

8 October 2026

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Representation letter for the year ended 30 June 2026

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements and the statement of performance of Queenstown Lakes District Council Group for the year ended 30 June 2026 for the purpose of expressing an independent opinion about whether:

- The annual financial statements of the Group present fairly, in all material respects, the financial position as at 30 June 2026 and its financial performance and cash flows for the year then ended, in accordance with generally accepted accounting practice in New Zealand in accordance with Public Benefit Reporting Standards.
- The performance information of the Group is appropriate and meaningful and prepared in accordance with the Group's measurement bases or evaluation methods and complied with generally accepted accounting practice in New Zealand and presents fairly, in all material respects:
 - the Group's service performance and actual revenue and expenses for each reportable class of outputs for the year ended 30 June 2026 compared to the forecast standards and budgets included in the statement of performance expectations for the year

We understand that your audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* issued by the New Zealand Auditing and Assurance Standards Board.

General representations

To the best of our knowledge and belief:

- the resources, activities, and entities under our control have been operating effectively and efficiently;

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

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

Representations on the financial statements and the statement of performance

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

- we have fulfilled our responsibilities for preparing and presenting the financial statements and the statement of performance as required by the Crown Entities Act 2004 and, in particular, that:
 - the annual financial statements of the Group present fairly, in all material respects, the financial position as at 30 June 2026 and its financial performance and cash flows for the year then ended, comply with the generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
 - the performance information of the Group is appropriate and meaningful and prepared in accordance with the Group's measurement bases or evaluation methods and complies with generally accepted accounting practice in New Zealand, and presents fairly, in all material respects:
 - the Group's service performance and actual revenue and expenses for each reportable class of outputs for the year ended 30 June 2026 compared to the forecast standards and budgets included in the statement of performance expectations for the year
- we believe the methods, significant assumptions, and data used in making and supporting the accounting estimates and the related disclosures in the financial statements and statement of performance are appropriate to achieve recognition, measurement, and disclosure that is reasonable in the context of the applicable financial reporting framework;

- we have appropriately accounted for and disclosed related party relationships and transactions in the financial statements in accordance with Public Benefit Entity Reporting Standards;
- we have adjusted or disclosed all events subsequent to 30 June 2026 that require adjustment or disclosure;
- we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and statement of performance as a whole. A list of the uncorrected misstatements is attached as Appendix 1 to this representation letter;
- we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with Public Benefit Entity Reporting Standards; and

Representations about the provision of information

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

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

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

Specific Representations

- We believe the valuation performed on water infrastructure assets, investment property and campgrounds adequately represent the fair value of these properties, and we have been through a thorough process to review the inputs and assumptions made as part of the valuations.
- We are satisfied Note 14 to the financial statements explains QAC’s provision regarding the additional compensation (and associated interest expense) for Lot 6. As stated, the provision represents QAC’s estimate of potential cash payments and has been determined based on the independent external valuations at \$34.5m. We believe that the provision is necessary and has been appropriately recognised. We consider the disclosure made regarding the uncertainty of any additional compensation as a result of the Land Valuation Tribunal (LVT) decision is sufficient and appropriate. This assessment is based on the latest information available from ongoing legal proceedings, the tribunal hearing and external accounting advice received.
- We are satisfied that Note 23 to the financial statements explains QLDC and QAC’s contingencies. As stated, the Councillors do not consider that provision for these items is necessary and has not therefore arranged funding to meet the liability should the contingency be realised. The Councillors do not consider that the contingency affects the appropriateness of the going concern basis of accounting in preparing the financial statements and the statement of service performance for the year ended 30 June 2026.
- We have reviewed the categorisation of assets as investment property, property plant and equipment and development property and are comfortable that the items held within each category are in line with the accounting standards.
- We confirm that we receive regular reporting/information from Viola regarding their testing in accordance with the Drinking Water Quality Assurance Rules and our compliance in relation to those rules. We have reported any instances of non compliance in the annual report.

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

- The Queenstown Lakes District Council accepts that it is responsible for the electronic presentation of the audited financial statements and statement of performance.
- The electronic version of the audited financial statements and statement of performance and the related audit report presented on the website are the same as the final signed version of the audited financial statements and statement of performance and audit report.

