\$'000	\$'000
Prepayments	480	277	521	365
	480	277	521	365

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	
	2009	2008	2009	2008
For the Financial Year Ended 30 June 2009	\$'000	\$'000	\$'000	\$'000
Land	292	292	292	292
	292	292	292	292

10. Property, Plant and Equipment

	Council 2009										
	Cost/ Valuation 1 July 2008	Additions	Disposals	Transfers	Revaluation	Cost/ Valuation 30 June 2009	Accumulated depreciation and impairment charges 1 July 2008	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Accumulated depreciation and impairment charges 30 June 2009	Carrying amount 30 June 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

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 \$90,687 (2008: \$124,695).

10. Property, Plant and Equipment continued

	Council 2008										
	Cost/ Valuation 1 July 2007	Additions	Disposals	Transfers	Revaluation	Cost/ Valuation 30 June 2008	Accumulated depreciation and impairment charges 1 July 2007	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Accumulated depreciation and impairment charges 30 June 2008	Carrying amount 30 June 2008
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Council Operational Assets											
At Cost											
Land	36,339	10,117	-	-	-	46,456	-	-	-	-	46,456
Buildings	26,265	5,650	(313)	11,746	-	43,348	(3,818)	-	(608)	(4,426)	38,922
Building Improvements	16,744	4,780	-	884	-	22,408	(4,362)	-	(991)	(5,353)	17,055
Plant and Machinery	1,950	4,438	-	-	(157)	6,231	(921)	48	(111)	(984)	5,247
Motor Vehicles	345	23	-	-	-	368	(175)	-	(35)	(210)	158
Furniture and Office Equipment	3,867	575	-	-	-	4,442	(2,808)	-	(280)	(3,088)	1,354
Computer Equipment	517	10	-	-	-	527	(331)	-	(68)	(399)	128
Library Books	2,121	128	-	-	-	2,249	(1,331)	-	(212)	(1,543)	706
Work in progress	13,973	831	-	(12,630)	-	2,174	-	-	-	-	2,174
Total Operational Assets	102,121	26,552	(313)	-	(157)	128,203	(13,746)	48	(2,305)	(16,003)	112,200
Council Infrastructural Assets											
At Fair Value											
Water Supply	54,613	2,925	-	-	6,426	63,964	(3,534)	3,534	(1,632)	(1,632)	62,332
Sewerage	56,968	3,579	-	-	5,414	65,961	(4,138)	4,138	(2,174)	(2,174)	63,787
Stormwater	42,387	4,062	-	-	8,819	55,268	(1,943)	1,943	(988)	(988)	54,280
Roading - Basecourse	37,524	2,450	-	-	-	39,974	(3,280)	3,280	(1,104)	(1,104)	38,870
Roading - Bridges	13,738	-	-	-	-	13,738	(636)	636	(180)	(180)	13,558
Roading - Surfacing	20,612	5,549	-	-	-	26,161	(4,807)	4,807	(1,218)	(1,218)	24,943
Roading - Other	172,854	8,101	-	1,308	(6,888)	175,375	(4,784)	4,784	(2,217)	(2,217)	173,158
Land under Roads	103,282	-	-	-	-	103,282	-	-	-	-	103,282
Work in Progress	8,479	32,945	-	(1,308)	-	40,116	-	-	-	-	40,116
Total Infrastructural Assets	510,457	59,611	-	-	13,771	583,839	(23,122)	23,122	(9,513)	(9,513)	574,326
Total Council Property, Plant and Equipment	612,578	86,163	(313)	-	13,614	712,042	(36,868)	23,170	(11,818)	(25,516)	686,526

10. Property, Plant and Equipment continued

	Group 2009											
	Cost/ Valuation 1 July 2008	Additions	Disposals	Transfers	Revaluation	Cost/ Valuation 30 June 2009	Accumulated depreciation and impairment charges 1 July 2008	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Other	Accumulated depreciation and impairment charges 30 June 2009	Carrying amount 30 June 2009
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Group Operational Assets												
At Cost												
Land	52,935	7,987	(264)	-	-	60,658	-	-	-	-	-	60,658
Buildings	74,200	195	(247)	80	-	74,228	(9,790)	-	(2,244)	-	(12,034)	62,194
Building Improvements	23,429	3,004	(3)	586	-	27,016	(5,503)	-	(1,458)	-	(6,961)	20,055
Airport Runway	13,130	1,518	-	-	-	14,648	(1,647)	-	(455)	-	(2,102)	12,546
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	184,946	16,576	(554)	-	-	200,969	(25,230)	-	(6,032)	8	(31,254)	169,715
Group Infrastructural Assets												
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)	-	-	826,968	(34,744)	-	(17,159)	8	(51,895)	775,073

The Group's obligations under finance leases (note 18) are secured by lessors' title to the leased assets, which have a carrying amount of \$476,346 (2008: \$331,634).

10. Property, Plant and Equipment continued

	Group 2008											
	Cost/ Valuation 1 July 2007	Additions	Disposals	Transfers	Revaluation	Cost/ Valuation 30 June 2008	Accumulated depreciation and impairment charges 1 July 2007	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Other	Accumulated depreciation and impairment charges 30 June 2008	Carrying amount 30 June 2008
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Group Operational Assets												
At Cost												
Land	42,120	10,815	-	-	-	52,935	-	-	-	-	-	52,935
Buildings	56,825	5,966	(337)	11,746	-	74,200	(7,983)	-	(1,783)	(24)	(9,790)	64,410
Building Improvements	16,201	6,583	(385)	1,030	-	23,429	(4,350)	-	(1,226)	73	(5,503)	17,926
Airport Runway	15,208	43	(2,731)	610	-	13,130	(3,521)	-	(858)	2,732	(1,647)	11,483
Plant and Equipment	4,392	5,052	(345)	6	(157)	8,948	(1,664)	48	(527)	99	(2,044)	6,904
Motor Vehicles	642	919	(62)	-	-	1,499	(393)	-	(128)	3	(518)	981
Furniture and Office Equipment	5,067	718	(162)	-	-	5,623	(3,496)	-	(516)	90	(3,922)	1,701
Computer Equipment	616	33	(10)	-	-	639	(166)	-	(99)	2	(263)	376
Library Books	2,122	128	-	-	-	2,250	(1,331)	-	(212)	-	(1,543)	707
Work in progress	14,094	1,710	(119)	(13,392)	-	2,293	-	-	-	-	-	2,293
Total Operational Assets	157,287	31,967	(4,151)	-	(157)	184,946	(22,904)	48	(5,349)	2,975	(25,230)	159,716
Group Infrastructural Assets												
At Fair Value												
Water Supply	54,613	2,925	-	-	6,426	63,964	(3,534)	3,534	(1,632)	-	(1,632)	62,332
Sewerage	56,968	3,579	-	-	5,414	65,961	(4,138)	4,138	(2,174)	-	(2,174)	63,787
Stormwater	42,387	4,062	-	-	8,819	55,268	(1,943)	1,943	(988)	-	(988)	54,280
Roading - Basecourse	37,524	2,450	-	-	6,716	46,690	(3,280)	3,280	(1,104)	-	(1,104)	45,586
Roading - Bridges	13,738	-	-	-	(1,699)	12,039	(636)	636	(180)	-	(180)	11,859
Roading - Surfacing	20,612	5,549	-	-	(16,344)	9,817	(4,807)	4,807	(1,218)	-	(1,218)	8,599
Roading - Other	172,854	8,103	-	1,307	4,439	186,703	(4,784)	4,784	(2,218)	-	(2,218)	184,485
Land under Roads	103,282	-	-	-	-	103,282	-	-	-	-	-	103,282
Work in Progress	8,479	32,946	-	(1,307)	-	40,118	-	-	-	-	-	40,118
Total Infrastructural Assets	510,457	59,614	-	-	13,771	583,842	(23,122)	23,122	(9,514)	-	(9,514)	574,328
Total Group Property, Plant and Equipment	667,744	91,581	(4,151)	-	13,614	768,788	(46,026)	23,170	(14,863)	2,975	(34,744)	734,044

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 (2008: \$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.
- (ii) 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.

11. Forestry Assets

	Council		Group	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at beginning of year	-	-	1,896	1,963
Increases due to purchases	-	-	-	-
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to physical changes	-	-	-	-
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to price changes	-	-	(677)	(67)
Decreases due to sales	-	-	-	-
Decreases due to harvest	-	-	-	-
Balance at end of year	-	-	1,219	1,896

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 (2008: Nil).

