

Annual Report | Rīpoata ā-tau

2021 – 2022

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Section 01: Overview

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Chief Executive's Report



The financial year 2021-2022 has once again been a period heavily defined and influenced by the ongoing effects of the COVID-19 global pandemic. This is the case for many aspects of Council activity and functions, such as economic development, community development, and infrastructure investment. Whether it's been projects to support recovery or projects delayed because of workforce shortages and global supply chain issues, one doesn't have to look far to see the broad reach the pandemic continues to have.

Council started the year with an eye to democratic representation by consulting with the community in July on how it wanted to be represented around the Council table. It was agreed to increase the number of Councillors to 11 to reflect growth in the district's population, form new ward boundaries, and retain the Wānaka Community Board.

It was encouraging to see a lot of interest in this process with robust debate happening in every corner of the district. The final model, which will be reflected in the upcoming local government elections was adopted by Full Council in September.

COVID-19 challenged many Council plans as August saw the country at Alert Level 4, whilst the Government announced its plans to reconnect Aotearoa New Zealand with the rest of the world. This announcement was commended by the Mayor and Councillors in an attempt to halt the devastating effect the pandemic had on the local economy.

The Council's Economic Development Unit was a driving force behind many initiatives in the last year in response to these issues. In July 2021, the unit launched Home for Healthier Business, a collaborative long-term project supported by Destination Queenstown, Lake Wānaka Tourism and Startup Queenstown Lakes. With \$75k support funding from the Ministry of Business, Innovation and Employment for the pilot, the diversification campaign is dedicated to attracting business leaders, employers, and talent to Queenstown Lakes with an aim to broaden future economic prospects in the district.

This programme included free webinars in October for individuals looking to move some or all of their business to the district, and more in November aimed at the technology sector.

In March, Queenstown Lakes District Council (QLDC) was appointed one of four lead agencies in the South Island to administer a \$49M kick start fund on behalf of Government. Grants valued between \$10k and \$50k were made available to eligible businesses who were ready to scale up operations or come out of hibernation in preparation for the return of international visitors.

Film Queenstown Lakes (Council's in-house film office) launched a new initiative in July 2021. In partnership with great southern Television, the Tāhuna Writers' Residency was launched to bring a selection of screenwriters from across New Zealand to the Queenstown Lakes to create television project ideas either inspired by the district or set within it. From 150 applicants, five successful writers participated in the residency in Queenstown from 21 March until 14 April 2022.

As beneficiaries of the Government's "Shovel Ready" COVID-19 recovery funding through the Crown Infrastructure Partners, the Queenstown CBD street upgrades and arterials are both keystone projects that have made significant progress throughout the last financial year. Construction of the Queenstown Town Centre Arterial Road (stage one) commenced in September, starting with installation of underground services. Then in March a significant change was seen with the Kā Huanui a Tāhuna alliance of QLDC, Waka Kotahi and industry stakeholders creating a new layout at the busy intersection of Frankton Road and Melbourne Street, as the 200m stretch of Frankton Road between Suburb Street and Melbourne Street began its transformation into the gateway to the first stage of the new road.

Allowing a break over the busier Christmas and summer holiday period, work has continued throughout the year on the upgrades to Beach Street, Brecon Street, Park Street and Rees Street. At the time of writing this report, Park Street had reopened to the public and the end was in sight for Beach Street.

Council has acknowledged delays throughout the programme which was challenged by staff absences due COVID-19, along with supply chain issues, and encountering historic infrastructure throughout the programme that required significant work to rectify in partnership with private property owners. These upgrades are still on track to deliver the core projects within the original timeframes and Council is confident that the final outcome will be worth the inconvenience and disruption caused.

Managing our impact on the climate and local biodiversity has continued to be a priority for Council in the last year. A guiding document for this organisational commitment is the Climate and Biodiversity Plan (formerly the Climate Action Plan) which was published for community feedback in March. The Climate and Biodiversity Plan 2022-2025 sets out how the district is going to respond to climate change and includes actions ranging from reducing carbon emissions through more effective land-use planning and infrastructure design, to regenerating native forest. In June, the Council adopted the plan whilst at the same time committing an additional \$420k to the plan's actions through the 2022-2023 Annual Plan process.

In October, QLDC provided funding for the WAO Aotearoa Climate Action Initiative giving local businesses and schools the knowledge and tools to calculate their greenhouse gas emissions and take action to reduce them. The aim of the Climate Action Initiative was to establish a district-wide baseline for greenhouse gas emissions and support everyone in the community to make a meaningful impact on reducing them.

Waste minimisation and education is a key part of Council's work in reducing the effects of climate change. In July 2021, nine new projects designed to reduce waste across the district received funding from the QLDC Waste Minimisation Community Fund totaling \$60k. The fund was created in 2018 in response to a call for Council to support more community-driven initiatives and the selected projects were initiatives from a variety of organisations, including community groups, charities, education facilities, and businesses. The projects included reducing construction landfill waste, reducing commercial food waste, reducing single-use plastics, waste education and workshops.

A further round of funding was announced in March this year, with an increased available grant fund of \$120k. This included up to \$100k for community projects that encourage enduring change in behaviour, and up to \$20k for commercial waste minimisation or resource recovery projects.

In January, QLDC (with funding from the Glass Packaging Forum) undertook an audit which revealed glass collected locally for recycling was of a high quality with an impressively low contamination rate of just 0.35%. Of the 145,730kg audited this represented just 515kg that could not be recycled. This analysis meant that Council could gain an improved understanding of areas that require focus, such as ongoing operational and education initiatives.

In a similar vein, kerbside recycling bin check trails were undertaken in May to help reduce contamination in general recycling. Bin checkers lifted the lid on yellow bins as the three-month trial got underway to assess how residents were doing in sorting rubbish from recycling and to help educate them and reduce contamination. Checked bins were stickered as either superstar recyclers, almost awesome, or contaminated recycling.

Ensuring robust and resilient Three Waters infrastructure with capacity to meet the needs of a

growing community is also a core programme of work to protect our natural environment. In December 2021, QLDC successfully completed the \$19M Recreation Ground Wastewater Pump Station and Rising Main upgrade in Queenstown. The new infrastructure provided a significant improvement to the long-term resilience of Queenstown's Wastewater network by providing 550m³ of emergency storage, additional pumping capacity and 2km of new wastewater pipe, all of which reduced demand on the Marine Parade Pump Station located close to Lake Whakatipu. The new pump station now conveys wastewater from north of the town centre from areas such as Arthurs Point and parts of Queenstown Hill and will also pump flows from Sunshine Bay and Fernhill in the future.

Work also commenced in April on improved drinking water supply and infrastructure in the western part of Wānaka. This included a new pump station located on Wānaka-Mount Aspiring Road and pipeline along Golf Course Road through to Anderson Road. Both the pump station and pipeline are expected to be completed by November 2022.

The first stage of a major wastewater upgrade in Wānaka also started in April, as part of a wider plan to accommodate growth and provide more resilience across the district's wastewater network.

This first stage of the project involved the upgrade and replacement of existing wastewater pipes and lateral pipes that connect the public system to residential houses on Aubrey Road, from Rata Street corner down to the lakeside. The programme of work included installing a new water supply pipe to connect to the existing pipe under Sir Tim Wallis Drive roundabout, as well as a new wastewater connection to the existing network near the Albert Town wastewater pump station. A new pump station is also planned as a later stage of the upgrade and work is underway to finalise the next steps for this part of the project.

The last financial year saw a lot of activity in the parks, reserves, and tracks and trails space. This started in July with the funding announced of \$2.4M for tourism and recreational infrastructure in the district from Central Government. The district's lakefronts were the area of focus for this funding, complimenting Council's own work on projects such as the Wānaka Lakefront Development. Projects marked as recipients for the funding included improving and upgrading the boat ramp facilities at Glenorchy and Lake Wānaka, upgrading and increasing capacity of the public toilets, signage and lighting at Marine Parade in Queenstown, and upgrades to the carpark facilities at the Wānaka Tree with improved access for pedestrians and cyclists.

July also saw the new lookout at Bennetts Bluff opened for locals and visitors to pull over safely and enjoy views of Whakatipu. Council invested \$1.6M to develop a new carpark, toilet block and picnic area and planting, while Department of Conservation Te Papa Atawhai (DOC) funded the walking track and viewing area. Council is reintroducing 4,000 native plants to the area and is also working with the Glenorchy Community Association to develop an information board about the history of the Glenorchy-Queenstown Road.

Significant milestones have been achieved in delivering the Wānaka Lakefront Development throughout the financial year. In October 2021, stage three of the Wānaka Lakefront was officially opened by the Mayor and Chair of the Wānaka Community Board. This section of the project from the Dinosaur Park to the Marina, saw a new boardwalk out over the lake, improvements to continuous pedestrian access and safety along Lakeside Road, improved land use, and the restoration and development of native vegetation in the area, and was blessed by Kāi Tahu at the opening ceremony with a beautiful waiata.

Also in October, community consultation took place on stage five of the development. The concept plan shared with the Upper Clutha community included the continuation of the shared pathway from the newly

completed stage three through to the Yacht Club and the start of the Eely Point track. The concept plan proposed a safer environment for pedestrians and cyclists to make their way past Wānaka Marina and the Yacht Club.

In April, Construction began on stage two of the lakefront development which has had the greatest level of community conversation. Requiring the temporary closure of Ardmore Street to shorten the construction programme and minimise the overall disruption, stage two sees the implementation of a shared pathway on the area of lakefront running from McDougall Street to Dungarvon Street, connecting Mt Aspiring Road Carpark with Wānaka's town centre and displaying new Millennium pathway tiles alongside it. 110 new car parking spaces and four accessible spaces are also being added along the lake side of Ardmore Street, opposite Pembroke Park and broken into sections to create view shafts and access points.

December 2021 saw Council agree to commence the process of purchasing Mount Iron Reserve in a 'once in a generation' opportunity. The land is 67ha on the north, west and southern flanks of Mount Iron and land running along State Highway 84, plus an additional 27ha centred on Little Mount Iron intended to be held as public reserve in perpetuity on behalf of the local community. Previously owned by

Allenby Farms Ltd, the two parties worked constructively for 18 months to reach this unique and special agreement bringing this land into community ownership. Separate to the agreement, Council commenced discussions with DOC with the prospect that QLDC take ownership of the remaining section of Mt Iron currently owned by DOC.

Once again in December, stage one of Te Kararo Queenstown Gardens opened to the public. After traversing a COVID-19 lockdown, snow, heavy rain, and then scorching temperatures, the entrance to the gardens was once again available for locals and visitors to enjoy. A blessing by Kāi Tahu later marked the opening and reflected their contribution to the design and signage. The improvements included wider pathing with reduced gradients, making it easier to walk on and improving public safety and accessibility. Specialised surfacing near the Queenstown Playspace was installed to preserve root networks of established trees nearby, and new seating, planting and trees completed the project creating an improved space for everyone to enjoy.

QLDC venues received a boost in February 2021 with Councillors giving approval for the property at 516 Ladies Mile to be developed as a community facility. An expressions of interest process from local community groups who would like

to use the new centre in the future was been approved and the local community had the opportunity to see the plans at an open day hosted by Council staff on site in March.

In the Upper Clutha, Councillors approved a lease on a building in Plantation Road, Wānaka, with a view to converting it into a new youth, community, and sports facility. The former Mitre 10 building represented an important investment for the Upper Clutha community to help meet demand now and over the coming years and is intended to complement Wānaka Recreation Centre and provide more capacity for sport and recreation in the district. At the same time as giving approval to enter into a lease agreement on the property, Councillors also approved a budget of \$4.15M to fit-out the building which was ratified by the adoption of the 2022-2023 Annual Plan in June.

Unfortunately, the planned completion of the new Luggate Memorial Centre Whare Mahana was further delayed due to COVID-19 related global supply chain issues. To meet the unique Passive House standards committed to, custom-made specialist windows were required and ultimately delays in transit from Germany were unavoidable after the original domestic supplier went out of business during the pandemic. The opening of the venue is now scheduled for Spring 2022.