- We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.
- We have assessed the security controls over audited financial and performance information and the related audit report, and are satisfied that procedures are adequate to ensure the integrity of the information provided.
- Where the audit report on the full financial statements and statement of performance is provided on a website, the financial statements and statement of performance are also provided in full.

Going concern basis of accounting

We confirm that, to the best of our knowledge and belief, the Group has adequate resources to continue operations at their current level for the foreseeable future. For this reason, the Queenstown Lakes District Council continues to adopt the going concern basis of accounting in preparing the financial statements and the statement of performance for the year ended 30 June 2026. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the Group during the period of one year from the date of signing the financial statements and the statement of performance, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

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

Sign-off on these representations

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

Yours sincerely

[Member of governing body]
[Title]

[Member of governing body]
[Title]

Appendix 1: Summary of Unadjusted Misstatements

	Assets	Liabilities	Equity	Profit or loss
Unadjusted misstatements identified	Dr/(Cr)	Dr/(Cr)	Dr/(Cr)	Dr/(Cr)
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Current year (Council and Group):				
Internal costs capitalised which are not directly attributable costs	(6,090)	-	3,141	2,949
Prior year:				
None noted				
Prior year correction in the current year:				
None noted	-	-	-	-
Total	(6,090)	-	3,141	2,949

Appendix 2: Summary of Omitted Disclosures

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

Omitted disclosures assessed by management as not being material

Ref

Fair Value Disclosures	PBE IPSAS 30: <i>Financial Instruments Disclosures</i> , paragraph 33(c)
For fair value measurements in Level 3, a reconciliation from the beginning balances to the ending balances, is required to be disclosed.	
Revenue Disclosures	PBE IPSAS 23: <i>Revenue From Non-Exchange Transactions</i> , paragraph 106 (e)
The existence and amounts of any advance receipts in respect of non-exchange transactions are required to be disclosed.	
Investment Property Disclosures	PBE IPSAS 16: <i>Investment Property</i> , paragraph 86
The following is required to be disclosed:	
The amounts recognised in surplus or deficit for:	
• Rental revenue from investment property; • Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental revenue during the period; and • Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental revenue during the period.	
The methods and significant assumptions applied in determining the fair value of Investment Property.	
Provision Disclosures	PBE IPSAS 19: <i>Provisions, Contingent Liabilities and Contingent Assets</i> , paragraph 97
Entities are required to disclose the following in relation to provisions	
• The increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.	
Fair Value Disclosures	PBE IPSAS 17: <i>Property, plant and equipment</i> paragraph 92(c)
If a class of property, plant and equipment is stated at revalued amounts, the following shall be disclosed:	
(c) The methods and significant assumptions applied in estimating the assets' fair values	
Expected credit losses	PBE IPSAS 30: <i>Financial Instruments: Disclosures</i> paragraph 42G
An entity shall explain the inputs, assumptions and estimation techniques used to apply the requirements in paragraphs 73–93 of PBE IPSAS 41. For this purpose an entity shall disclose: (a) The basis of inputs and assumptions and the estimation techniques used to: (i) Measure the 12-month and lifetime expected credit losses; (ii) Determine whether the credit risk of financial instruments has increased significantly since initial recognition; and (iii) Determine whether a financial asset is a	

credit-impaired financial asset. (b) How forward-looking information has been incorporated into the determination of expected credit losses, including the use of macroeconomic information; and (c) Changes in the estimation techniques or significant assumptions made during the reporting period and the reasons for those changes.

Contingent Liability

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

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

Property, plant and equipment

The standard requires entities to disclose, for each class of property, plant and equipment, movements during the period including additions, disposals, revaluations, depreciation, impairment, and other movements.

PBE IPSAS 17: Property, plant and equipment paragraph 88-94

Investment property

A piece of land within investment property has not been disclosed as Asset Held for Sale in accordance with PBE IFRS 5.

PBE IFRS 5 Non-current Assets Held for Sale and Discontinued Operations paragraphs 6-8 and 38

Intangible assets

The standard requires entities to disclose, for each class of property, plant and equipment, movements during the period including additions, disposals, revaluations, depreciation, impairment, and other movements.

PBE IPSAS 31: Intangible Assets paragraph 117