Independent registered valuers Guild Forestry have valued forestry assets as at 30 June, 2009 at \$1,219,000 (30 June, 2008: \$1,896,000). 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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Gross carrying amount				
Balance at beginning of the year	-	-	495	153
Additions	-	-	380	342
Disposal	-	-	(72)	-
Balance at end of the year	-	-	803	495
Accumulated amortisation & impairment				
Balance at beginning of the year	-	-	157	17
Amortisation expense (i)	-	-	81	68
Impairment	-	-	-	72
Eliminated on disposal of assets	-	-	(72)	-
Balance at end of the year	-	-	166	157
Net Book Value	-	-	637	338

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

The gross carrying amount of \$803,000 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 \$563,000 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 \$17,000 represents costs incurred by Lakes Leisure for computer software. These costs are being amortised on a diminishing value basis at 60%.
- The disposal of \$72,000 relates to the contract between Alpine Infrastructure Limited and Council dissolved when Lakes Engineering Limited acquired Alpine Infrastructure. Lakes Engineering Limited has now amalgamated with the Council.

(b) Goodwill

	Council		Group	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Gross carrying amount				
Balance at beginning of the year	-	-	2,980	3,000
Additions	-	-	-	-
Adjustment to preliminary goodwill calculation from prior year	-	-	-	(20)
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

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 was originally calculated at \$3m on a provisional basis but was recalculated in the 2007/08 year to \$2,980,000 and 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 2009, 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:

- Consent fees remaining at existing levels.
- 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 2009, 30 June 2010 and 30 June 2011 and maintaining a similar level of profitability, including having sufficient profitability to repay debt over 10 years for the years ending 30 June 2012 to 30 June 2018.

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 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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at beginning of year	88,525	94,369	88,525	94,369
Additions from subsequent expenditure	875	1,023	875	1,023
Net gain/(loss) from fair value adjustments	(16,951)	(6,867)	(16,951)	(6,867)
Balance at end of year	72,449	88,525	72,449	88,525

The fair value of the Council's investment property at 30 June, 2009 (30 June, 2008) 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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade payables (i)	8,338	11,395	9,699	12,552
Other accrued charges	2,383	2,156	3,080	3,166
Deposits and bonds	2,672	3,163	2,672	3,163
	13,393	16,714	15,451	18,881

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

15. Borrowings

	Council		Group	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
At amortised cost				
Bank borrowings (unsecured)	6	9	6	9
Bank borrowings (secured) (i), (ii)	90,000	58,000	123,101	91,825
Other borrowings (iii)	14	44	14	44
	90,020	58,053	123,121	91,878
Disclosed in the financial statements as:				
Current	52,003	26,033	52,141	28,808
Non-current	38,017	32,020	70,980	63,070
	90,020	58,053	123,121	91,878

(i) Council loans are secured as applicable over rates through a cash advance facility with Bank of New Zealand. The Council may draw funding for terms ranging from call to five years.

(ii) The QAC loans of \$30.5m are secured by a first debenture charge over QAC assets and also a registered first mortgage over all QAC property. Lakes Environmental loans of \$2.6m are secured by a general security over the company's assets and guaranteed by the Council.

(iii) The Council has established sinking funds in respect of loans, with a carrying amount of \$24,889 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.

16. Other Financial Liabilities

	Council		Group	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Income in advance	-	-	1,686	2,083
Rates in advance	176	170	176	170
	176	170	1,862	2,253

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

17. Employee Entitlements

	Council		Group	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Accrued salary and wages	323	365	515	552
Annual leave	417	315	773	631
	740	680	1,288	1,183
Disclosed in the financial statements as:				
Current	740	680	1,288	1,183
Non-current	-	-	-	-
	740	680	1,288	1,183

18. Finance Lease Liabilities

	Council			
	Minimum Future Lease payments		Present Value of Minimum Future Lease Payments	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Not longer than 1 year	53	53	46	41
Longer than 1 year and not longer than 5 years	40	93	38	84
Longer than 5 years	-	-	-	-
Minimum future lease payments*	93	146	84	125
Less future finance charges	(9)	(21)	-	-
Present value of minimum lease payments	84	125	84	125
Disclosed in the financial statements as:				
Current			46	41
Non-current			38	84
			84	125

*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	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Not longer than 1 year	194	151	149	132
Longer than 1 year and not longer than 5 years	375	158	304	134
Longer than 5 years	-	-	-	-
Minimum future lease payments*	569	309	453	266
Less future finance charges	(116)	(43)	-	-
Present value of minimum lease payments	453	266	453	266
Disclosed in the financial statements as:				
Current			149	132
Non-current			304	134
			453	266

19. Reserves

	Council		Group	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Revaluation reserve (a)	244,444	261,395	244,444	261,395
Operating reserves (b)	10,326	9,403	10,326	9,403
Capital reserves (c)	13,748	17,793	13,748	17,793
	268,518	288,591	268,518	288,591

(a) Revaluation Reserve

	Council		Group	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	261,395	231,471	261,395	231,471
Revaluation of Roading	-	6,510	-	6,510
Revaluation of Sewer	-	9,552	-	9,552
Revaluation of Water	-	9,960	-	9,960
Revaluation of Stormwater	-	10,762	-	10,762
Transferred from /(to) retained earnings:				
Revaluation of Investment Property	(16,951)	(6,867)	(16,951)	(6,867)
Revaluation of Shares	-	7	-	7
Balance at end of year	244,444	261,395	244,444	261,395

The revaluation reserve arises on the revaluation of infrastructural assets, investment property, forestry assets and shares.

	Council		Group	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Individual reserve balances are as follows:				
Investment properties	62,869	79,820	62,869	79,820
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	7	7	7	7
	244,444	261,395	244,444	261,395

(b) Operating Reserves

	Council		Group	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	9,403	8,374	9,403	8,374
Transferred from /(to) retained earnings:				
Contributions	7,297	9,309	7,297	9,309
Other	(6,374)	(8,280)	(6,374)	(8,280)
Balance at end of year	10,326	9,403	10,326	9,403

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	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	17,793	26,142	17,793	26,142
Transferred from /(to) retained earnings:				
Interest	7	19	7	19
Contributions	9,060	8,512	9,060	8,512
Disbursements	(13,112)	(16,880)	(13,112)	(16,880)
Balance at end of year	13,748	17,793	13,748	17,793

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	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	432,969	395,217	444,418	404,840
Net surplus/(deficit)	(6,124)	23,564	(4,199)	25,390
Forestry revaluation transfer	-	-	51	-
Transfers from/(to) reserves:				
Revaluation reserve	16,951	6,868	16,951	6,868
Operating reserves	(923)	(1,029)	(923)	(1,029)
Capital reserves	4,045	8,349	4,045	8,349
Balance at end of year	446,918	432,969	460,343	444,418
Minority Interest				
Balance at beginning of year	-	-	474	490
Share of Surplus/(Deficit) for the year	-	-	(118)	(16)
Forestry revaluation transfer	-	-	(51)	-
Balance at end of year	-	-	305	474

21. Commitments for Expenditure

(a) Capital Expenditure Commitments

	Council		Group	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Queenstown Lakes District Council (i)	3,922	8,346	3,922	8,346
Queenstown Airport Corporation Limited	-	-	-	857
Lakes Environmental Limited	-	-	-	-
Lakes Leisure Limited	-	-	-	-
	3,922	8,346	3,922	9,203

- (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 two claims were registered with the Weather-tight Homes Resolution Service (WHRS) for buildings located within Queenstown Lakes District Council as at 30 June 2009. Council has been joined as a party in both of these claims. The total of the claims is \$3.92m. 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. Council's maximum exposure to the above claims is the insurers' excess which is estimated at \$60,000.

(b) Guarantees

The Council has guaranteed \$3 million external borrowings to the subsidiary entity, Lakes Environmental Limited. (2008: \$3m).

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	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Not longer than 1 year	713	771	1,277	1,293
Longer than 1 year and not longer than 5 years	1,035	1,229	1,357	1,808
Longer than 5 years	357	510	357	510
	2,105	2,510	2,991	3,611

(c) Non-Cancellable Operating Lease Receipts

	Council		Group	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Not longer than 1 year	1,273	121	1,273	121
Longer than 1 year and not longer than 5 years	3,315	74	3,315	74
Longer than 5 years	-	-	-	-
	4,588	195	4,588	195

24. Subsidiaries

	Country of Incorporation	Ownership Interest		Principal activity of the entity
		2009 %	2008 %	
Council				
Queenstown Lakes District Council (i)	NZ			
Subsidiaries				
Queenstown Airport Corporation Limited	NZ	100%	100%	Airport Operator
Lakes Environmental Limited	NZ	100%	100%	Resource management, regulatory & consulting services
Queenstown Events Centre Trust (ii)	NZ	N/A	N/A	Charitable Trust
Lakes Combined Afforestation Committee	NZ	75%	75%	Forestry
Lakes Engineering Limited (iii)	NZ	N/A	100%	Engineering Management
Lakes Leisure Limited (ii)	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) During the 2007/08 year the assets and liabilities of Queenstown Events Centre Trust were transferred to Lakes Leisure Limited on the basis of their carrying values. There is no impact to the groups financial statements as a result of this transfer.
- (iii) On 30 June 2009 the assets and liabilities of Lakes Engineering Limited were transferred to Queenstown Lakes District Council on the basis of their carrying values. There is no impact to the groups financial statements as a result of this transfer. Refer to note 25 for further details of this transaction.

All companies 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.