Sport and Recreation launched a new community grant in August 2021 to get more people, more active, more often. As the first annual grant, the intent was to support not-for-profit organisations and charities that benefit health and wellbeing around the district – an important focus as the country was in the midst of a national lockdown. As restrictions eased, it was perfect timing for the opening of the Queenstown Event Centre all-weather turf which opened in October. This new multi-sport facility provided a much-needed venue in wet or dry conditions for hockey, futsal, football, bootcamps and much more. After many years of planning, the new turf provided a facility for the Whakatipu Hockey Club to host competition games in Queenstown which has not been available to them previously.

The Libraries team added to their facilities by creating a new pop-up library in the Wānaka Recreation Centre in November 2021 whilst work was being completed on the roof of the main Wānaka Library. Having previously used the pop-up concept in Queenstown this temporary space provided a useful option for individuals and families to borrow and return items. During December, Libraries celebrated ten years of shelving fines where staff offered an amnesty on library fines in exchange for donating non-perishable food items, vouchers, and gifts for children and adults.

Donations received went to Happiness House Queenstown Community Support Centre and Community Networks Wānaka for them to distribute to those in need.

Another important community initiative for Council started in July 2021 when QLDC was selected to participate in the Welcoming Communities Te Waharoa ki ngā Hapori programme by Immigration New Zealand, the Human Rights Commission, and the Office of Ethnic Communities. The Welcoming Communities project aims to make the district more welcoming for everyone by focusing on a range of areas, including supporting new residents with economic development, business and employment, civic engagement, and participation, creating welcoming public spaces, equitable access, and welcoming communications.

In March, Council achieved full accreditation as a committed welcoming community which was an important milestone on the district's journey to creating an environment where all residents can thrive and feel a sense of belonging. Then in June, over 130 people attend first Welcoming Communities hui at the Queenstown Events Centre.

The group came together to listen, learn about, and share ways to support newcomers to feel welcome and able to participate in the economic, civic, cultural, and social life of the district. Council also launched a new booklet profile local groups and providing details of how to connect with them and find out more.

There have been a number of key planning projects progressed throughout the financial year such as the Te Pūtahi Ladies Mile Masterplan and Planning Provisions. In a detailed and extensive process progressing throughout the 12-month period, Councillors finally adopted a revised masterplan on 30 June 2022, enabling notification to begin for changes to land use rules in the Proposed District Plan, to enable its implementation. The first iteration of the Masterplan was adopted in October; however, Councillors requested a number of matters be given further consideration. This final decision was a major step in this important process for the area.

With a focus on community resilience, the year also saw extensive consultation and consideration of planning options relating to natural hazards in an area of Gorge Road in Queenstown.

The community provided valuable feedback and insight in helping to shape a package of measures which was endorsed by Councillors in June so that further work could be progressed to better understand the costs, benefits, and implementations of the proposals.

Many New Zealanders will know the term "leaky buildings" as affecting some properties built between the late 1980s and mid-2000s. At the end of the financial year, Council faced a significant building defect claim in an increasingly common situation where local authorities are the only entity left for property owners to claim against relating to weather tightness and other building defects. Council continues to vigorously defend that and other such claims, in a way that minimises the financial impact on ratepayers. However, a material increase in operational expenditure is anticipated and must be planned for going forward to defend and resolve such claims.

Reforms led by Central Government have also shaped a lot of Council activity this year including the reform of the Resource Management Act 1991 and the Future for Local Government Review. Of most note was the proposed Three Waters

Reform which required significant consideration and work, and a number of decisions by the Council. In August 2021, the Mayors and Chairs of Otago Southland write to the Minister of Local Government to formally request a pause to the reform process. This was followed by a unanimous vote on a position statement by Council's elected members in September. Since then, Council has submitted on the Government's Water Services Entities Bill and is endeavouring to work constructively within this process. Council has used this time to plan for what changes to the system may mean for Council services and the local community and will continue to do so.

Finally, I would like to acknowledge the contribution of the elected representatives on both the Council and the Wānaka Community Board and acknowledge the dedicated and hard-working Council staff across all of Council who continue to deliver outstanding service to the district community.



Mike Theelen
Chief Executive
Queenstown Lakes District Council

Population Data

USUALLY RESIDENT POPULATION

Usually Resident Population	2022	2032	2042	2052
Wānaka Ward	17,111	21,797	25,933	29,864
Whakatipu/Arrowtown Wards	33,049	40,698	47,452	53,869
Whole District	50,160	62,495	73,385	83,733

AVERAGE DAY POPULATION

Average Day Population	2022	2032	2042	2052
Wānaka Ward	20,989	29,858	35,541	40,942
Whakatipu/Arrowtown Wards	45,543	63,611	73,160	82,233
Whole District	66,532	93,469	108,701	123,176

The **average day population** for the district is expected to increase from an estimated 66,532 people in 2022 to an estimated 93,469 in 2032. This is a growth rate of 4.05% per annum. This consists of residents and visitors of all types.

Of the **average day population**, around 75% is the usually resident population. Approximately 66% of these residents will live in the Queenstown-Whakatipu Ward and Arrowtown Ward, and the remainder in the Wānaka Ward.

Source: QLDC Projections to 2053, March 2022

PEAK DAY POPULATION

Peak Day Population	2022	2032	2042	2052
Wānaka Ward	32,786	50,764	59,649	68,094
Whakatipu/Arrowtown Wards	69,862	104,653	119,685	133,967
Whole District	102,648	155,417	179,334	202,061

The **peak day population** for the district is expected to increase from an estimated 102,348 people in 2022 to an estimated 155,417 in 2032. This is a growth rate of 5.1% per annum. This consists of residents and visitors of all types.

The peak period typically falls over the New Year period (late December/early January) and is relatively short. The projection is particularly important for infrastructure planning, ensuring that roads, waste and 3 waters are able to cope with peak activity.

AVERAGE DAY POPULATION

Average Day Population	2022	2032
Usually Resident Population	50,160	62,495
Total Visitor	16,372	30,974
Average Day Total	66,532	93,469

PEAK DAY POPULATION

Peak Day Population	2022	2032
Usually Resident Population	50,160	62,495
Total Visitor	52,488	92,922
Peak Day Total	102,648	155,417

Our Elected Members



Mayor
Jim Boulton



Deputy Mayor
Calum MacLeod



Councillor
Penny Clark



Councillor
Heath Copland



Councillor
Craig 'Ferg' Ferguson



Councillor
Niki Gladding



Councillor
Glyn Lewers



Councillor
Valerie Miller



Councillor
Niamh Shaw



Councillor
Quentin Smith



Councillor
Esther Whitehead





Wānaka Community Board | Te Poari Hapori ki Wānaka



Barry Bruce
Chair



Ed Taylor
Deputy Chair



Calum Macleod



Chris Hadfield



Niamh Shaw



Quentin Smith



Jude Battson



Management Group



Mike Theelen
Chief Executive



Tony Avery
General Manager,
Planning & Development



Stewart Burns
General Manager,
Regulatory & Finance



Meaghan Miller
General Manager,
Corporate Services



Thunes Cloete
General Manager,
Community Services



Peter Hansby
General Manager,
Property & Infrastructure



Governance report

Role of council

Council has overall responsibility and accountability for the proper direction and control of the district's activities. This responsibility is to enable democratic local decision-making and promote social, economic, environmental, and cultural wellbeing, and includes areas of stewardship such as:

- > formulating the district's strategic direction
- > managing principal risks facing the 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

The Council (elected members) appoints a Chief Executive to manage its operations under section 42 of the Local Government Act 2002. The Chief Executive in turn appoints managers to manage Council's significant activities.

Council committees

In addition to full Council meetings every six weeks, Council has four standing committees and various other committees to monitor and assist in the effective delivery of Council's specific responsibilities. A revised committee structure increasing the standing committees to four and changing full Council to meet six weekly was introduced in December 2016.

Council committees include:

- > Audit, Finance and Risk Committee | Te Komiti Ahumoni i Tūrarau
- > Planning and Strategy Committee | Te Komiti Whakarite Rautaki Mahere
- > Infrastructure Committee | Te Komiti Hakaka
- > Community and Services Committee | Te Komiti Hapori
- > Appeals Subcommittee
- > Traffic and Parking Subcommittee
- > District Licensing Committee
- > Chief Executive Performance Review Committee
- > Governance Subcommittee | Te Komiti Kāwanataka
- > Elected Members Conduct Committee.

The following committees are convened as required:

- > Dog Control Committee.

Each committee is responsible for providing additional assurance on the integrity of information being presented and the operation of the activity.

The Wānaka Community Board | Te Poari Hapori ki Wānaka is the Queenstown Lakes District Council's (QLDC) only Community Board. It is not a committee of Council but a separate unincorporated body established under s.49 of the Local Government Act 2002. The role of the Wānaka Community Board is to represent and act as an advocate for the Upper Clutha community. The Council has given extensive delegations to the Wānaka Community Board to make decisions on many of the facilities and services located within the Wānaka ward.



Audit

The Council uses external auditors to evaluate compliance with relevant legislation and accounting standards for the information presented in the Annual Report.



Division of responsibility between Council and management

Key to the efficient running of QLDC is the clear division between the role of elected members and that of management. Council concentrates on setting policy and strategic direction, while management is concerned with providing policy advice to inform Council's decision-making, implementing policy and strategy, and monitoring these approaches. While many of Council's functions have been delegated, the overall responsibility for maintaining effective systems of internal control ultimately rests with Council. Internal controls include the policies, systems and procedures established to provide measurable assurance that specific objectives of Council will be achieved. Both Council and management have indicated their responsibility with their signing of the Statement of Compliance and Responsibility on page 21 of this report.



Risk management

The Council established an Audit, Finance and Risk Committee in November 2013 that is comprised of both councillors and independent external members. The Audit, Finance and Risk Committee adopted a new Risk Management Framework in 2019 that consisted of a new QLDC Risk Management Policy, new online risk management system and updated QLDC Risk Register.

The Risk Management Policy requires regular reporting to both the Executive Leadership Team and the Audit, Finance and Risk Committee to ensure that good risk governance practices are followed and that progress towards building a healthy risk and resilience culture across all management and governance tiers is maintained. This cultural shift involves an acceptance that disruption will occur and focuses attention on the need to be ready and prepared for an uncertain future.


This cultural focus on resilience is key to supporting Council navigate the highly complex and dynamic risk context facing all New Zealand Local Government councils.

Council is making strong progress with regards to its risk management maturity and resilience culture development. Independent feedback on this progress was provided by the Office of the Auditor General in a report on local government risk management practices that was presented to Parliament in early 2022. QLDC was one of four councils who were selected as case studies for this investigation. The Office of the Auditor General study involved reviews of key council risk management documents and interviews with council staff, elected members and members of the Audit, Finance and Risk Committee. The report provides a comprehensive overview of risk management best practice across the local government sector with QLDC receiving positive feedback for its approach to embedding a consideration of climate change risks into its risk context.



Legislative compliance

As a regulatory body Council administers various regulations and laws. Legislative compliance is a major concern of QLDC. Council makes use of staff members with legal backgrounds and external consultants to ensure that it complies with applicable legislation. The Council now employs four staff solicitors.



Relationship with Māori – Tākata Whenua

Maintaining and cultivating Council's relationship with Māori is an important commitment. In addition to ensuring that the Māori perspective and needs are reflected through effective partnership, Council believes it is important to demonstrate its commitment to tākata whenua and their community values, issues and aspirations as they relate to economic, social, cultural and environmental wellbeing.

The district is part of the Kāi Tahu Iwi, straddling both the Murihiku and Ōtākou rohe. This position requires that Council develop relationships with both Te Ao Mārama and Aukaha representing local rūnaka. These are partnerships that Council values and continues to nurture.

At a practical level Council seeks input from both organisations into important planning, policy, cultural and environmental matters, and they are active members of the Queenstown Lakes Spatial Plan Steering Group. They also provide valuable guidance on many cultural and design matters that influence aspects of Council's work such as parks and the Queenstown streetscape upgrades.

In the last year, Council has continued to focus on staff development to develop a greater understanding of Te Tiriti o Waitangi and obligations as local government. Staff continued to be encouraged to use Te Reo in both spoken and written Council communications. This is supported by Te Reo language programmes being offered for staff. Many meetings include the use of karakia or mihi mihi, and resources are available for staff that wish to develop their use of Te Reo further.