The amalgamation impacted the financial position of the parent as follows:

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	
	2009 \$	2008 \$
Queenstown Airport Corporation Limited		
Payment of rates on its property	153,600	179,724
Queenstown Events Centre Trust		
Operating Grant	-	(730,863)
Capital Grant	-	(269,478)
Lakes Leisure Limited		
Operating Grant	(1,675,002)	(601,182)
Capital Grant	(365,117)	-
Turf Contract	(253,500)	-
Share Capital	(50,000)	-
Purchase of net assets	-	(1)
Lakes Engineering Limited		
Council Payment for services under the terms of a service delivery agreement	(1,242,975)	(1,246,718)
Lakes Environmental Limited		
Council Payment for services under the terms of a service delivery agreement	(1,645,000)	(1,338,019)
Council payment for services in relation to commercial activities	(598,703)	(599,233)
	(2,243,703)	(1,937,252)
Council recovery of acquisition related costs, parking and computer related services	90,696	108,578
Balances owed (to) / from at 30 June 2009 were:		
Owed from Lakes Environmental Limited	29,769	106,000
Owed to Lakes Environmental Limited	(126,987)	(111,321)
Owed to Lakes Leisure Limited	(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:		
The Wanaka Sun (Councillor Heath - Director)	-	(6,887)
Mainframe Limited (Councillor Pettit - Director)	-	(3,849)
Mannmade Events (Councillor Mann - Director)	-	(1,840)
Dornoch Management(Councillor Cocks - Director)	(10,184)	(11,496)

27. Subsequent Events

NZ Transport Agency (NZTA) Funding

Council is required to submit subsidised roading budgets to NZTA for approval. These cover 3 years but the NZTA approval timeframe does not allow for the inclusion of approved programmes in the LTCCP. In September 2009, Council has been advised that \$7.7m of the subsidised roading programme for the next 3 years has not been approved. The impact in terms of subsidy is around \$4.3m and Council will be reviewing its programme in order to stay within budget. This will mean that certain maintenance activities will need to be reduced and that some projects will be deferred or cancelled. Council will continue to engage with NZTA over the issue of future funding.

Other Transactions Involving Related Parties

There were no other transactions with related parties.

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.

28. Notes to the Cash Flow Statement

	Council		Group	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'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 Statement is reconciled to the related items in the Statement of Financial Position as follows:				
Cash and cash equivalents	1,149	780	3,356	2,968
Bank Overdraft	-	-	(164)	(209)
	1,149	780	3,192	2,759
(b) Borrowings - Facilities				
Details of the amounts drawn down on the available borrowing facility are as follows:				
Amount used	90,000	58,000	123,365	91,824
Amount un-used	20,000	17,000	25,436	21,950
	110,000	75,000	148,801	113,774

28. Notes to the Cash Flow Statement continued

	Council		Group	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(c) Reconciliation of Surplus/(Deficit) for the Period to Net Cash Flows From Operating activities				
Surplus/(Deficit) for the period	(6,124)	23,564	(4,317)	25,374
Add/(less) non-cash items:				
Depreciation and Amortisation	14,534	11,818	17,240	14,931
Intangible Asset Impairment	-	-	-	72
Vested assets	(10,110)	(24,288)	(10,110)	(24,288)
(Gain)/loss on sale of property, plant & equipment	(1,149)	313	(1,151)	300
(Gain)/loss on revaluation of forestry investment	559	-	508	51
(Gain)/loss on revaluation of investment property	16,951	6,867	16,951	6,867
Net change in fair value of derivative financial instruments	-	-	76	(220)
(Gain)/loss on revaluation of shares	-	(7)	-	(7)
(Gain)/loss on amalgamation of subsidiary	66	119	-	-
Bad debts written off	-	-	38	-
Minority Interest	-	-	169	16
	14,727	18,386	19,404	23,096
Movement in working capital:				
Trade and other receivables	840	(3,488)	1,181	(3,045)
Inventories	-	-	(7)	-
Current tax refundable/payable	-	-	349	348
Other current assets	(203)	(28)	(156)	(49)
Deferred tax asset	-	-	55	-
Trade and other payables	(3,321)	3,740	(3,426)	3,679
Employee entitlements	60	-	106	-
Other financial liabilities	6	-	(388)	-
Trade and other payables acquired on amalgamation	(45)	-	-	-
	(2,663)	224	(2,286)	933
Movement in items treated as investing activities	2,041	(3,075)	2,618	(3,088)
Net Cash inflow from operating activities	14,105	15,535	19,736	20,941

29. Severance Payments (Council Only)

For the year ended 30 June 2009 Council made no severance payments to employees (2008: \$Nil).

30. Remuneration (Council Only)

During the year to 30 June, 2009, 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:

Elected Representatives	Council	
	2009 \$	2008 \$
Council		
Louis Alfeld - Councillor (to October 2007)	-	*15,175
Chris Blackford - Chair Utilities (to October 2007)	-	9,015
Lyal Cocks - Councillor/Chair: Community Board (from October 2007)	*43,305	*38,267
Clive Geddes - Mayor	81,350	79,783
Cath Gilmour - Councillor (from October 2007)	26,686	17,869
Aaron Heath - Councillor (to October 2007)	-	6,556
Christine Kelly - Councillor (to October 2007)	-	*13,424
Gillian Macleod - Chair Strategy	*39,502	*37,734
John Mann - Chair Utilities (from October 2007)	35,527	*31,909
Mel Gazzard - Councillor	25,945	17,869
Sally Middleton - Deputy Mayor / Chair Community Services (to October 2007)	-	*11,816
Kathleen Neal - Chair Regulatory (to October 2007)	-	*17,634
Leigh Overton - Councillor /Chair Community Services (from October 2007)	*43,197	*33,575
Lex Perkins - Councillor	25,945	17,870
Rick Pettit - Chair Finance (to October 2007)	-	9,015
Vanessa van Uden - Councillor (from October 2007)	25,945	17,869
John R Wilson - Councillor	25,945	24,925
John S Wilson - Deputy Mayor /Chair Finance (from October 2007)	36,654	24,413

Elected Representatives

Wanaka Community Board

Elected Representatives	Council	
	2009 \$	2008 \$
Jude Battson - Board Member (from October 2007)	16,755	11,258
Anna Brown - Board Member (to October 2007)	-	2,754
Ken Copland - Board Member	16,457	14,197
Tim Dennis - Board Member (to October 2007)	-	2,754
Graham Dickson - Board Member (to October 2007)	-	4,130
Bill Gordon - Chair: Community Board (to October 2007)	-	7,080
Carrick Jones - Board Member (from October 2007)	16,457	11,258
Dick Kane - Board Member (from October 2007)	16,457	11,258

* Includes remuneration from sitting on hearing panels.

Chief Executive

For the year ended 30 June 2009, the total annual cost including fringe benefit tax to the Council of the remuneration package being received by Duncan Field, the Chief Executive appointed under Section 42 of the Local Government Act 2002 is calculated at \$280,936 (2008: \$293,466).

31. Explanation of Major Variances against Budget

Explanation of major variations from Council's estimated figures in the 2008/09 budget as reflected in the 2008/09 Annual Plan are as follows:

Statement of Financial Performance

The Council alone recorded an operating deficit of \$6.1m against a budgeted surplus of \$31.5m. The reported deficit includes \$17.5m of unrealised losses pertaining to the revaluation of investment property and forestry assets. This follows a 2008 value reduction of \$6.8m for investment property. This represents an unrealised loss in value of around 23% in the past 2 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 \$7.0m for the year ended 30 June, 2009. The following major items contributed to this variance:

- Development contribution income was below budget by \$8.1m for the year principally because of a slowdown in consent related activity.
- Vested Assets were \$3.1m above budget for the year including \$3.7m of reserve land.

Operating expenditure was above estimate by \$8.6m for the year ended 30 June 2009. The following major items contributed to this variance:

- The main component of the variance relates to \$5.2m of project expenditure which was classified as capital expenditure within the budget but which 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 \$2.5m higher than budget. This is a non cash item and relates primarily to the timing of project expenditure (Project Pure) and higher than anticipated levels of vested assets over recent years.
- The balance of the variance of \$0.9m relates primarily to increased maintenance costs for water supply, wastewater, roading and public toilets.

The first two items account for \$7.7m or around 90% of the variance. This means that after excluding the effect of these items, operating expenditure was around 1.3% over budget.

Statement of Financial Position

The main variance relates to the difference in expected capital expenditure for the year. Capital expenditure was below estimate by \$7.5m for the year ended 30 June 2009. The following major items contributed to this variance:

- The main component of the variance relates to \$5.2m of project expenditure which was classified as capital expenditure within the budget but which has been charged as an operating expense for the year.
- Vested Assets were \$3.1m above budget for the year including \$3.7m of reserve land.
- Loan Repayments were \$2.8m below budget due to the delay in progress for the Lakeview development.
- The balance of the variance of \$2.6m relates mainly to the timing of land purchases for reserves and various transport related projects.

The revaluation of investment property resulted in a reduction in value of \$17.0m for the year as opposed to a budgeted gain of \$5.6m. This movement coupled with the \$6.8m unrealised loss for last year, has led to the main variation in the balance sheet which shows Non Current Assets \$46m below the forecast position. Borrowings are also \$16.5m ahead of budget; this relates mainly to the decline in revenue from development contributions over the past 2 years and the delay in progress for the Lakeview development.

Statement of Changes in Equity

The decline in asset value and increase in borrowings (described above) has resulted in an equity variance of \$62m 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 operating activities. Borrowings were around \$18m more than expected due to shortfalls in development contribution income and the lack of expected proceeds from the Lakeview development.

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 2008.

(b) Significant Accounting Policies

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

(c) Categories of Financial Instruments

For the Financial Year Ended 30 June 2009	Council		Group	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial Assets				
Cash and cash equivalents	1,149	780	3,356	2,968
Trade and other receivables	12,407	13,247	13,664	14,845
Other financial assets	619	729	619	805
Financial Liabilities				
Bank Overdraft	-	-	164	209
Trade and other payables	13,393	16,714	15,451	18,881
Borrowings	90,020	58,053	123,121	91,878
Finance Lease liabilities	84	125	453	266
Other financial liabilities	176	170	1,862	2,253

(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):

Interest Rate Risk	Council				Group			
	2009 \$'000		2008 \$'000		2009 \$'000		2008 \$'000	
	+50 bps Profit	+50 bps Equity	+50 bps Profit	+50 bps Equity	+50 bps Profit	+50 bps Equity	+50 bps Profit	+50 bps Equity
Financial Liabilities								
Borrowings	(93)	(93)	(95)	(95)	(107)	(107)	(106)	(106)
	(93)	(93)	(95)	(95)	(107)	(107)	(106)	(106)

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 \$18,500,000 (2008: \$19,000,000).

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.

Other than the Transfund New Zealand amount of \$3.3m (2008 \$2.8m), the Council has no significant concentrations of credit risk arising from trade receivables, 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.

For the Financial Year Ended 30 June 2009	Maximum Credit Risk	
	2009 \$'000	2008 \$'000
Financial Assets and Other Credit Exposures		
Group	17,639	18,618
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.

32. Financial Instruments continued

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

2009 Council	Weighted Average Effective Interest Rate %	Carrying Amount \$'000	Fixed Maturity Dates								Non Interest Bearing < 1 Year \$'000
			Undiscounted Contractual Cash Flows \$'000	Variable Interest Rate \$'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	2.25%	1,149	1,149	1,149	-	-	-	-	-	-	-
Trade and other receivables	-	12,407	12,407	-	-	-	-	-	-	-	12,407
Other financial assets	0.38%	619	619	-	11	-	-	25	-	-	583
		14,175	14,175	1,149	11	-	-	25	-	-	12,990
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	-	56,596	19,653	9,265	13,569	-	-	13,569

2008 Council	Weighted Average Effective Interest Rate %	Carrying Amount \$'000	Fixed Maturity Dates								Non Interest Bearing < 1 Year \$'000
			Undiscounted Contractual Cash Flows \$'000	Variable Interest Rate \$'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	2.25%	780	780	780	-	-	-	-	-	-	-
Trade and other receivables	-	13,247	13,247	-	-	-	-	-	-	-	13,247
Other financial assets	1.42%	729	729	-	115	-	-	-	23	-	591
		14,756	14,756	780	115	-	-	-	23	-	13,838
Financial Liabilities											
Trade and other payables	-	16,714	16,714	-	-	-	-	-	-	-	16,714
Borrowings	8.80%	58,053	69,454	-	30,930	8,790	13,015	3,153	13,566	-	-
Finance Lease Liabilities	11.20%	125	146	-	53	53	40	-	-	-	-
Other Financial Liabilities	-	170	170	-	-	-	-	-	-	-	170
		75,062	86,484	-	30,983	8,843	13,055	3,153	13,566	-	16,884

32. Financial Instruments continued

2009 Group	Weighted Average Effective Interest Rate %	Carrying Amount \$'000	Fixed Maturity Dates								Non Interest Bearing < 1 Year \$'000
			Undiscounted Contractual Cash Flows \$'000	Variable Interest Rate \$'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	-	11	-	-	25	-	-	583
		17,639	17,639	3,356	11	-	-	25	-	-	14,247
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	164	59,006	21,991	44,310	13,634	35	66	17,313

2008 Group	Weighted Average Effective Interest Rate %	Carrying Amount \$'000	Fixed Maturity Dates								Non Interest Bearing < 1 Year \$'000
			Undiscounted Contractual Cash Flows \$'000	Variable Interest Rate \$'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	5.94%	2,968	2,968	2,968	-	-	-	-	-	-	-
Trade and other receivables	-	14,845	14,845	-	-	-	-	-	-	-	14,845
Other financial assets	1.42%	805	805	-	115	-	-	-	23	-	667
		18,618	18,618	2,968	115	-	-	-	23	-	15,512
Financial Liabilities											
Bank Overdraft	12.55%	209	209	209	-	-	-	-	-	-	-
Trade and other payables	-	18,881	18,881	-	-	-	-	-	-	-	18,881
Borrowings	8.80%	91,878	111,196	-	36,512	11,345	46,620	3,153	13,566	-	-
Finance Lease Liabilities	8.95%	266	309	-	151	113	45	-	-	-	-
Other Financial Liabilities	-	2,253	2,253	-	-	-	-	-	-	-	2,253
		113,487	132,848	209	36,663	11,458	46,665	3,153	13,566	-	21,134

Introduction

The following statements set out the financial and service performance objectives that appear in the 2008/09 Annual Plan, which was incorporated into the Council Community Plan. The level of performance reporting required by the Council Community 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 2008/09.

Residents Survey

For the 2008/09 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 2009 Queenstown Lakes District Council Residents and Ratepayers Satisfaction and Opinion Survey involves some changes in methodology from that used in previous years. The most significant of these 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 52.2% of respondents said they were satisfied, 19.3% said they were dissatisfied and 28.5% 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 72.2% satisfied and 27.8% dissatisfied.

In the next Annual Plan the target percentages will need to change to reflect the new five-point methodology.

Questionnaires were mailed out to 3300 randomly selected residents and to 1000 absentee owners from the Queenstown Lakes District. The response rate of 11% was down from the 2008 year (19.2%).

The results were independently processed by Research First Limited and were calculated from a return on 470 surveys and the maximum margin of error from the sample is 4.5%.

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 in 2008. There is considerable uncertainty as to where the market will go due to the global credit crunch and current economic slow down;
- The community's satisfaction with the availability of school facilities fell in 2008. The most significant reduction was with Primary Schools which dropped 17% compared to 2007. Just over one third of people are now dissatisfied with primary school facilities;
- The satisfaction rating for a range of community facilities remained high. In particular libraries recorded an overall satisfaction rating of 98%. There was also a marked improvement in the satisfaction with swimming pools, increasing to 78%, up from 53% in 2007. This is likely to be due to the opening of Alpine Aqualand;
- Around 70% 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 moderate increase in the Community's satisfaction with parks, reserves and gardens maintenance to a very high level of satisfaction (92.3% in 2008);

- Community satisfaction in relation to the efficient and effective use of infrastructure has been variable. 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;
- Community satisfaction with the frequency and convenience of public transport declined in this survey which is also reflected in a decline in satisfaction with parking provision;
- The community also reported a general increase in satisfaction with the waste refuse collection. It is considered that the indicator for number of residents who reported undertaking recycling and waste reduction practices will need to be revised now that kerbside recycling and recycling depots have been provided to a number of locations throughout the district as it will no longer provide an effective means of monitoring this information;
- The number of heritage sites protected in the district plan has increased but community satisfaction with the protection to local heritage has declined everywhere except in Queenstown where community satisfaction has increased;
- 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 multi-year averages of 15% growth, the highest of any of the indices. \

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

100% achieved.

Meetings held by the Council at its Committees:

Queenstown Lakes District Council	15
Finance and Corporate Accountability Committee	5
Community Services Committee	10
Strategy Committee	8
Utilities Committee	10
Wanaka Community Board	11
Council 10 Year Plan Submissions Hearings	2
District Licensing Hearings	2
Swimming Pool Committee	1
Resource Consent Hearings	82
District Plan Change Hearings	5
Total Number of meetings	151

Target

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

Achievement

Achieved.

Target

Annual residents satisfaction survey completed by 31 August.

Achievement

Achieved.

Target

Council Annual Plan draft completed by 30 April.

Achievement

Achieved.

Target

Council Annual Plan finalised by 30 June.

Achievement

Achieved.

Target

A framework for monitoring growth and community outcomes established by 30 June.

Achievement

Achieved.

Target

100% effective participation in the tenure review process by Council.

Achievement

Achieved.

Target

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

Achievement

73% satisfaction achieved. (77% 2008).

Target

80% satisfaction with the level of involvement in the Council Community Plan as determined by the annual residents satisfaction survey.