Council has also developed a Te Tiriti o Waitangi Implementation Framework which defines key goals for how Council will engage with and honour the partnership with mana whenua and all Māori in the district. As an output of this framework, Council also has a Māori Language Policy that defines a consistent organisational approach in when and how Te Reo Māori is used across all Council departments. This includes an approach to signage, documents, place and venue names, and honours the local Kāi Tahu dialect.

QLDC financial results at a glance 2021/22



Statement of Financial Performance

QLDC recorded a surplus of \$65.8M for the year. This is well up from the \$17.8M surplus recorded last year, although down on the budget of \$72.9M. The main reasons for the lower surplus against budget, which is not profit, are related mainly to decreased revenue to budget and an increase in legal costs associated with building related claims against the Council.

Revenue was below estimate by 4.6% or \$11.6M and expenditure was over by 1.2% or \$2.1M. Offsetting this was \$9.0M of net unrealised gains as a result of positive valuation movements for investment property and interest rate swaps as at 30 June 2022.

The following major items contributed to the revenue variance:

- > Fewer visitors due to COVID-19 saw lower operating revenue against budget (\$5.5M) particularly in turnover based rents, parking fees, infringements and refuse charges.

Increase in vested asset income of \$8.5M for the year; this non-cash income reflects the value of assets passed to Council as a result of continued high levels of development activity in the district.


- > There was also an increase for development contributions which created a favourable variance of \$5.8M.

Operating expenditure was \$2.1M (1.2%) over budget for the year ended 30 June 2022.

The major remaining operational cost variances are as follows:

- > Employee Benefits Expense was \$2.3M below budget as there were a number of staff vacancies.
- > Depreciation and amortisation expense higher than budget by \$2.8M, largely as a result of updated valuations for infrastructure assets for both Three Waters assets and roading assets.

- > Interest expense for the year is \$1.8m less than budget. This is a result of the timing of some capital works and lower than expected interest rates.
- > Other expenses \$3.5M above budget. The main variances were \$2.9M increase for legal costs associated with weather tightness, with an associated \$0.03M decrease in the leaky building loss provision. Offsetting this, commissioner costs are down by \$1.1M due to the timing of district plan hearings, which are behind original estimates.




Statement of financial position

The main variances relate to the difference in expected asset values for the year and reduced borrowings. The following items contributed to this variance:

- > Large movements in infrastructure values as a result of infrastructure revaluations, these are summarised here:

- 2022 Increase in infrastructure value: \$337.8M with Three Waters asset values increasing by \$211.8M, and Roading asset values increasing by \$126.0M. Offsetting this, overall capital expenditure was \$160.4M which is below estimate by \$86.9M for the year ended 30 June 2022
- Borrowings are \$38.7M below forecast. Total debt as at 30 June 2022 is \$303.6M compared to a forecast of \$342.4M largely as a result of deferrals of capital expenditure spend.



Statement of Changes in Equity

Accumulated differences between actual and budgeted net surpluses as described above, as well as the impact of infrastructure asset revaluations and reduced borrowings, has resulted in an equity variance of \$465.0M above forecast.



Statement of Cash Flows

The budget variations explained above also contribute to budget variations in the Statement of Cash Flows, particularly cash flows from investing and financing activities. Cash payments for the purchase of property, plant and equipment (i.e. capital expenditure) were \$88.7M below estimate and consequently, net borrowings were around \$25.8M less than expected. Cashflows from operating activities were \$42.0M below budget mainly due to fewer receipts from customers as a result of a COVID-19 reduced revenues and an increase in debtors.

Contact us

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QUEENSTOWN AIRPORT CORPORATION LIMITED*

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AUDITORS

Deloitte Limited on behalf of the
office of the Auditor General,
Dunedin

SISTER CITIES

Aspen, Colorado, USA
(Queenstown)
Hangzhou, China



Statement of compliance and responsibility

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 2022 fairly present the financial position and operations of Queenstown Lakes District Council and Group.



JIM BOULT
Mayor
Queenstown Lakes District Council



MIKE THEELEN
Chief Executive
Queenstown Lakes District Council



Section 02: Statement of service performance

Wāhaka 2: Te tauākī ā kā ratoka kaunihera





Vision Beyond 2050



Community Outcomes

Looking beyond the year 2050, the community vision – A Unique Place. An Inspiring Future | He Wāhi Tūhāhā. He āmua Whakaohoho – presents eight key vision statements for how people want to live, work and play in the district in the future. Each vision statement is supported by a set of community outcomes.

Community outcomes are aspirations that Council is working towards; they are future focused. They are defined in the Local Government Act 2002 as

“outcomes that a local authority aims to achieve in order to promote the social, environmental, economic and cultural wellbeing of its district in the present, and for the future”

These define the hopes for life in the Queenstown Lakes District, for current and future generations.

In March 2019, the Council unanimously agreed to commit to the vision as a guiding document to inform future decision-making and planning.

Thriving people | Whakapuāwai Hapori

Ours is a community with a strong heart and whānau roots that run deep.



Living Te Ao Māori | Whakatinana i te ao Māori

Ours is a district that realises Te Tiriti o Waitangi and champions equity for all our people, now and into the future.



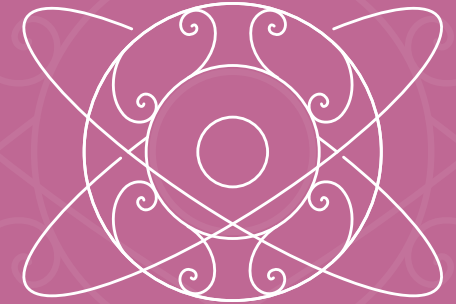
Opportunities for all | He ōhaka taurikura

Our district is a place of social, environmental and technological enterprise.



Breathtaking creativity | Whakaohoho Auahataka

Surrounded by the endless inspiration of our landscapes, ours is a place that nurtures the arts, culture and the spirit of invention.



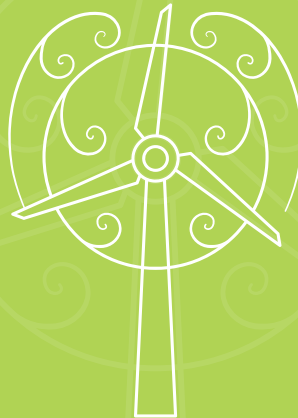
Deafening dawn chorus | Waraki

Our ecosystems flourish and are predator-free under our guardianship.



Zero carbon communities | Parakore hapori

From Makarora to Kingston, our district sets the standard for regenerative, low-impact living, working and travel.



Disaster-defying resilience | He Hapori Aumangea

Queenstown Lakes is a place that is ready and prepared for every emergency.



Pride in sharing our places | Kia noho tahi tātou katoa

Our district is a place where our quality of life is enhanced by growth through innovation and thoughtful management.



Vision Beyond 2050

Key strategies

Spatial Plan

The first Spatial Plan for the district was adopted by Council on 29 July 2021 and endorsed by the Grow Well Whaiora Partnership Governance Group on 22 September 2021. This has been delivered in partnership with central government and Kāi Tahu and is the product of nearly three years' work. Otago Regional Council committed to joining the partnership in January 2022.

Whaiora in Te Reo Māori translates to “in the pursuit of wellness”. This is the very essence of what the Spatial Plan sets out to achieve and every priority initiative has been designed with the wellbeing of people and environment in mind.

The purpose of the plan is to align decision making and investment across local, regional and central government, whilst ensuring the best possible future for the current community and the generations that will follow. It is the first holistically designed “whole of district” Spatial Plan in New Zealand, ensuring that

future growth happens in the right place and is supported by the right infrastructure, whether that is pipes in the ground, ways of getting around, access to schools, healthcare or other community facilities.

To date, the Grow Well Whaiora Partnership has been developing and delivering its implementation plan. The following six priority initiatives were chosen by the Partnership Governance Group as the key areas to focus on:

- > Joint Housing Action Plan
- > Destination Management Plan
- > Economic Diversification Plan
- > Mode Shift Plan
- > Priority Development Areas – scoping
- > NPS-UD implementation.

Climate and Biodiversity plan

The Climate and Biodiversity plan | Te Mahere Āhuarangi me te Rereka Rauropi sets out Council's response to biodiversity loss and climate change in Queenstown Lakes. It drives towards several of the outcomes in Visions Beyond 2050: Deafening Dawn Chorus, Disaster Defying Resilience and Zero Carbon Communities. It contains 70 actions that will contribute to achieving six outcomes:

- > QLDC demonstrates ambitious climate and biodiversity leadership
- > Our transport system is low-emission and better connected
- > Our built environment is low-emission and resilient
- > Our communities are low-emission and climate resilient
- > Low-emission businesses thrive
- > A flourishing natural environment

While the Council led the development of this plan, it belongs to the whole district and it was made possible with input from mana whenua, climate and biodiversity experts, local businesses, sustainability advocacy groups, conservation groups and the community.



Financial Strategy and Infrastructure Strategy

INTRODUCTION

The Financial Strategy and the Infrastructure Strategy are key to Council's planning and reporting. They are aligned to provide the strategic direction and context for planning, and lay the foundations that support prudent financial management and efficient asset management over the long-term. Both Council works strategies are integral to the way we work.

The Financial Strategy describes the challenges that will impact the district over the Ten Year Plan 2021-2031, and how the Council will respond in a responsible and affordable way. The Financial Strategy aims to achieve the following:

- > a prioritised capital programme, delivering the 'right' projects:
 - in order to achieve compliance with water supply and wastewater services within statutory timeframes
 - ahead of growth so that development is supported in appropriate areas, as identified in the Spatial Plan
- > a QLDC visitor levy introduced within four years as an alternative funding method

- > rates increases set at maximum of 9% gross (6% net) per annum (subject to changes in growth forecasts)
- > debt levels maintained at affordable levels, within borrowing limits
- > debt levels at the end of the Ten Year Plan 2021-2031 period stabilised, with sufficient headroom to provide financing flexibility for future councils.

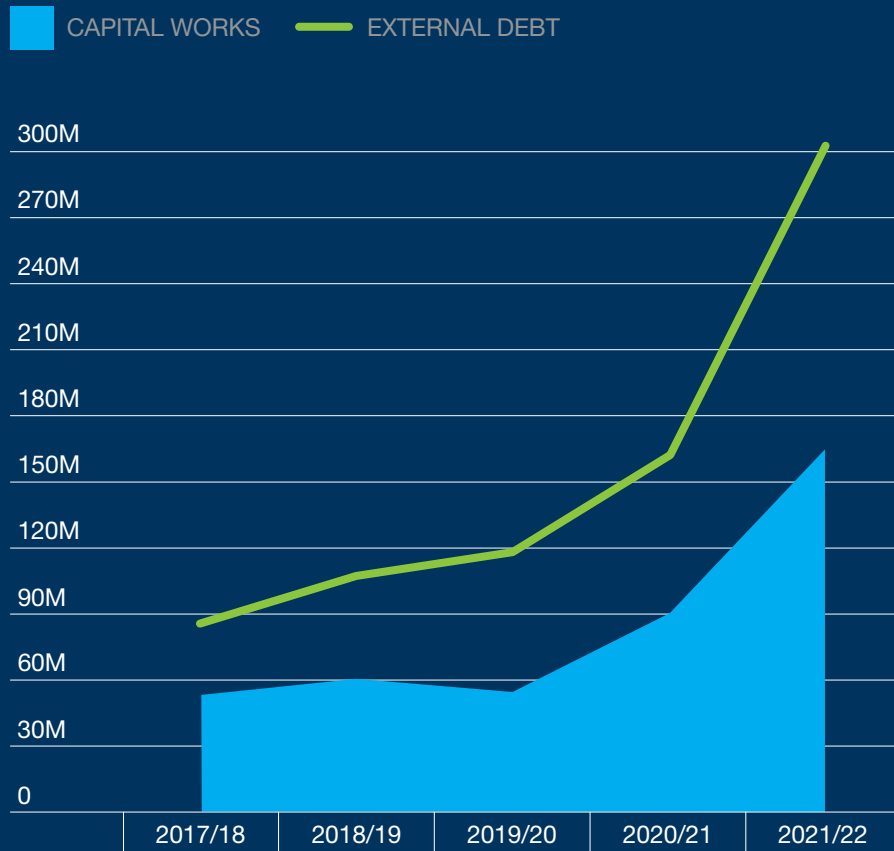
The Infrastructure Strategy details the challenges that will impact the district over the next 30 years (2021- 2051), as they relate to transport, water, wastewater, stormwater and solid waste. By covering 30 years the Infrastructure Strategy aims to accommodate both the needs of current and future generations by providing good quality, cost effective infrastructure that responds to the following:

- > a demanding natural environment
- > growth in population and visitor numbers
- > climate change adaptation and mitigation
- > the complexity of our built environment
- > our challenging economy
- > legislative changes.