Achievement

59.2% satisfaction achieved. (70.2% 2008).

Target

80% overall satisfaction with Council's consultation with the community as determined by the annual residents satisfaction survey.

Achievement

59.6% satisfaction achieved. (72.2% 2008).

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 Arrows Promotions 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 Arrows Promotions 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 \$100,000 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 which places priority for marketing on the shoulder 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

Production and distribution of 9,000 product directories to international and domestic travel trade.

Achievement

Achieved.

Target

Attend three major international trade shows promoting Queenstown as a conference and incentive destination.

Achievement

2 attended. (PRIME in USA and AIME in Australia).

Target

Attend two major domestic trade show promoting Queenstown as a conference and incentive destination.

Achievement

Achieved.

Target

Attend at least one tradeshow specifically targeting the shoulder season market.

Achievement

Attended individual meetings held with key Australian trade.

Target

Distribute quarterly newsletters updating the local community on activities by 30 June.

Achievement

Achieved.

Target

Distribute newsletters to local operators providing information about New Zealand tourism activities fortnightly.

Achievement

Achieved.

Target

Fund 90% of the cost of the Winter Festival through corporate sponsorship and other commercial revenue streams, facilitated by Destination Queenstown.

Achievement

80% funding achieved.

Target

Quarterly reports to Council on progress made by Destination Queenstown.

Achievement

Achieved.

Target

Annually report to Council from Arrows Promotions and Business Association.

Achievement

Achieved.

Target

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

Achievement

85.6% achieved (88.9% 2008).

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

Actual 2007/08	\$000	Actual 2008/09	Annual Plan 2008/09
Expenditure			
3,997	Governance	4,057	3,901
2,342	Tourism Promotion	3,437	3,431
6,339	Operating Costs	7,494	7,332
-	Group Activity Income (1)	(52)	-
6,339	Net Cost of Service	7,546	7,332
1,400	Capital Expenditure	-	-
7,739	Funding Required	7,546	7,332
Funded By:-			
2,179	Targeted Rates	3,209	3,259
4,160	General Rates	4,337	4,073
1,400	Internal Advances	-	-
7,739	Total Funding	7,546	7,332
Activity Income Includes (1)			
-	User Charges	14	-
-	Other gains/(losses)	(66)	-
-	Total Activity Income	(52)	-

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 2008/09.

Target

Achieve 100% target levels of subdivision sales.

Achievements

No subdivision work was undertaken for the year 2008/09.

Target

Provision of detailed monthly reporting of sales programme along with expenditure incurred.

Achievement

No subdivision work was undertaken for the year 2008/09.

Target

Community wellbeing through development of a social policy taking into account affordable and elderly housing and the provision of community facilities.

Achievement

Achieved.

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

100% occupancy of all available housing.

Achievement

72% occupied.

Target

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

Achievement

100% achieved.

Camping Grounds

Our Goals - Camping Grounds

- To achieve optimum returns from each camping ground.
- To ensure that existing facilities are maintained to a high standard.
- Review of the future of leased camping grounds at Frankton, Arrowtown, Wanaka, Glendhu Bay and Lake Hawea.
- Comprehensive development of Lakeview site (previous Queenstown Motor Park). Stage one is conservatively expected to produce \$10 million in proceeds of which \$5 million will repay debt with the balance available for community projects.

Our Accountability - Camping Grounds

Target

That camping grounds contribute at least \$550,000 in general rate subsidies per annum.

Achievement

Achieved.

Target

Comprehensive development plan implementation. Queenstown Lakeview Holiday Park freehold site sold or leased.

Stage One (Front) to be achieved by October 2006.

Stage Two (Rear) to be achieved by October 2008.

Achievement

During 2008/09 Council selected its preferred developer for the site but was unable to successfully complete a development agreement because the developer could not provide the necessary financial assurances.

Target

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

Achievement

68.1% (78.1% 2008).

Property
Summary of Financial Performance

Actual 2007/08	\$000	Actual 2008/09	Annual Plan 2008/09
Expenditure			
439	Council Land	528	577
156	Housing	176	110
268	Wanaka Airport	332	268
279	Forestry	203	262
3,517	Holiday Parks	3,268	3,656
4,659	Operating Costs	4,507	4,873
(2,052)	Group Activity Income (1)	(10,955)	5,294
6,711	Net Cost of Service	15,462	(421)
Capital Expenditure			
-	Council Land	22	200
35	Housing	50	145
649	Wanaka Airport	120	173
367	Holiday Parks	580	5,182
1,051	Capital and Debt Repayment	772	5,700
7,762	Funding Required	16,234	5,279

Property
Summary of Financial Performance

Actual 2007/08	\$000	Actual 2008/09	Annual Plan 2008/09
Funded By:-			
381	General Rates	205	222
-	Asset Sales	139	6,000
117	Depreciation	117	88
942	Internal Advances	246	1,146
6,322	Other	15,527	(2,177)
7,762	Total Funding	16,234	5,279
Activity Income Includes (1)			
5,128	User Charges	5,406	5,294
(7,180)	Other gains/(losses)	(16,361)	-
(2,052)	Total Activity Income	(10,955)	5,294

Significant Cost of Service Variances

The net cost of service includes \$17.4m of unrealised losses pertaining to the revaluation of investment property and forestry assets. This follows a 2008 value reduction of \$6.8m for investment property. This represents an unrealised loss in value of around 23% in the past 2 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.

Significant Capital Expenditure

Not applicable

Significant Capital Expenditure Variances

Capital expenditure was below estimate by \$4.9m for the year and relates mainly to Loan Repayments of \$4.2m which did not occur due to the delay in progress for the Lakeview development.

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 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 through networking the Central Otago / Queenstown Lakes libraries, other New Zealand libraries, and all available on-line networks and resources both national and international.

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

11.07%

Target

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

Achievement

93.8% satisfaction achieved. (92.9% 2008).

Target

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

Achievement

96.5% satisfaction achieved. (97.5% 2008).

Target

97% satisfaction with the helpfulness of staff as determined by the annual residents satisfaction survey.

Achievement

97.5% satisfaction achieved. (97% 2008).

Target

84% of population registered.

Achievement

107.39% population are registered - this figure is due to the large number of temporary residents.

Target

310,000 numbers of material issued.

Achievement

349,720.

Target

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

Achievement

1.6963

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 1500 accesses 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

Creative Communities, Aspiring Arts and Culture funding policies and deadlines achieved.

Achievement

100% achieved.

Target

100% of community grants initiatives completed and reported approved by the Council.

Achievement

95%

Target

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

Achievement

87.7% satisfaction achieved. (87.7% 2008)

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

Target

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

Achievement

100% achieved.

Target

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

Achievement

100% achieved.

Target

10% increase in website visitors per annum.

Achievement

In December 2009 the Council launched its new website therefore this information is not available for the 08/09 year.

Target

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

Achievement

77% satisfaction achieved. (77% 2008).

Target

80% satisfaction with how many residents use Scuttlebutt as a key source of information, as determined by the annual residents satisfaction survey.

Achievement

80.2% satisfaction achieved. (80.2% 2008).

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

Decrease 3% in 2008.

Target

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

Achievement

23% increase to 155 in 2008.

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 will enable Council to consistently improve toilet facilities available to the community.

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

100% achieved.

Target

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

Achievement

83% achieved.

Target

Satisfaction as determined by annual residents satisfaction survey:

75% provision of public toilets

75% cleanliness

Achievement

Provision of public toilets - 83.3% satisfaction achieved. (85.9% 2008)

Cleanliness - 80.5% satisfaction achieved. (82.3% 2008)

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.

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**

Cemetery grounds are kept neat, tidy and free of litter, satisfaction level of 90%, as determined by annual residents satisfaction survey.

Achievement

93.3% satisfaction achieved. (94.5% 2008)

Target

100% Compliance with national standards and local protocol.

Achievement

100% achieved.

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.

A significant milestone was achieved last year with the completion and opening of the Queenstown Aquatic Centre, Alpine Aqualand in May 2008. This outstanding facility, along with the Arrowtown swimming pool, the Queenstown Events Centre and many other indoor and outdoor recreation facilities, is managed by Council Controlled Organisation, Lakes Leisure. The Glenorchy, Hawea and Wanaka Pools are community run, with support from the Council.

Our Goals

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

Our Accountability

Target

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

Achievement

100% achieved.

Target

100% Operation of the Events Centre and Memorial Hall within budget.

Achievement

98.7% achieved.

Target

70% satisfaction with swimming pools, as determined by the annual residents satisfaction survey.

Achievement

71.6% satisfaction achieved. (77.6% 2008)

Target

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

Achievement

77.2% satisfaction achieved. (82.2% 2008)

Target

175,000 per annum attendance at Queenstown Aquatic Centre based on low projections 2005.

Achievement

170,224 attendance.

Target

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

Achievement

99% achievement.

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

100% completion of all waterways facilities projects on time and within budget.

Achievement

100% achieved.

Target

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

Achievement

87.1% achieved (90.1% 2008).

Target

8 Council waterway facilities accessible to public at all times.

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 \$2.7 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

93.3% satisfaction achieved. (92.4% 2008).

Target

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

Achievement

89.2% satisfaction achieved. (91.3% 2008).

Target

90% satisfaction with street tree maintenance, as determined by the annual residents satisfaction survey.

Achievement

83.2% satisfaction achieved. (83.7% 2008)

Target

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

Achievement

88.5% satisfaction achieved. (90.2% 2008)

Target

100% Wakatipu Trails Trust Strategy implementation by 2012.

Achievement

Council continues to work with the Trust to deliver the strategy.

Target

100% Upper Clutha Walking and Cycling Strategy implementation within the next 10 years.

Achievement

The Upper Clutha Walking and Cycling Strategy has been superseded by the On Foot, By Cycle Strategy which has been publicly consulted on and will be adopted by the Council in the 09/10 financial year.

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 are 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 are rewriting the Regional Civil Defence Plan. This is expected to be completed in mid 2009.

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

95% satisfaction with rural fire suppression, as determined by the annual residents satisfaction survey.

Achievement

89.7% satisfaction achieved. (87.3% 2008)

Target

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

Achievement

92% satisfaction achieved. (90.9% 2008)

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.

Target

Fire fighting water available to required standard.

Achievement

Achieved.

**Community
Summary of Financial Performance**

Actual 2007/08	\$000	Actual 2008/09	Annual Plan 2008/09
Expenditure			
2,977	Community Facilities	3,968	3,624
4,034	Active & Passive Recreation	4,922	4,215
798	Community Development	849	837
373	Community Grants	424	458
1,548	Libraries	1,766	1,599
175	Waterways	189	139
99	Cemeteries	85	94
634	Public Toilets	595	406
1,116	Emergency Services	491	443
11,754	Operating Costs	13,289	11,815
16,089	Group Activity Income (1)	9,201	7,638
(4,335)	Net Cost of Service	4,088	4,177

**Community
Summary of Financial Performance**

Actual 2007/08	\$000	Actual 2008/09	Annual Plan 2008/09
Capital Expenditure			
8,905	Community Facilities	2,519	1,697
13,285	Active & Passive Recreation	7,252	6,683
157	Libraries	183	269
615	Waterways	234	23
19	Cemeteries	206	489
846	Public Toilets	268	303
143	Emergency Services	205	210
23,970	Capital and Debt Repayment	10,867	9,674
19,635	Funding Required	14,955	13,851
Funded By:-			
280	Targeted Rates	690	684
6,987	General Rates	9,327	8,073
1,090	Depreciation	1,108	760
11,684	Internal Advances	1,753	3,081
(406)	Other	2,077	1,253
19,635	Total Funding	14,955	13,851
Activity Income Includes (1)			
1,292	User Charges	1,417	1,244
1,050	Grants & Subsidies	585	193
131	Other	129	135
9,464	Vested Assets	3,789	-
4,152	Capital Contributions	3,281	6,066
16,089	Total Activity Income	9,201	7,638

Significant Cost of Service Variances

Revenue was ahead of estimate by \$1.6m for the year with Vested Assets \$3.7m above budget, which offsets the shortfall in Development contribution income of \$2.7m. Operating expenditure was above estimate by \$1.5m for the year with the main component of the variance relating to \$0.5m of project expenditure which was classified as capital expenditure within the budget but which 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 \$0.5m higher than budget. The balance of the variance of \$0.5m relates primarily to increased interest costs and maintenance costs for public toilets.

Significant Capital Expenditure

Not applicable

Significant Capital Expenditure Variances

Capital expenditure was ahead of estimate by \$1.1m for the year and relates mainly to vested reserve land.

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, once fully operative, 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, the it has evolved considerably, and we now have a largely operative plan with only a few outstanding issues. Council has given priority to concluding those issues.

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 an operative plan which is aligned and consistent with the community outcomes outlined in the CCP.
- To produce and maintain an operative 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

42.9% satisfaction achieved. (69.1% 2008)

Target

Resolve all references to the decisions issued on the District Plan 1998 by July 2007.

Achievement

Operative except for one issue before the Court.

Target

District Plan to be fully operative by July 2007.

Achievement

Operative except for one issue before the Court.

Target

75% Resolution of references resolved prior to hearing in the Environment Court.

Achievement

100% achieved.

Target

100% Current versions of the District Plan always available.

Achievement

100% achieved.

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.

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

70% of Resource Consent applications and related functions are processed within statutory timeframes.

Achievement

100% achieved.

Target

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

Achievement

100% achieved.

Target

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

Achievement

61% of consents issued were monitored for compliance within two years of issue.

Target

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

Achievement

29.2% satisfaction achieved. (45.2% 2008)

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

100% achieved.

Target

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

Achievement

65.2% satisfaction achieved. (76.3% 2008)

Inspection and Licensing

Our Goals

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

Our Accountability

Target

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

Achievement

100% achieved.

Target

District Licensing Agency functions carried out within statutory timeframes.

Achievement

There are no longer statutory timeframes in relation to Liquor Licensing.

Target

Satisfaction as determined by annual residents satisfaction survey:
Liquor Licensing - 85%
Dangerous Goods - 95%

Achievement

Liquor Licensing - 42.9% satisfaction achieved. (58.8% 2008).
Dangerous Goods - 84.4% satisfaction achieved. (90.5% 2008).

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

Continuously provide dog ranger service 24 hours, seven days a week.

Achievement

100% achieved.

Target

Maintain an up to date register of all dogs.

Achievement

100% achieved.

Target

Provision of dog impounding facility seven days per week.

Achievement

100% achieved.

Target

Satisfaction as determined by annual residents satisfaction survey:
85% Registration and Licensing.
80% Dog Enforcement Services.

Achievement

Registration and Licensing - 75.6% satisfaction achieved. (84.5% 2008)
Dog Enforcement Services - 56.7% satisfaction achieved. (64.1% 2008)

Target

Zero genuine complaints received regarding the dog and animal control service.

Achievement

No complaints received.

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.

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

139 hours per week.

Target

Public complaints assessed and actioned within 48 hours.

Achievement

100% achieved.

Target

Zero justified complaints received.

Achievement

No complaints received.

Target

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

Achievement

57.4 satisfaction achieved. (64% 2008).

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

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

Achievement

Building Consents - 92.9% achieved.

LIM - 100% achieved.

PIM - 100% achieved.

Target

100% inspection of building work carried out under new consents.

Achievement

100% achieved.

Target

90% building inspections completed within 24 hours of the request.

Achievement

95% achieved.

Target

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

Building Control Services - 50%

LIM Services - 80%

Achievement

Building Control Services - 29.8% satisfaction achieved. (47.1% 2008).

LIM Services - 67.4% satisfaction achieved. (82.7% 2008).

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

86.4% satisfaction achieved. (90.8% 2008).

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

Actual 2007/08	\$000	Actual 2008/09	Annual Plan 2008/09
	Expenditure		
3,410	Regulatory Services	4,133	3,864
364	Waterways Regulation	431	337
7,359	District Plan	1,994	2,414
11,133	Operating Costs	6,558	6,615
6,565	Group Activity Income (1)	1,246	1,339
4,568	Net Cost of Service	5,312	5,276
	Capital Expenditure		
4	Regulatory Services	4	4
520	District Plan	560	560
524	Capital and Debt Repayment	564	564
5,092	Funding Required	5,876	5,840
	Funded By:-		
4,052	General Rates	5,007	4,887
912	Internal Advances	866	1,013
128	Other	3	(60)
5,092	Total Funding	5,876	5,840
	Activity Income Includes (1)		
121	User Charges	76	68
18	Grants & Subsidies	-	-
1,226	Other	1,170	1,271
5,200	Capital Contributions	-	-
6,565	Total Activity Income	1,246	1,339

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 Supplies

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 10,032 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.

The Council is aware that the Government has proposals for mandatory water standards which are at an advanced stage. Because we generally take our water from an unprotected source, i.e. lakes and rivers it is unlikely that our current water supplies will meet these standards. The Council continues to monitor progress with these provisions and is actively assessing the steps we will need to take, and the considerable additional costs involved in compliance.

No provision has been made in the CCP or Annual Plan for costs which are contingent on the passing of the proposed Health (Water Supplies) Amendment Act.

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.

Our Accountability

Target

Satisfaction:
80% water quality
100% reliability
as determined by the annual residents satisfaction survey.

Achievement

Water quality - 78.6% satisfaction achieved. (82.9% 2008)
Reliability - 86.9% satisfaction achieved. (92.5% 2008)

Target

The peak domestic water demand to be less than 730 litres per person, per day.

Achievement -

- Queenstown - 744 litres per person per day (includes Arthur's Point and Arrowtown)
- Arthur's Point - above
- Arrowtown - above
- Wanaka - not measured
- Hawea - not measured

Target

95% of hydrants meeting fire safety standards

Achievement

100% of those operated.