REPORTING BACK ON FINANCIAL STRATEGY

The graph above shows that the actual spend on capital projects has increased significantly for the last year compared to the previous three. The capital works result for 2021-2022 is a distinct improvement but is still some \$86.9M short of the original 2021 Ten Year Plan budget for 2021-2022. This is due to primarily to the deliberate re-programming of the Three Waters capital programme and delays in the approval process for major transport improvements in Queenstown.

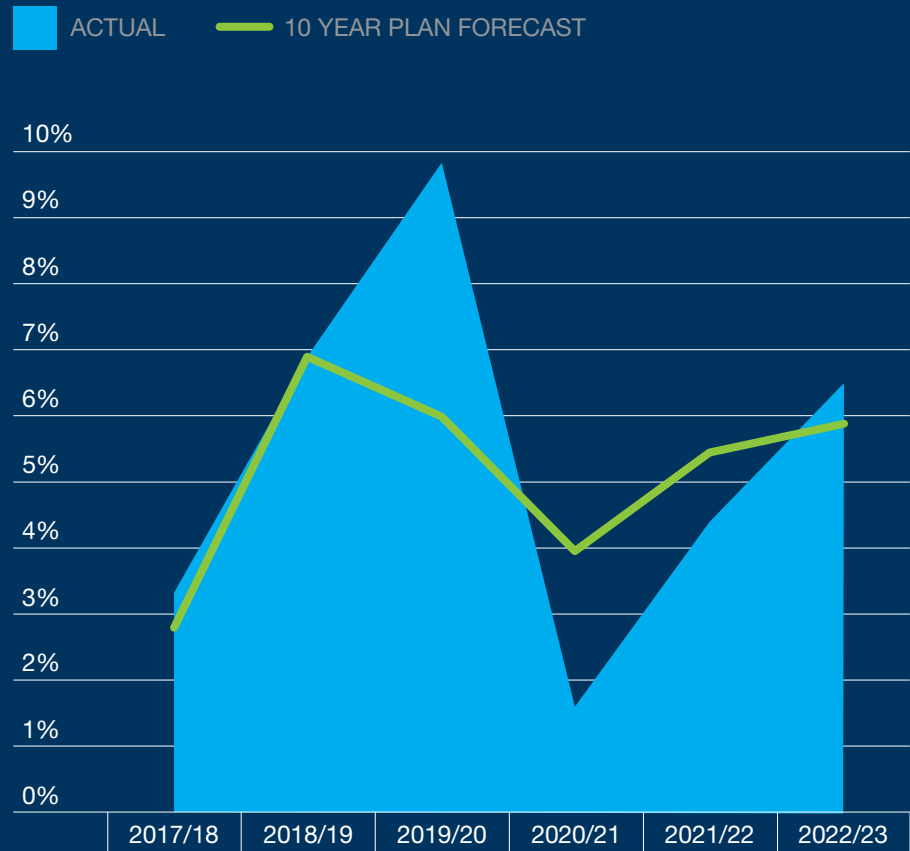
EXTERNAL DEBT VS CAPITAL WORKS



RATES

The graph below shows the actual rates increases over the past four years compared to the increases forecast in the Ten Year Plan. The total rates for 2021-2022 are lower than forecast and reflect the increased growth in the district to that forecast in the Ten Year Plan.

RATES INCREASE – ACTUAL AND FORECAST (AFTER ALLOWING FOR GROWTH)



DEBT LEVELS

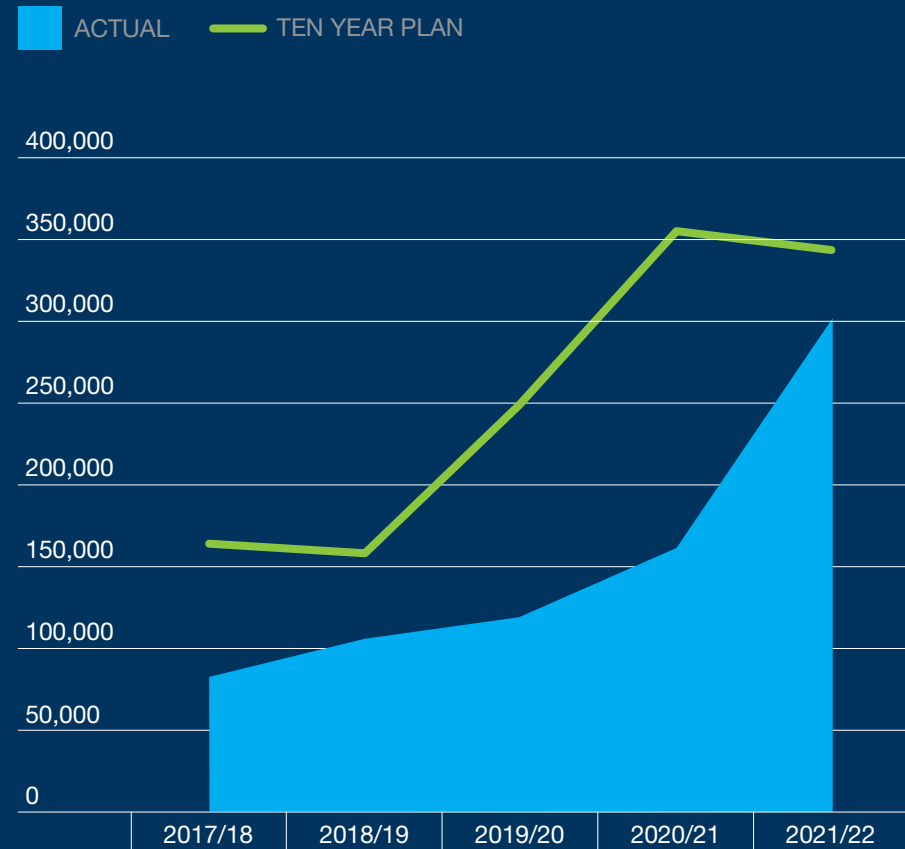
In order to deliver the large capital programme included in the 2018-2028 and 2021-2031 Ten Year Plans, the Council will need to rely on borrowing. The Council has spent a considerable amount of time and effort working through the capital programme to ensure it is affordable and deliverable. The actual external debt at 30 June 2022 was \$303.6M; this is \$141.7M more than June 2021 and \$38.7M less than the amount forecast in the 2021-2031 Ten Year Plan. This is largely due to the re-programming of the Three Waters capital programme and the delay in the approval process for major transport improvements in Queenstown (\$76.1m) but is offset by the negative impact of the cost of defending leaky building claims.

The actual and proposed levels of debt are now within all of the Council’s borrowing limits:

LGFA Borrowing Limits (%)	Actual 2019/20	Actual 2020/21	Actual 2021/22	Forecast 2021/22
Interest Expense/ Rates < 30%	4.5%	5.8%	6.1%	7.2%
Interest Expense/ Total Revenue < 20%	2.5%	3.2%	3.0%	3.2%
Net Debt/Total Revenue <300%	79.7%	100.3%	158.8%	157.7%

The following graph shows the forecasted debt levels compared to actual debt levels up to 2021-2022. As can be seen, actual debt levels are significantly reduced. The actual external debt at 30 June 2022 was \$303.6M and is \$38.7M less than the amount forecast in the 2021-2031 Ten Year Plan.

EXTERNAL DEBT (000s)



CAPITAL WORKS 2021-2022

Notable infrastructure projects that have been substantially advanced or completed during the 2021-2022 financial year:


Project	Cost at Year End 2022 (\$)
Queenstown Street Upgrades – Crown Infrastructure Partners	32,594,049
Qtn Town Centre Arterials – Crown Infrastructure Partners Stage 1	26,424,670
Cardrona New Wastewater Scheme	10,999,934
Reform Stimulus Delivery Plan Three Waters	7,999,835
Shotover Country Water Services New Water Treatment Plan	7,889,282
Western Wānaka Level of Service Water Services	4,553,702
Wānaka Lakefront Development Plan	4,182,786
Lakeview Development Road and Public Realm	3,346,569
Luggate Hall Replacement	3,268,908
Lakeview Storm Water upgrade	3,000,767
Project Pure Waste Water Treatment Plant Upgrade	2,969,791
Recreation Ground New Wastewater Pump Station	2,910,451
North Wānaka new Wastewater conveyance scheme	1,895,711
Lakeview Development – Other Infrastructure	1,840,930
Lucas Place Road Rehabilitation	1,784,844
Wastewater – Renewals – Queenstown	1,759,098
Ballantyne Road Reseal	1,631,513
Lucas Place Stormwater upgrades existing pipes	1,510,630
Lakeview Development Wastewater servicing	1,443,524
Whakatipu – Road to Zero Minor Improvement	1,279,495
Kawarau Place duplicate Stormwater Pipeline	1,139,248
Lakeview Development	1,036,543
Wānaka – Road to Zero Minor Improvements Programme	1,014,324
Queenstown Gardens Development Plan	925,258
Lakeview Ancil – Street Upgrades	906,732

Carry-forward projects totalling \$42.79M were approved by the Council in September for completion in 2022-2023 and 2023-2024. Projects in excess of \$500k are as follows:

Project	Budget deferred at Year End 2022 (\$)
Qtn Town Centre Arterials – Crown Investment Partner Stage 1	4,081,434
516 Ladies Mile Community Centre	3,590,275
Queenstown Street Upgrades – Crown Investment Partners	2,613,435
Lakeview Development Road & Public Realm	1,445,690
Whakatipu Public Transport	1,362,480
Beacon Point new Reservoir	1,359,373
Luggate Hall Replacement	1,298,074
Shotover Country Water Service New Water Treatment	1,229,151
Hanleys Farm Pump Station Upgrade Wastewater	1,186,121
North Wānaka new Wastewater conveyance scheme	1,158,504
Glenorchy Reservoir upgrade	1,024,666
Albert Town Retic Improvement Water Service	987,000
Queenstown Parking Improvements	955,270
Wānaka Lakefront Development Plan	863,139
Western Wānaka Level of Service Water Service	852,776
Shotover Country Rising Main (bridge)	753,832
BP Roundabout – Kawarau Bridge Reticulation Water Service	732,125
Glenorchy Water Service new Water Treatment Plant and building	680,144
Beacon Pt new Water Treatment Plant Land	642,286
Lakeview Rockfall Mitigation	627,121
Kingston Housing Infrastructure Fund Water Supply new scheme	609,542
Marine Parade – Implementation	594,915
Ballantyne Rd Recreation Centre – Wastewater Site preparation	584,892

Community Services and Facilities





About community services and facilities

Council provides and maintains a range of facilities and venues to meet community needs.

COMMUNITY DEVELOPMENT

What we deliver

Council supports and delivers key community development initiatives and relationship management across the district. Council partners with these many organisations and the wider community to develop and deliver an effective strategic approach to community wellbeing in the district. QLDC funds community groups and activities through in-kind support and grants. Community funding is approved through the Annual Plan and Ten Year Plan consultation processes for one-off amounts towards specific projects and activities.

Council is also proud to be part of the Welcoming Communities | Te Waharoa ki ngā Hapori. This programme supports newcomers to feel welcome and able to participate in the economic, civic, cultural and social life of their new community.