Target

Water supply to be available for more than 99.5% of the time.

Achievement

90.1%.

Target

95% of the total number of interruptions on a per event basis shall not exceed four hours.

Achievement

99.89%.

Target

Water supply interruption to any property shall not exceed eight hours.

Achievement

3 incidents exceed 8 hours.

Target

A best attempt to contact all affected consumers of a planned water supply shutdown via letter drop and radio advertising, three days prior if non emergency.

Achievement

100% achieved.

Target

Minimum flow rate for a household connection to be 40 litres per minute.

Achievement

100% achieved (measured at the takeoff to the lateral boundary).

Target

Minimum pressure for a household connection to be 300 kPa.

Achievement

90 of 18,428 properties failed to meet 300 kPa.

Target

Maximum pressure for a household connection to be 900 kPa.

Achievement

Maximum observed 1160 kPa.

Target

Minimum flow rate for a fire hydrant to be 25 litres per second.

Achievement

This is no longer an applicable target. All fire hydrants should comply with SNZ PAS 4509:2003 New Zealand Fire Service Fire Fighting Water Supplies Code of Practice with the following exceptions:

- The schedule of non-complying hydrants as identified by the water model 2009.
- The validation of compliance shall be by the Council's contractor testing 5% of the network per annum on a programmed basis.
- This programme is as identified in the Contractor's Plan. (Note that this will require hydrants to be representative of the District).
- The information gained by the Fire Service with their testing throughout the year will be used as verification only that hydrants failed and be checked against the water model.

Target

To complete monitoring of FAC, NTU, Cl2 and pH as required by NZDWS 2005.

Achievement

All supplies meet NZDWS monitoring frequency requirements.

Target

The conditions of all resource consents for water supply to be complied with 100% of the time.

Achievement

At time of audit it was not possible to prove this therefore we are unable to report on this measure at this time.

Target

80% of all capital projects by value to be completed.

Achievement

47% of the budget.

Target

Ministry of Health water quality grading be of the following:

Queenstown (2 mile) - Eb
 Queenstown (Kelvin Heights) - Eb
 Arrowtown - Dc

Wanaka (Roys Bay) - Eb
 Wanaka (Western) - Eb
 Wanaka (Beacon Point) - Eb
 Wanaka (Albert Town) - Eb
 Lake Hawea - Eb
 Glenorchy - u
 Lake Hayes - u
 Luggate - u
 Arthur's Point - u

Achievement

Until December 2004, all grades were calculated using the 1993 Public Health Grading specification. A new specification was released in late 2003. Supplies that did not re-grade according to the new specification were re-classified as Uu – 'ungraded'. Queenstown (for example) has a water grade of Eb in some reports. This is an old grading and was superseded by Uu. All water supplies under QLDC ownership are currently graded Uu.

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**

70% Satisfaction with storm water facilities as determined by the annual residents satisfaction survey.

Achievement

63.4% satisfaction achieved. (73.2% 2008)

Target

No flooding of residential or commercial buildings due to a failure of the public storm water system with a probability of greater than 2% (1 in 50 year storm) measured at the nearest calibrated weather station.

Achievement

No flooding incidents reported.

Target

Response time for routine priority and emergency events to meet specified contract response time.

Achievement

88.9%.

Target

80% of all capital projects by value to be completed.

Achievement

Achieved.

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 totalling 9,789 connections. Schemes are located at Queenstown, Wanaka, Arrowtown, Hawea, Albert Town, Lake Hayes and Arthur's Point.

More than 1,392 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 is already well advanced in implementing the outcome of an extensive community working party project. A similar exercise is currently underway in Wanaka.

The Council Community Plan makes provision for these works, with \$12.3m committed to the Wanaka Project Pure project over the next 2 years and \$1m committed to commencing disposal to land at Queenstown.

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

84.8% satisfaction achieved. (89.7% 2008)

Target

Less than 300 litres per person per day of wastewater production based on the average dry weather flow.

Achievement

348L per person.

Target

The number of accidental discharges from wastewater systems each year shall not exceed:

Manholes to land - 3

Manholes to water - 1

Pump stations to land - nil

Pump stations to water - nil

Achievement

Manholes to land – 25

Manholes to water – Nil

Pump stations to land – 2

Pump stations to water - 4

Target

95% of the total number of accidental wastewater discharges be rectified and all detritus cleaned up and disinfected within 4 hours.

Achievement

93.55% of 31 incidents.

Target

To meet the specified contract response time for 100% of the reported events.

Achievement

90.1%.

Target

80% of all capital project by value to be completed.

Achievement

62%.

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.

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 with:

Recycling Collection Service - 75%

Refuse Collection Service - 75%

Resource Recovery Parks - 75%

Landfill site management - 75%

Transfer station - 75%

Based on the annual residents satisfaction survey.

Achievement

Recycling Collection Service - 88.6% satisfaction achieved. (90.8% 2008)

Refuse Collection Service - 84.5% satisfaction achieved. (87.3% 2008)

Resource Recovery Parks - 87.7% satisfaction achieved. (89.4% 2008)

Landfill site management - 77.2% satisfaction achieved. (84.3% 2008)

Transfer Station - 81.8% satisfaction achieved. (88.6% 2008)

Target

To provide weekly kerbside recycling collection services for nominated areas for 52 weeks per year.

Achievement

100% achieved.

Target

All Transfer Stations and Resource Recovery Parks to be open and operational 362.5 days per year.

Achievement

100% achieved.

Target

Victoria Flats Landfill to be open and operational 362.5 days per year.

Achievement

100% achieved.

Target

In accordance with the Waste Management Strategy to reduce the net volume of waste to landfill by 25%.

Achievement

Achieved.

Target

To undertake monitoring of all active and closed landfills as required by the applicable Resource Consents.

Achievement

100% achieved.

Target

Zero instance of failure to achieve compliance with resource consent conditions for transfer stations and landfills.

Achievement

100% achieved.

Target

To provide funding to community recycling programmes to the level provided for in the Annual Plan.

Achievement

100% achieved.

Utilities
Summary of Financial Performance

Actual 2007/08	\$000	Actual 2008/09	Annual Plan 2008/09
	Expenditure		
5,277	Wastewater	8,267	6,238
6,175	Water Supply	7,713	5,908
5,178	Waste Management	5,773	5,974
3,027	Stormwater	3,424	1,877
19,657	Operating Costs	25,177	19,997
16,083	Group Activity Income (1)	10,327	13,602
3,574	Net Cost of Service	14,850	6,395
	Capital Expenditure		
25,011	Wastewater	13,754	13,262
6,723	Water Supply	6,209	7,260
1,876	Waste Management	2,289	189
4,588	Stormwater	2,150	3,789
38,198	Capital and Debt Repayment	24,402	24,500
41,772	Funding Required	39,252	30,895
	Funded By:-		
11,954	Targeted Rates	13,322	13,510
72	General Rates	108	646
3,571	Depreciation	4,040	3,673
15,106	Internal Advances	13,261	6,628
11,069	Other	8,521	6,438
41,772	Total Funding	39,252	30,895
	Activity Income Includes (1)		
2,668	User Charges	2,727	2,744
125	Grants & Subsidies	60	-
448	Other	404	576
9,232	Vested Assets	4,058	4,413
3,610	Capital Contributions	3,078	5,869
16,083	Total Activity Income	10,327	13,602

Significant Cost of Service Variances

Revenue was below estimate by \$3.3m for the year with the shortfall in Development contribution income of \$2.8m being the main cause. Operating expenditure was above estimate by \$5.1m for the year with the main component of the variance relating to \$3.7m of project expenditure which was classified as capital expenditure within the budget but which 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 \$0.78m higher than budget. The balance of the variance of \$0.6m relates primarily to increased maintenance costs for water supply and wastewater.

Significant Capital Expenditure

Expenditure on Wanaka wastewater upgrades including Project Pure account for \$5.2m of the total with vested assets comprising a further \$4.0m.

Significant Capital Expenditure Variances

The major negative variance relates to the purchase of land adjacent to the Victoria landfill for \$1.8m. This purchase was not budgeted but the variance has been offset by the \$3.7m of project expenditure which was classified as capital expenditure within the budget but which has been charged as an operating expense for the year.

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.

The District controls 715km of formed roads (of which 309km 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 Transfund New Zealand who fund a portion of local roads through national levies and Transit New Zealand who provide the complementary state highway network.

Future Link

The Council has now adopted its comprehensive district-wide parking and transportation strategy and has invited public comment. We are calling the project “Future Link”.

This essential document provides solutions for the well understood parking and roading problems experienced in the district. The philosophical background is that our roading network is finite, it will reach capacity quickly and public transport will be a principal focus of any set of solutions.

The strategy responds to known growth pressures and has a 2021 horizon to fit with Council’s other strategic planning studies. As well as public transport, the Council and other transport agencies will need to form a partnership involving significant expenditure on access routes for vehicles, bicycles and pedestrians.