Progress against the Ten Year Plan 2021-2031

- > A community partnership work programme has been developed to guide community development activity. A wellbeing framework is being finalised that provides guidance for all Council projects and activities. It will ensure all community wellbeing outcomes (social, cultural, environmental, economic) are considered in all investments. The wellbeing framework will include the development of datasets to support effective monitoring and measuring of the Vision Beyond 2050 community wellbeing outcomes.
- > Council has achieved Stage One accreditation as a committed Welcoming Community by the Department of Immigration. A Welcoming Communities Advisory Group made up of community representatives has been established to guide the development of a Welcome Plan in 2022-23. Relationships have been built and strengthened with over 20 newcomer or ethnic community groups in the district and several cultural events and activities have been supported.

- > Cross-organisational platforms for community development collaboration have continued to evolve and this year have focused on the delivery of wellbeing initiatives, community projects and enhancing funder relationships and partnerships. A new role supporting engagement with Community Associations has been established, with a focus on facilitating collaboration across Council teams and with place-based communities.
- > Initial mapping exercises to understand the full network of communities and key partners have started with the development of a database of key organisations and partners. Further progress on mapping these complex networks is planned for the coming year.
- > The annual community funding process was further streamlined and investment in new Community Funding Advisor role has been approved for 2023-24 to support the implementation of a revised community funding and investment approach.

LIBRARIES

What we deliver

The Queenstown Lakes District has eight public libraries which are linked in a joint venture with Central Otago District Council (CODC). The combined library service provides borrowers with free access to all 15 branches across both districts and online services through the library website.

Progress against the Ten Year Plan 2021-2031

2020-2030 QLDC Library Strategy Implementation:

- > QLDC has been working with local Iwi to ensure library spaces and services reflect the district's unique culture and heritage. This included Matariki and Te Wiki o te Reo Māori Māori Language Week events, monthly te reo Māori storytimes, Te Reo Māori classes and a focus on increasing Mana Whenua, heritage and reo Māori books available in print and eCopy collections is continuing
- > Removing barriers to lending, including a fine free trial in place from 1 April 2022 has been a focus. Existing fines were waived and junior items issued on junior cards are fine free. Success will be measured by increased new junior borrowers and increased checkouts to children and young adult borrowers

- > Increased online resources to support community learning, including language, reference and recreational platforms and apps are freely available via the library website.
- > Increased eResource collections and lending of audio and books to support digital inclusion and 24/7 access to libraries online were made available. Use of the library app has increased by 69% compared to 2020-2021. 78,854 eResources borrowed across combined Central Otago and Queenstown Lakes Libraries 2021-2022, a 32.6% increase in eLending compared to the previous year.
- > 407,053 hard copy items were borrowed in 2021-2022, a 5.42% decrease compared to the previous year. COVID-19 and vaccination pass entry restrictions contributed to this decrease.
- > Reading for Pleasure initiative with Beanstack digital platform to monitor and encourage reading for recreation was added to online suite during 21/22 year. Both an adult and children's reading challenge coordinated in 2022.
- > Outreach visits to schools, retirement villages, groups, local organisations did not take place due to COVID-19 access restrictions. Contactless service filled some of the breach.

A number of initiatives were funded through the New Zealand Libraries Partnership Programme initiative in 2021-2022 including:

- > Three central government funded fixed-term roles were appointed in 2021 and ended 30 June 2022. The roles addressed community engagement and digital inclusion, focusing on community wellbeing initiatives which have included digital classes for seniors and adults, successful funding applications to provide Chromebooks to Upper Clutha and Whakatipu Libraries, improved library website access, MINT Trust Lego Programmes, QLDC staff induction to libraries, collaboration with Parks and Sport and Recreation Departments to initiate Pop Up Story Walks and Libraries plus a Container project to provide digital access, seating and shelter overlooking a sports field at Wānaka Recreation Centre. These and other community wellbeing initiatives will be continued in 2022-2023 by 2.0 permanent full time equivalent (FTE) replacing other planned staffing additions and 1.0 fixed term FTE funded by Te Hau Toka and the New Zealand Libraries Partnership Programme.

- > Free wifi and internet access to the community.
- > Subscription to Patron Point, an online marketing tool. This platform provides online access to a monthly newsletter to library patrons and will be further developed to improve customer communications, event promotion and readers' advisory services.
- > Additional Lego was purchased through funding provided by the programme and used to improve/implement Lego Clubs held across the library branches.
- > A large screen was funded to highlight the Upper Clutha Historical Records Society's collection out in the public space of Wānaka Library. Otago Museum has provided photographs of Māori artefacts found in the Upper Clutha area.
- > Two eBikes and will provide opportunities for staff to travel to local, temporary pop-up libraries and events, local book deliveries to housebound customers, library staff attendance and library promotion at local fairs and events such as, e.g., Eco Fair, Upper Clutha A&P Show, Cyclorama at Arrowtown.
- > Staffing opportunities including additional hours for stocktaking the entire Queenstown Lakes Libraries collection and attendance of five team members at the annual Public Libraries of New Zealand conference in 2021.

Further initiatives developed and implemented in response to COVID-19 included:

- > Contactless Service (MyBookBags) is now an established library resource. This is accessible by booking via the library website, library visit or phone call for contactless pickup.
- > Self-check kiosks were replaced at Arrowtown, Queenstown & Wānaka Libraries and a new kiosk was installed at Hāwea Library. Five libraries now use self-check facilities. All libraries use Radio Frequency Identification to trace books through facility sensor gates.
- > Holds are free for bulk, housebound, junior, school pupil, senior and teacher borrowers. Holds on eResources are free for all borrowers.

PARKS

What we deliver

QLDC is responsible for over 2,300ha of parks and reserves, including Premier Parks such as Te Kararo Queenstown Gardens, Tāhuna Marine Parade and Wānaka Station Park. The parks team facilitates a range of activities such as pest plant and animal control programmes, forestry management (Ben Lomond Reserve, Queenstown Hill, and Coronet Forest), and seasonal events, and provides and manages Park and Open Spaces assets such as playgrounds, public toilets, walking and cycle trails. The team also manage interment services and maintenance of cemeteries, many of which are of historical significance. Council parks staff are the custodians of the Te Kararo Queenstown Gardens and all amenity horticulture work within the Queenstown, Arrowtown and Wānaka CBDs.

Progress against the Ten Year Plan 2021-2031

- Council has entered a conditional agreement to purchase nearly 100ha of land around Mount Iron and Little Mount Iron in Wānaka. This was approved by Council in December 2021. The land is 67ha on the north, west and southern flanks of Mount Iron and land running along State Highway 84, plus an additional 27ha centred on Little Mount Iron intended to be held as public reserve in perpetuity on behalf of the local community. The settlement process is underway, with a tentative date of May 2023.
- Stage three of the Wānaka Lakefront Development Plan is now complete with the installation of Te Ara Wānaka (a shared pathway) for pedestrians and cyclists and a separate boardwalk along the lake's edge. This section of the project from the Dinosaur Park to the Marina, saw a new boardwalk out over the lake, improvements to continuous pedestrian access and safety along Lakeside Road, improved land use, and the restoration and development of native vegetation in the area, and was blessed by Kāi Tahu at the opening ceremony in October with a beautiful waiata. Community consultation for stage five of this development took place in October as well.
- Construction began on stage two Wānaka Lakefront Development in April. Stage two sees the implementation of a shared pathway on the area of lakefront running from McDougall Street to Dungarvon Street, connecting Mt Aspiring Road Carpark with Wānaka's town centre and displaying new Millennium pathway tiles alongside it. 110 new car parking spaces and four accessible spaces are also being added along the lake side of Ardmore Street, opposite Pembroke Park and broken into sections to create view shafts and access points.
- Stage one of the Te Kararo Queenstown Gardens Development Plan was opened to the public in December. The improvements include wider pathing with reduced gradients, making it easier to walk on and improving public safety and accessibility. Specialised surfacing near the Queenstown Playspace was installed to preserve root networks of established trees nearby, and new seating, planting and trees completed the project creating an improved space for everyone to enjoy.
- A new lookout at Bennetts Bluff was opened in July for locals and visitors to pull over safely and enjoy views of Whakatipu. Council invested \$1.6M to develop a new carpark, toilet block and picnic area and planting, while DOC funded the walking track and viewing area. Council is reintroducing 4,000 native plants to the area and is also working with the Glenorchy Community Association to develop an information board about the history of the Glenorchy-Queenstown Road.
- Successful noxious weed control continues to be carried out in the Matakauri Wetlands, with predator trapping lines set up and over 1,000 plants planted.
- Broom and Gorse were controlled on Pidgeon Island and Pig Island in Lake Whakatipu.
- Pest Programme rabbit control operations were carried out at Albert Town in conjunction with the Department of Conservation. Investment was made in rabbit proof fencing at Lake Hayes, particularly around the pavilion. Monthly night shooting and gassing of holes was carried out throughout reserves in the Lake Hayes area, Gibbston Reserve, Lower Shotover Cemetery and Templeton Park.
- 372 trees were planted in reserves and in streets throughout the district as part of the planting programme.
- 15 planting sessions were held in conjunction with Te Kākano, putting approximately 2500 plants in the ground in the Upper Clutha basin.
- Whakatipu Reforestation Trust have four key planting sites on QLDC land and have planted approximately 2500 thousand plants at these sites.
- Council committed funding towards a bike park at Richmond Park.

- > Council has 25 active community volunteer agreements to help facilitate and enable communities to carry out activities such as planting, trapping and wilding removal on Council owned land across the district.
- > The Jacks Point and Arrowtown tennis courts have been resurfaced.
- > Approximately 75% of the Coronet Forest has been harvested with completion expected in early 2023. As at July 2022 the yield produced was around 75,000 tonnes.
- > The Glenorchy Airstrip Management Services Agreement was signed in December 2021.
- > \$500,000 of funding and QLDC staff time has been contributed to the Whakatipu Wilding Conifer Control program, that has seen significant gains over the past year.
- > Following the adoption of the Hāwea Reserve Management Plan, a new bore was installed in the Hāwea Domain, where it will support existing and future users of the reserve.

SPORT & RECREATION

What we deliver

QLDC's venues and facilities provide a range of sport, recreation and aquatic facilities throughout the district. Pool facilities include Alpine Aqualand, Arrowtown Memorial Pool and the Wānaka Recreation Centre. Council also supports the operations of the Glenorchy and Hāwea community pools. The Wānaka Recreation Centre and Queenstown Events Centre also have indoor courts, artificial turfs and outdoor sport fields. At the Queenstown Events Centre, further facilities include a fitness studio, gym and an indoor climbing wall. Council provides a range of programmes, including after swim school, climbing programmes, fitness classes and sports leagues. Council's sport and recreation mantra is, "more people, more active, more often".

Progress against the Ten Year Plan 2021-2031

- > The construction of the all-weather artificial turf at the Queenstown Events Centre was completed in Spring 2021. It was officially opened in October 2021 by Mayor Jim Boulton. The artificial turf has been extensively used by many sports groups and is the first project of the Queenstown Events Centre masterplan development.
- > Councillors have approved a lease on the former Mitre 10 building in Wānaka, with a view to converting it into a new youth, community, and sports facility. It will provide more capacity for sport and recreation in the district. At the same time as giving approval to enter into a lease agreement on the property, Councillors also approved a budget of \$4.15M to fit-out the building which was ratified by the adoption of the 2022-2023 Annual Plan in June.
- > Over 960,000 people used QLDC sport and recreation facilities last year, an increase of 5% from the 2020-2021 year.
- > The Queenstown Lakes – Central Otago Sub Regional Sport and Recreation Facilities Strategy was approved by Council in February 2022 and will provide a framework for future investment into sport and recreation facilities across the district.
- > Masterplan work is underway on the Ballantyne Road oxidation ponds site (Wānaka) to develop sports fields and facilities for community use in the future. This masterplan and any remediation of the site is expected to be completed in the 2022-2023 year.

COMMUNITY FACILITIES

What we deliver

QLDC's venues provide a range of facilities throughout the district. While size and scale varies, the focus of all community facilities is to support our community with venues for activities and events.