Our Goals

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

Our Accountability

Target

Satisfaction with:
 70% Sealed roads
 70% Unsealed roads
 60% Footpaths
 based on the annual residents satisfaction survey.

Achievement

Sealed roads - 61.1% satisfaction achieved. (73.5% 2008)
 Unsealed roads - 61.6% satisfaction achieved. (69.5% 2008)
 Footpaths - 59.5% satisfaction achieved. (58.8% 2008)

Target

Maximum of 200 complaints per month.

Achievement

Achieved.

Target

Roughness rating (NAASRA counts)
 Urban Roads - Less than 100
 Rural Roads - Less than 100

Achievement

Urban Roads - 102
 Rural Roads - 69

Target

Less than 51 serious injury road crashes per 10,000 vehicles.

Achievement

Serious injury crashes 21 crashes total for the 08/09 financial year – these figures are sourced from NZTA and the figure per 10,000 is not available.

Target

80% completion of capital works.

Achievement

92% as measured by Expenditure v Budget.

Target

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

Achievement

74.1% satisfaction achieved. (73.7% 2008)

Target

Peak traffic flows on State Highway 6A to peak at 1180 vehicles per hour, in 2011 with the development of public transport and alternative routes.

Achievement

Average peak traffic – 1395 per hour (averaged over April / May 2009 - source NZTA).

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 Queenstown Lakes District, there are presently 3,759 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.

Target

50% Overall Satisfaction with parking facilities based on the annual residents satisfaction survey.

Achievement

40.3% satisfaction achieved. (51% 2008).

Roading and Parking Summary of Financial Performance

Actual 2007/08	\$000	Actual 2008/09	Annual Plan 2008/09
Expenditure			
13,314	Roading and Parking	14,742	12,797
1,305	Town Centres	1,358	1,410
544	Parking Provision	743	457
15,163	Operating Costs	16,843	14,664
17,958	Group Activity Income (1)	15,320	18,573
(2,795)	Net Cost of Service	1,523	(3,909)
Capital Expenditure			
23,404	Roading and Parking	19,375	22,657
2,236	Town Centres	2,354	2,150
557	Parking Provision	260	441
26,197	Capital and Debt Repayment	21,989	25,248
23,402	Funding Required	23,512	21,339
Funded By:-			
9,013	Targeted Rates	8,593	8,675
4,264	Depreciation	3,170	3,167
6,166	Internal Advances	6,542	6,067
3,959	Other	5,207	3,430
23,402	Total Funding	23,512	21,339
Activity Income Includes (1)			
762	User Charges	1,031	546
9,747	Grants & Subsidies	10,786	11,468
310	Other	303	438
5,592	Vested Assets	2,262	2,627
1,547	Capital Contributions	938	3,494
17,958	Total Activity Income	15,320	18,573

Significant Cost of Service Variances

Revenue was below estimate by \$3.2m for the year with the shortfall in Development contribution income of \$2.6m being the main cause. Operating expenditure was above estimate by \$2.1m for the year with the main component of the variance relating to Depreciation expense for the year, which was \$0.88m higher than budget. The balance of the variance of \$0.5m relates primarily to increased interest and maintenance costs as well as some project expenditure which was classified as capital expenditure within the budget but which has been charged as an operating expense for the year (\$0.99m).

Significant Capital Expenditure

Expenditure on major road reconstructions and rehabilitations accounts for \$7.5m of the total with vested assets comprising a further \$2.3m. The balance of \$12.1m comprises mainly resurfacing, seal extensions, town centre improvements & loan repayments.

Significant Capital Expenditure Variances

The positive variance of \$3.2m relates to vested assets 0.4m under budget; 0.8m of unspent budget for the purchase of land and 0.74m of unspent budget for passenger transport initiatives as well as \$0.99m of expenditure which was classified as capital expenditure within the budget, which has been charged as operating expense.

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 completion of the terminal redevelopment will allow for satisfactory trans-Tasman operations for a number of years.

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

Implement all viable steps to mitigate the noise impact of the airport on the surrounding residential area especially at the western end.

Achievement

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

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 \$1.56m. The actual result was a surplus of \$1.64m.

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 2009 the target was 6.37%. This target was lowered due to the extensive capital costs undertaken in previous financial years.

Achievement

The tax paid return on shareholders' funds was 10.47%. The actual shareholders' funds to total assets is 35.1%, the target was 28.7%.

Target

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

Achievement

The company operates within its approved banking facilities.

Financial Performance

2008 Actual		2009 Actual	2009 Budget
000's		000's	000's
10,749	Revenue	11,308	11,384
9,013	Operating Expenditure	8,956	9,155
1,736	Operating Surplus/(deficit) before tax	2,352	2,229
580	Taxation	706	669
1,156	Operating Surplus/(deficit) after tax	1,646	1,560

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 the standard of the sports turf.

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

Developed the long term facilities Master Plan for the Queenstown Events Centre, which guides the facility development for the next 10 years.

Target

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

Achievement

Established a range of community programmes and events that are affordable and accessible to the whole community to increase usage and visitation of facilities.

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 2008/09 year.

Achievement

Maintained safe and well managed pools that met "pool safe" guidelines. Achieved Pool Safe accreditation in February 2009.

Target

Develop revenue streams to become less reliant on rates funding.

Achievement

achieved.

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

	2008 Actual	2009 Actual	2009 Budget
	000's	000's	000's
1,024 Revenue	4,298	1,987	
579 Gain on transfer or assets from QEC trust	-	-	
1,018 Operating Expenditure	4,045	3602	
585 Operating Surplus/(deficit) before tax	253	(1,615)	
- Taxation	-	-	
585 Operating Surplus/(deficit) after tax	253	(1,615)	

Lakes Engineering Limited was incorporated on 17 March 2005. The company changed its name from Alpine Infrastructure Management Limited on 20 August 2007 following a 100% Council ownership in July 2007.

The primary objective of the company is to provide engineering and project management services to Queenstown Lakes District Council.

Lakes Engineering Limited meets the definition of a Council controlled organisation (CCO) in terms of section 6 of the Local Government Act 2008.

Financial Performance

2008 Actual		2009 Actual	2009 Budget
000's		000's	000's
1,273	Revenue	1,309	1,370
1,332	Operating Expenditure	1,247	1,373
(59)	Operating Surplus/(deficit) before tax	62	(3)
4	Taxation	7	-
(55)	Operating Surplus/(deficit) after tax	55	(3)

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 75% customer satisfaction.

Achievement

95% achieved.

Target

To achieve 90% staff satisfaction.

Achievement

78% achieved.

Target

To have no more than 15% staff turnover.

Achievement

10% staff turnover.

Target

To have nil number of lost time injuries.

Achievement

Achieved.

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. It is pleasing to note that, in this the second year of the customer satisfaction survey, there has been a significant increase in the number of satisfied customers compared with the 2008 result (64%).

The staff satisfaction survey measures the degree of staff satisfaction with the company as an employer. Staff satisfaction has decreased when compared with the 2008 result (91%) 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 2009 as a percentage of total staff positions as at 30 June 2009. Staff turnover has decreased when compared with the 2008 result (20%). This result is probably due to a significant contraction in employment opportunities related to the current economic downturn.

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

Financial Performance

2008 Actual		2009 Actual	2009 Budget
000's		000's	000's
7,666	Revenue	7,633	8,293
7,556	Operating Expenditure	7,643	8,070
110	Operating Surplus/(deficit) before tax	(10)	223
169	Taxation	19	167
(59)	Operating Surplus/(deficit) after tax	(29)	55



**AUDIT REPORT TO THE READERS OF
QUEENSTOWN LAKES DISTRICT COUNCIL'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2009**

The Auditor-General is the auditor of Queenstown Lakes District Council (the District Council). The Auditor-General has appointed me, P F Heslin, using the staff and resources of Deloitte, to carry out an audit on the Auditor-General's behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group for the year ended 30 June 2009, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council and group on pages 14 to 54:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect :
 - the District Council and group's financial position as at 30 June 2009; and
 - the results of its operations and cash flows for the year ended on that date.
- The service provision information of the District Council and group on pages 55 to 89 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The District Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 27 October, 2009, 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, performance 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, performance 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, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management 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 data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

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

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

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the District Council and group as at 30 June 2009. They must also fairly reflect the results of its operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 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, performance 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.

Other than the audit and in conducting the audit of Long Term Council Community Plan and providing taxation compliance services, we have no relationship with or interests in the District Council.




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

Matters Relating to the Electronic Presentation of the Audited Financial Statements, Performance Information and the Other Requirements

This audit report relates to the financial statements, performance information and the other requirements of Queenstown Lakes District Council for the year ended 30 June 2009 included on the Queenstown Lakes District Council's website. Queenstown Lakes District Council is responsible for the maintenance and integrity of the Queenstown Lakes District Council website. We have not been engaged to report on the integrity of the Queenstown Lakes District Council website. We accept no responsibility for any changes that may have occurred to the financial statements since it was initially presented on the website.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 27 October, 2009 to confirm the information included in the audited financial statements, performance information and the other requirements presented on this website.

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