Progress against the Ten Year Plan 2021-2031

- The Community Facility Strategy was approved by Council in August 2021 and implementation of this strategy is underway. The priority areas for future community facility development include the Southern Corridor, Ladies Mile and Wānaka South areas in conjunction with the Council's Spatial Plan.
 - Investigative work on the development of a Te Putahi Ladies Mile Community Centre has been completed, which has triggered the consideration of wider options. The Council will keep the community informed in relation to the options and hopes to be in a position to do so before year's end.
 - Construction of the Luggate Memorial Centre, Whare Mahana, began July 2021. The hall is constructed using locally produced pre-fabricated panels, and is being built to be Passive House Certified. The walls and roof sections were installed over a period of two days, after their fabrication offsite. The construction of the hall has been affected by global supply chain issues and COVID-19. This led to the delay of the delivery and installation of the windows and doors. The hall is due to be completed in October 2022.
 - Council, in conjunction with the Te Atamira Community Trust, leased buildings in the Remarkables Park Town Centre to provide a hub for arts and culture in the Whakatipu Basin. These buildings were then fitted out by the Te Atamira Trust to provide a multi-purpose arts and culture space. Te Atamira has been a huge success since opening in May 2022.
 - A delay in planning work and consultation has occurred to determine what facilities might be required in central Queenstown in advance of any changes needed as part of the later stages of the arterial road project including, for example, the de-commissioning of Memorial Hall. No time frames have been given as to when this might occur.
- The Stanley Street site was identified in the Queenstown Town Centre Masterplan as the preferred location of a community heart. Project Manawa includes new Council offices and a variety of cultural facilities for the district's communities. Given the various land interests held by QLDC and Kāi Tahu (represented by Ngāi Tahu Property) over this site, as Council announced in June 2019, both parties have been working closely and collaboratively on an indicative masterplan to deliver a variety of community buildings on the site together with public spaces and commercial buildings. At this stage, the focus of the project is to confirm what any proposed commercial agreement with Ngāi Tahu Property will look like for the delivery of the new Council administration building, including library and Council chambers. This is the first step in delivering the wider proposed masterplan which includes a permanent new library, a performing arts centre, gallery, a large public plaza, and parking space. Consultation has been completed on the removal of the Queenstown Arts Centre building from the site, with Council electing to relocate and reuse the building.

HOW MUCH IT COST

Breakdown of service cost

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$135,970,000 (excluding depreciation)

Community expenditure of \$34,551,000



25%

Community Services & Facilities	2021 LTP \$000	2022 LTP \$000	2022 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	2,178	1,901	1,916
Targeted rates	23,128	23,534	24,216
Subsidies & grants for operating expenditure	343	331	553
Fees & charges	6,010	10,521	9,312
Interest and dividends from investments	-	-	-
Fuel tax, fines, infringement fees & other receipts	3,121	2,533	2,180
Total sources of operating funding	34,780	38,820	38,177
Applications of operating funding			
Payments to staff and suppliers	23,232	30,049	28,631
Finance costs	2,694	1,323	1,093
Internal charges applied	4,518	4,827	4,827
Other operating funding applications	-	-	-
Total applications of operating funding	30,444	36,199	34,551
Surplus/(deficit) of operating funding	4,336	2,621	3,418
Sources of capital funding			
Subsidies & grants for capital expenditure	23,232	1,963	-
Development and financial contributions	2,694	1,714	3,439
Increase/(decrease) in debt	4,518	27,787	5,695
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	30,444	-	-
Other dedicated capital funding	4,336	-	-
Total sources of capital funding	65,224	31,464	9,134
Applications of capital funding			
Capital expenditure			
– to meet additional demand	4,319	6,991	2,428
– to replace existing assets	2,976	8,463	7,957
– to improve the level of service	11,018	5,714	5,324
Increase/(decrease) in reserves	(570)	12,917	(2,949)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	17,743	34,085	12,760
Surplus/(deficit) of capital funding	(4,336)	(2,621)	(3,626)
Funding balance	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
Reduced fees and charges mainly due to lower turnover based lease rental incomes. Lower payments to staff and suppliers due to delay in Mitre 10 Community Centre. \$0.2M lower finance costs due to timing of capital expenditure.	Wānaka Lakefront Development Plan \$4.2M, \$0.9M Queenstown Gardens Development Plan, \$0.6M Marine Parade Upgrade – Parks.	Wānaka Lakefront Development Plan \$4.2M actuals with \$2.3M budgeted, 516 Ladies Mile Community Centre \$0.1M actuals with \$12.4M budgeted, Lakeview Rockfall Mitigation \$0.2M actuals with \$1.4M budgeted, QEC New Indoor Court \$NIL actuals with \$1.0M budgeted.

Summary of internal borrowings				
Activity	30 June 2022 Internal loan balance \$000	Total funds repaid in the year \$000	Total funds borrowed during the year \$000	Interest paid in the year \$000
Community Services & Facilities	45,881	2,217	8,914	1,002

How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 1	Annual Result 2021-2022	Commentary
Library circulation per capita (including books, e-books, e-audio and magazines) (based on usually resident population)	32,580 avg per month 390,960 total	Improve year on year 2020-21 result: 490,398	485,907 Library circulation July 21-June 22	<p>Circulation of library items was slightly below target for the 21/22 year. The target was 490,398. As circulation for the year was 485,907 there was a decrease from last year of 0.9% (4,491) items checked out. This was a good result during a year of access restrictions as community navigated through various levels of COVID-19.</p> <p>There was a decrease of 5.5% (23,885) Queenstown Lakes Libraries hardcopy/physical item checkouts compared to the previous year. 430,938 Hardcopy/Physical items were checked out in 20/21 with 407,053 items checked out in 21/22.</p> <p>Central Otago Queenstown Lakes Libraries e-Item checkouts for the 20/21 year totalled 59,469 e-Items, compared to 78,854 for the 21/22 year. This is an increase of 32.6% (19,385) e-Items checked out.</p>
Percentage of RFS resolved within specified timeframe for parks, reserves, trails, gardens and playgrounds	80.6%	>85%	84%	Request for Service (RFS) volumes remained consistent with previous years with a small improvement over 2020-2021. Although this KPI was not met due to a shortfall in process and overall management of RFS within the team, performance on a monthly basis improved during the year. Internal performance grew with improvements to systems and processes along with establishing clear lines of responsibility.
Total number of gym and pool visits per capita (based on usually resident population)	New measure	Establish baseline	23,564 visits	Over the 2021-2022 financial year, there were 23,564 gym and pool visits per capita based on the usually resident population. While lower than expected based on previous year's figures, due to the impacts of COVID-19, this sets the baseline target for the KPI.
Percentage of residents who are satisfied with the range of community facilities (Pools, Sport & Rec facilities, Community venues, Libraries and Parks)	New measure	Establish baseline	71%	15% of residents were very satisfied with the range of Community Facilities and 56% were satisfied. This establishes the baseline for this KPI.
Percentage of residents who are satisfied with the financial support Council provides for the community	33%	>80%	32%	Council provided \$1.9M of funding to community groups in the last financial year. 32% of the district considered the money going towards community groups as sufficient, below the target of 80%. This was down from 40% in the year ending June 2021, however there was a marked reduction in the number who thought this was "far too little". Given 39% of the community didn't know whether this was sufficient or not, this metric will be difficult to achieve at any time.
Percentage of total community grants to operating cost, excluding salaries and wages	0.83%	>1.65%	2.08%	The amount of grants paid is marginally under the target.
Percentage of capital works completed annually, including renewals, against the annual budget adopted by the Council for community facilities and property	New measure	80%-100%	81%	Not achieved due to delays and constraints as a result of COVID-19.

Environmental Management





About environmental management

ABOUT ENVIRONMENTAL MANAGEMENT

QLDC delivers initiatives across a broad range of functions and activities that interface with the environment. Council plays an important role as one of the guardians of our unique environment, working in partnership with Kāi Tahu, Otago Regional Council, the Department of Conservation and a many valued interest groups.

QUEENSTOWN LAKES SPATIAL PLAN

What we deliver

The first Spatial Plan for the district was adopted by Council on 29 July 2021 and endorsed by the Grow Well Whaiora Partnership Governance Group on 22 September 2021. The Grow Well Whaiora Partnership is a Urban Growth Partnership between central government, Kāi Tahu, Otago Regional Council and QLDC.

The Spatial Plan establishes an integrated, long term, collaborative strategy that improves community wellbeing, protects the environment and maintains a positive visitor experience. It guides new approaches and central government support to help address the challenges in the Queenstown Lakes. These challenges include affordable housing, limited public transport, reliance on singular economic activities such as tourism and construction, and growth pressures on urban development.

The Spatial Plan presents information visually and sets out:

- > areas to protect and enhance, such as locations with high natural values and culturally important sites
- > areas subject to constraints to urban development, such as locations at high risk from natural hazards, including climate change
- > the existing and future structure of urban areas, such as where people may live, work and how they get around

- > existing and future infrastructure needs and services
- > priority areas for investment and action
- > other strategically significant priorities.

Progress against the Ten Year Plan 2021-2031

- > The Spatial Plan was approved by Council on the 29 July 2021. Community engagement played an integral role in its development and it was shaped by feedback received from the community, input from local businesses and organisations, and through close collaboration with the Grow Well Whaiora Partnership.
- > The Spatial Plan was endorsed by the Grow Well Whaiora Partnership Governance Group on the 22 September 2021, comprising Ministers of the Crown, Council, the Otago Regional Council and Kāi Tahu.
- > The Grow Well Whaiora Partnership is implementing the Spatial Plan and developing the next version, called the Future Development Strategy.
- > Te Pūtahi Ladies Mile is one of six Priority Development Areas identified in the Spatial Plan. The proposed Te Pūtahi Ladies Mile plan change was approved by Councilors on 30 June 2022 for notification via the Streamlined Planning Process. This is the first plan change to implement strategic growth signaled through the Spatial Plan. This plan change will enable creation of a comprehensive urban development that includes a local centre and social infrastructure and will yield approximately additional residential units, with emphasis on delivering medium and high-density housing.

CLIMATE AND BIODIVERSITY PLAN

What we deliver

On 30 June 2022, Council adopted the 2022-2025 Climate and Biodiversity Plan (Te Mahere Āhuarangi me te Rereka Rauropi) that sets out how the district is going to respond to climate change and biodiversity loss over the next three years.

The plan was the product of a 15 month engagement programme with mana whenua, climate and biodiversity experts, sustainability groups, conservation groups, community members and the Queenstown Lakes Climate Reference Group. The Climate Reference Group was established by Council in 2020 as an independent, multidisciplinary body with relevant experience to advise on initiatives, networks and resources required to turn ideas into concrete actions. The development of the plan involved a significant amount of collaborative discussion and public consultation with experts, advocates and community members to identify the priorities, opportunities and challenges for the district.

A major strategic shift in the plan was to ensure that both the ecological as well as the climate emergency were addressed together. Reducing carbon emissions, adapting to a changing climate and restoring indigenous biodiversity needs to be approached in an integrated and holistic way. The plan attempts to do this with 70 actions spread across six outcomes areas relating to leadership, transport, buildings and infrastructure, communities, economy and the natural environment.

The 2022-2025 plan represents a step change in the ambition and scope of the previous 2019-2022 Climate Action Plan. To help deliver this, Council committed an additional \$420k to the plan's actions through the 2022-2023 Annual Plan process.

Progress against the Ten Year Plan 2021-2031

In parallel to developing the next three-year plan, a wide range of projects and initiatives were progressed over the past 12 months as part of Council's response to the climate emergency, including:

- > continued support for the Queenstown Lakes Climate Reference Group
- > increases to the Council electric vehicle and hybrid vehicle fleet
- > sponsorship of major climate and biodiversity summits and hui (e.g., WAO Summit – October 2021, Southern Lakes Sanctuary Conservations Standards Hui – May 2022)
- > establishing reporting framework for Council's carbon emission inventory
- > enabling a range of circular economy initiatives through the waste minimisation community fund.
- > progressing three major community adaptation projects for Mt Iron (wildfire), Glenorchy (flooding) and Gorge Road (alluvial fan).
- > embedding considerations of climate change risk into Council's risk context, which was commended within a study of local government risk management by the Office of Attorney General
- > several significant submissions on the central government climate change programme e.g., National Emissions Reduction plan, National Adaptation Plan.

DISTRICT PLAN

What we deliver

The District Plan explains how QLDC will manage the environment, in accordance with the requirements of the Resource Management Act 1991. It sets out what activities can be done as of right, what activities resource consents are needed for and how certain activities may be carried out. It also sets out a strategic direction for the district in terms of where and how development should occur. A review of the District Plan is being completed in stages by the Policy Planning team. This will restructure the District Plan into a document that is more concise, streamlined and easy to interpret. It will also deliver a policy and rule framework that is more direct and less ambiguous, providing for greater direction and certainty.

Progress against the Ten Year Plan 2021-2031

- > Decisions of Council on Stage one and two of the Proposed District Plan received 101 and 84 appeals respectively. A substantial number of appeals have been resolved through either mediation or Environment Court. There are 91 Stage one appeal points (out of an original 1181) and 293 Stage two appeal points (out of an original 930) remaining to be progressed. Stage three received 43 appeals with 445 discrete appeal points. Progress is being made to resolve these appeals with 400 appeal points remaining. These are either subject to continued mediation or will require an Environment Court hearing.
- > The next parts of the Proposed District Plan being reviewed are in discrete topics (variations), including the following: Priority Landscape Area Schedules, Inclusionary Zoning, Te Pūtahi Ladies Mile (implementing the masterplan), and changes to implement the National Policy Statement for Urban Development.
- > The operative District Plan and the Proposed District Plan have been amended to remove minimum parking requirements, as required by Policy 11 of the National Policy Statement for Urban Development. As a consequence of the Policy 11 requirements, a plan change to retain the planning provisions for accessible parking was notified in November 2021. Decisions on the plan change have been made, the appeal period has closed, and the plan change is now treated as operative. Work is underway by Council's transport team to develop comprehensive parking management plans.

RESOURCE CONSENTS

What we deliver

A Resource Consent is a written approval from the Council to undertake an activity that is not permitted as of right in the District Plan (a permitted activity). The process for granting a resource consent is governed by the Resource Management Act 1991 and the District Plan. The types of resource consent issued by QLDC include:

- > Land use consents – this term applies to most resource consents and includes things like constructing a building, undertaking an activity, running an event, carrying out earthworks, clearance of large areas of vegetation, and commercial activities such as jet boat operating, fishing guiding, and kayak hire/guiding etc.
- > Subdivision consents – subdividing land to create one or more additional lots or Unit Titles or altering a boundary.

QLDC plays an important role as one of the guardians of our unique environment, working in partnership with Kāi Tahu, Otago Regional Council, the Department of Conservation and a number of valued interest groups.

Progress against the Ten Year Plan 2021-2031

The resource consents team continues to provide planning leadership and assistance on interdisciplinary QLDC projects and taskforce groups.

HOW MUCH IT COST

Breakdown of service cost

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$135,970,000 (excluding depreciation)

Environmental Management expenditure of \$16,314,000



12%

Environmental Management	2021 LTP \$000	2022 LTP \$000	2022 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	5,723	5,087	4,608
Subsidies & grants for operating expenditure	100	100	323
Fees & charges	8,399	7,408	7,124
Interest and dividends from investments	-	-	-
Fuel tax, fines, infringement fees & other receipts	111	111	139
Total sources of operating funding	14,333	12,706	12,194
Applications of operating funding			
Payments to staff and suppliers	12,627	11,564	12,376
Finance costs	283	249	244
Internal charges applied	2,424	3,694	3,694
Other operating funding applications	-	-	-
Total applications of operating funding	15,334	15,507	16,314
Surplus/(deficit) of operating funding	(1,001)	(2,801)	(4,120)
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(551)	2,800	2,175
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(551)	2,800	2,175
Applications of capital funding			
Capital expenditure			
– to meet additional demand	-	-	-
– to replace existing assets	-	-	-
– to improve the level of service	-	-	-
Increase/(decrease) in reserves	(1,552)	(1)	(1,945)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	(1,552)	(1)	(1,945)
Surplus/(deficit) of capital funding	1,001	2,801	4,120
Funding balance	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
Reduced consenting income due to less than budgeted applications.	Not applicable	Not applicable

Summary of internal borrowings				
Activity	30 June 2022 Internal loan balance \$000	Total funds repaid in the year \$000	Total funds borrowed during the year \$000	Interest paid in the year \$000
Environmental Management	11,426	0	2,422	247



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 1	Annual Result 2021-2022	Commentary
Percentage of resource consents processed within statutory timeframes	82%	100%	81.71%	The resource consents team has achieved 82% compliance this year across 1,111 decisions issued 2021-2022. The target was not met and this is a decline in performance from the 2020-2021 year. The ability to process resource consents within timeframes has been affected by resourcing constraints and a tight recruitment market. An unusually high number of applications received September through November 2021 created a back-log that took some months to clear.
Compliance with two year timeframe of notification to decision, in accordance with clause 10 of Section 1 of the RMA	New measure	Full compliance	Full compliance	All decisions to the District Plan were made within 2 years of notification as required by the Act.
The carbon budgets for QLDC's direct emissions set in the Emission Reduction Roadmap have been met	New measure baseline (2019) 2,992 tCO ₂ e	<2581t	3003t	The 2019 baseline for this measure has been reset from 2581 to 2922 tCO ₂ e due to the commissioning of an updated carbon inventory report. The target for direct energy emissions reduction for the 2021-2022 period was a reduction of 80 tCO ₂ e, however an increase of 80.5 tCO ₂ e occurred. This means that a net difference of 160.5 t CO ₂ e was the outcome for this KPI. The target was not met.

Regulatory Functions and Services





About regulatory functions and services

Council's regulatory functions and services include providing efficient and cost-effective processing of building applications and appropriate enforcement and control of activities.

BUILDING SERVICES

What we deliver

The Building Services Team is responsible for ensuring buildings are constructed in a safe manner and all aspects of the building code and the Building Act 2004 are complied with. This is achieved through the consenting and compliance process. Council employs internal staff and external contractors to ensure this is delivered efficiently and effectively. This includes processing approximately 1,700 residential and commercial building consents (with a built value of over \$1billion) and undertaking 16,000 inspections annually. For the June 2022 financial year end, QLDC ranked fourth in New Zealand for total value of building consents issued and fifth in number of building consents issued. The Building Services team is also responsible for ensuring all public buildings are safe and sanitary for occupancy. This is achieved by administering and ensuring compliance with the Building Warrant of Fitness scheme. Building work is regulated to ensure the health and safety of people and sustainability in design and construction methods.

Progress against the Ten Year Plan 2021-2031

- > Ongoing issues with staff and contractor resourcing due to COVID-19 has meant that time it takes to process building consents has remained static over the last two years. Building consents are consistently being processed within the 15 day target. Although the target for this is to have 100% processed within 15 days, at 96.8%, this result is within the 5% tolerance margin and placed QLDC in the top one third of building consent authorities in New Zealand for statutory timeframe compliance.
- > Staff and contractor resource issues due to COVID-19 combined with a surge in residential building consent applications has resulted in the time to get a building inspection move out to three days in Whakatipu Basin and four days in the Upper Clutha.
- > The newsletter BraceYourself goes to industry stakeholders quarterly via email. Meetings with larger industry participants are held regularly.
- > Improving consistency around requests for information (RFIs) continues to be a focus.
- > A lack of building control official resource throughout Aotearoa New Zealand due to record building consents being received has not allowed QLDC to decrease its reliance on external contractors.
- > All Earthquake Prone Buildings have been identified and notices sent to building owners.

REGULATORY AND ENFORCEMENT

What we deliver

Resource Consent Monitoring

Monitoring of Resource Consents is undertaken in accordance with the Monitoring Prioritisation Strategy, this is to ensure that priority is given to consents and activities that have the most potential for effect.

Freedom Camping

Camping Patrols are undertaken seven days a week across the district to ensure compliance with national legislation and local bylaw. Responsible Camping Ambassadors educate campers, monitor camping behaviours, and promote behavioural change within the district.

Bylaw Enforcement and complaint response

This involves the monitoring, enforcement and complaint response (RFS) in regard to bylaws.

Animal Control

The Animal Control service includes responding to complaints of wandering dogs, stock on roads, barking dogs, lost and found services, registration information, patrolling and education programmes. This ensures residents are safe, whilst the welfare of animals is protected.

Noise Control

Noise control operates 24 hours a day, seven days a week. Contractors respond to complaints of antisocial behaviour regarding noise. The majority of complaints are regarding stereo noise and associated people noise. People noise is a police matter.

Parking

Education and enforcement of the provisions of the Land Transport Act 1998 and the QLDC Traffic and Parking Bylaw 2018 takes place across the district to encourage efficient use of parking resources to enable functional streets and CBDs, maintain flow of traffic that is linked to parking and public transport. Responding to complaints takes place 24 hours a day, seven days a week.

Alcohol Licensing

This includes the processing of applications and enforcement and regular monitoring of licensed premises and events to ensure compliance with the Sale and Supply of Alcohol Act 2012.

Litter

Council works closely with the community to reduce littering. Where appropriate, enforcement action can be taken, including the issuing of infringements under the Litter Act 1979.

Waterways

Council provides a range of recreational boating facilities so that the community can safely use waterways for recreation and commercial activity. This includes a Waterways Regulatory Service (harbourmasters) to enforce bylaws and regulations to promote water safety. Waterways regulatory services are provided 365 days a year.

Environmental Health

We promote, protect and improve the health of our community, through the application of various legislative requirements regarding premises such as food businesses, hairdressers, camping grounds and offensive trades.

Progress against the Ten Year Plan 2021-2031

- > Increased resources have been applied to the Environmental Health Team to ensure timely auditing of businesses.
- > A review of the Alcohol Restrictions in Public Places Bylaw has commenced.
- > Review of the Shotover River Bylaw and Freedom Camping Bylaw were completed in 2021.

HOW MUCH IT COST

Breakdown of service cost

**AS A PERCENTAGE
OF TOTAL EXPENDITURE**Total Operating Expenditure
of \$135,970,000 (excluding
depreciation)Regulatory Functions and Services
expenditure of \$17,715,000**13%**

Regulatory Functions and Services	2021 LTP \$000	2022 LTP \$000	2022 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	925	3,803	2,330
Subsidies & grants for operating expenditure	-	-	-
Fees & charges	9,314	7,812	8,001
Interest and dividends from investments	-	-	-
Fuel tax, fines, infringement fees & other receipts	4,554	2,798	1,392
Total sources of operating funding	14,793	14,413	11,723
Applications of operating funding			
Payments to staff and suppliers	10,847	9,503	12,605
Finance costs	10	6	4
Internal charges applied	4,014	5,106	5,106
Other operating funding applications	-	-	-
Total applications of operating funding	14,871	14,615	17,715
Surplus/(deficit) of operating funding	(78)	(202)	(5,992)
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	39	53	22
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	39	53	22
Applications of capital funding			
Capital expenditure			
– to meet additional demand	-	-	16
– to replace existing assets	-	-	57
– to improve the level of service	43	78	86
Increase/(decrease) in reserves	(82)	(227)	(6,130)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	(39)	(149)	(5,970)
Surplus/(deficit) of capital funding	78	202	5,992
Funding balance	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
Payments to staff and suppliers over budget with \$2.9M above budget for legal costs associated with weather tightness.	Not applicable	Not applicable

Summary of internal borrowings				
Activity	30 June 2022 Internal loan balance \$000	Total funds repaid in the year \$000	Total funds borrowed during the year \$000	Interest paid in the year \$000
Regulatory Functions and Services	162	25	51	4



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 1	Annual Result 2021-2022	Commentary
Resource Consents listed as 'priority' in the Monitoring Strategy are pro-actively monitored	100%	100%	100% monitored for year	Monitoring is undertaken in accordance with Monitoring Strategy. The result was 100% monitored for the year.
Every food business that is due an audit is audited within the statutory timeframes (according to the Food Act 2014)	44%	100%	61.08%	The aggregate result for 2021-2022 has not been achieved due to COVID-19 related disruptions, however there has been significant catch-up and uplifts across each quarter. The last quarter result was 95.3% completed.
Number of RFS freedom camping complaints	120	Improve on the previous year	42	There continues to be a significant reduction in complaints compared to pre-COVID-19 levels. Results are well within the annual target. This is a reflection of the lower number of overseas visitors to New Zealand. Above the 42 freedom camping complaints that were upheld, there were an additional 34 unsubstantiated complaints, one that was on private land and one that was not a freedom camping complaint, it was incorrectly allocated as such.
		2020-21 result: 53		
Percentage of building consents processed within statutory timeframes	98%	100%	96.80%	The 100% target was not achieved due to COVID-19 related resource issues with staff and external contractors. This along with high building consent numbers resulted in the target not being achieved. The actual result was however within the 5% tolerance margin and placed QLDC in the top one third of building consent authorities in New Zealand for statutory timeframe compliance.

Infrastructure





About Infrastructure

What we deliver

Council's infrastructure services are central to creating a holistic environment for the community. Safe and reliable services which promote health of individuals, communities and the surrounding natural environment will be readily accessible to all. Non-traditional opportunities to support communities' whakawhanaugatanga through our physical investments will continue to be explored. This section first sets out the KPIs that show the overall combined performance of infrastructure services. Specifics for each activity group are then explained in subsections that include:

- > Water Supply
- > Stormwater
- > Wastewater
- > Waste Minimisation and Management
- > Transport, including roading, parking and footpaths

Collectively known
as Three Waters

These subsections detail a description of what is delivered, progress in these area against the Ten Year Plan, Financial Statements and KPI reporting.



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 1	Annual Result 2021-2022	Commentary
Percentage of capital works completed annually, including renewals, against the annual budget adopted by the Council for 3 waters, waste management and roading.	82%	100%	69%	Did not achieve the KPI target as faced delays and constraints as a result of COVID-19.
Percentage of external contractor and internal RFS resolved within specified timeframe (3 Waters, Solid Waste, Roading)	3 Waters 94%	>95%	3 Waters 95%	RFS volumes remained consistent with previous years with a small increase over 2021-2022. Performance on a monthly basis improved during the year. Internal performance grew with improvements to systems and processes along with establishing clear lines of responsibility.
	Solid Waste 76%		Solid Waste 98%	
	Roading 83%		Roading 86%	

Water Supply





About water supply

What we deliver

QLDC is responsible for the treatment, storage, distribution, and management of the districts water supply. Water treatment plants source raw water from Lake Whakatipu, Lake Wānaka, and bores along the Arrow and Shotover Rivers. It is then treated to provide a high standard of drinking water. The treated water is pumped to reservoirs from where it is distributed through a network to meet the needs of residential and commercial/industrial properties. QLDC oversees approximately 620km of water mains and 12 treatment plants serving approximately 30,000 demand units that collectively use a total of approximately 28,800 cubic metres of water per day. Council's Three Waters Strategy recognises that the key to the management of its infrastructure is balancing the affordability of maintaining the existing networks and creating additional capacity with a reduction in risk, aging networks, a demand for growth, and an improved level of service. Key strategic priorities are also addressed in Council's 2021-2051 30 Year Infrastructure Strategy, that includes work underway to improve water supply treatment to comply with drinking water standards.

Progress against the Ten Year Plan

Wānaka

The Western Wānaka Level of Service Project (water supply) is currently in progress. It includes a 2km water pipeline from Cardrona Valley Road to Anderson Road and includes a new pump station on Wānaka-Mount Aspiring Rd. These works provide capacity for growth and achieve level of services outcomes, while also being a key component of future water upgrades in Wānaka. This project is expected to be completed in December 2022.

Queenstown

- > A selection process to choose a preferred technology option for Queenstown's lake intakes is currently being undertaken. Once this process is completed, a detailed assessment for the Two Mile water treatment plant will be commenced.
- > The detailed design has been completed for an additional 30,000 cubic metres of water supply storage at Quail Rise reservoir. This additional capacity will be delivered in line with demand from 2028 to 2065.
- > The construction of a new water treatment plant at Shotover Country and extension of the existing borefield commenced in June 2021 and is due to be completed in October 2022. This will feed into the future Quail Rise reservoir, Frankton and Kelvin Heights along with Lower Shotover Country and Lake Hayes Estate.
- > Construction of a new watermain and wastewater main across the Shotover Bridge has recently been completed. Removal of a redundant wastewater main from within the bridge is due to be completed in early October.

Luggate

Significant upgrades to Luggate's water supply are underway. A new borefield site has been confirmed through investigational drilling at a site adjacent to the Clutha River. These bores will be used as the future supply for the township. The design for bores and a new water treatment site are underway and construction is programmed to start in the first quarter of 2023.

Glenorchy

The designation application for a new water treatment plant is underway, with the landscape design being finalised. Designation refers to the planning mechanism that gives us the right to build infrastructure on the land. The amendment to the designation for the Glenorchy reservoir has been approved and the works are ready to go out to market.

Kingston

The design for a new water source and new water treatment plant has been finalised and the project is being prepared for release to market for construction. Physical work has started for the bore headworks (a separate package to the main water treatment plant and reticulation to Kingston) and is due to be complete before the end of the year.

Cardrona

Work during 2021-2022 on the options for a community-wide water scheme for Cardrona highlighted that increased costs would significantly exceed those consulted on through the Ten Year Plan 2021-2022. As a result, a special consultative procedure has been undertaken to engage with the community on these additional costs.

HOW MUCH IT COST

Breakdown of service cost

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$135,970,000 (excluding depreciation)

Water Supply expenditure of \$8,173,000

6%

Water Supply	2021 LTP \$000	2022 LTP \$000	2022 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	14	44	44
Targeted rates	10,277	10,253	10,144
Subsidies & grants for operating expenditure	-	-	-
Fees & charges	48	85	107
Interest and dividends from investments	-	-	-
Fuel tax, fines, infringement fees & other receipts	-	-	-
Total sources of operating funding	10,339	10,382	10,295
Applications of operating funding			
Payments to staff and suppliers	4,985	5,652	6,148
Finance costs	3,352	1,923	1,007
Internal charges applied	743	1,018	1,018
Other operating funding applications	-	-	-
Total applications of operating funding	9,080	8,593	8,173
Surplus/(deficit) of operating funding	1,259	1,789	2,122
Sources of capital funding			
Subsidies & grants for capital expenditure	-	6,650	-
Development and financial contributions	3,983	4,695	4,044
Increase/(decrease) in debt	19,413	38,175	8,155
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	23,396	49,520	12,199
Applications of capital funding			
Capital expenditure			
– to meet additional demand	11,723	23,820	6,672
– to replace existing assets	6,835	5,556	6,866
– to improve the level of service	7,786	22,943	13,944
Increase/(decrease) in reserves	(1,689)	(1,010)	(13,160)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	24,655	51,309	14,321
Surplus/(deficit) of capital funding	(1,259)	(1,789)	(2,122)
Funding balance	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
\$0.9M lower finance costs due to lower interest rates than budgeted and timing of borrowing for capital expenditure. \$0.5M above budget for payments to staff and suppliers due to overspend on water maintenance contract costs.	\$7.9M actual spend for Shotover Country new Water Treatment Plant, and \$4.6M for Western Wānaka Level of Service.	Kingston Housing Infrastructure Fund Water Supply new scheme budget \$5.4M with spend \$0.8M, Wānaka Water Treatment \$4.0M budget with spend \$0.1M, Luggate Water Supply Scheme budget of \$4.0M with spend of \$0.5M, and Beacon Point Intake and Rising Main budget of \$4.1M with spend of \$NIL. This project is behind but is expected to commence in September 2022.

Summary of internal borrowings				
Activity	30 June 2022 Internal loan balance \$000	Total funds repaid in the year \$000	Total funds borrowed during the year \$000	Interest paid in the year \$000
Water Supply	46,389	1,673	10,796	969

How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 1	Annual Result 2021-2022	Commentary
Average consumption of water per person per day	515 litres on avg per person per day	<510L	441L	441 litres of water were consumed on average per person per day for the 2021-2022 year. This represents an improvement on the preceding two years and meets the target set.
Compliance of each municipal water supply with the NZ Drinking Water Standards for protecting public health, specifically:				Of the nine Drinking Water supplies for the 2021-2022 reporting period. The non-compliant treatment plants were:
Bacteriological compliance; and	93%	100%	100%	<ul style="list-style-type: none"> > Arrowtown the treatment plant includes a protozoa barrier but due to periods of elevated turbidity was non-compliant for the period. > Arthurs Point the treatment plant includes a protozoa barrier but due to periods of elevated turbidity was non-compliant for the period. > Glenorchy current treatment process does not include a protozoa barrier and as such the plant was non-compliant for protozoal treatment > Queenstown current treatment process does not include a protozoa barrier and as such the plant was non-compliant for protozoal treatment > Hāwea the treatment plant includes a protozoa barrier but due to periods of elevated turbidity was non-compliant for the period. > Luggate current treatment process does not include a protozoa barrier and as such the plant was non-compliant for protozoal treatment > Wānaka Airport current treatment process does not include a protozoa barrier and as such the plant was non-compliant for protozoal treatment > Wānaka current treatment process does not include a protozoa barrier and as such the plant was non-compliant for protozoal treatment <p>The Lake Hayes Supply had full compliance.</p> <p>All nine of the supplies were compliant for bacterial and chemical treatment compliance</p>
Protozoal compliance.	14%	>35%	11%	
Percentage of water lost from each municipal water reticulation network	33%	<30% overall	25%	QLDC officially reports leakage as a percentage of overall water production. For 2021-22 this leakage assessment has reduced slightly to 25%. This is consistent with previous assessments and is indicative that leakage detection and repair work has achieved some performance improvements.

KPIs	Baseline Performance at 30 June 2020	Target Yr 1	Annual Result 2021-2022	Commentary
Median response time to attend to urgent and non urgent issues resulting from municipal water reticulation network faults and unplanned interruptions a) between the time of notification and the time when service personnel reach the site	Urgent 26 mins	Urgent <60 mins	Urgent 24 minutes	The median response time to attend to site for urgent issues was 24 minutes for 2021-2022. There were 96 urgent issues lodged for 2020-21. This achieved the target set.
	Non-urgent 1101 mins	Non-urgent <1,440 mins (1 day)	Non-urgent 994 minutes	The median response time to attend to site for non-urgent issues was 994 minutes for 2021-2022. There were 1,324 non-urgent issues lodged for 2021-22. This achieved the target set.
Median response time to attend to urgent and non urgent issues resulting from municipal water reticulation network faults and unplanned interruptions b) between the time of notification and resolution of the blockage or other fault.	Urgent 407 mins	Urgent <1,440 mins (1 day)	Urgent 210 minutes	The median response time for resolution for urgent issues was 210 minutes for 2021-2022. This is well within the target set.
	Non-urgent 3,185 mins	Non-urgent <10,080 mins (7 days)	Non-urgent 3,139 minutes	The median response time for resolution for non-urgent issues was 3139 minutes for 2021-2022. This is well within the target set.
Number of complaints per 1000 connections to a public water reticulation network about:				All categories met the annual target and were mostly consistent with the previous years results.
The clarity of drinking water	0	<4	1.05	
The taste of drinking water	0	<4	0.2	
The odour of drinking water	0.04	<4	0.07	
The pressure or flow of drinking water	2.06	<4	3.46	
The continuity of supply of drinking water	2.22	<4	2.65	
The way in which a local government organisation responds to issues with a water supply	0	<2	0	

Wastewater





About wastewater

What we deliver

QLDC is responsible for the collection, transfer, treatment and disposal of the district's wastewater and trade waste. Wastewater and trade waste are discharged from properties into a network of gravity and pressure pipelines, which take the wastewater to the treatment plant.

QLDC oversees approximately 485km of wastewater mains, 71 pump stations and four treatment plants serving approximately 29,900 demand units that between them discharge a total of approximately 13,400 cubic metres of wastewater per day. This includes the larger plants, namely Project Pure (wastewater treatment and disposal to land at Wānaka) and Project Shotover (wastewater treatment and disposal to land).

Progress against the Ten Year Plan

Project Pure – Upper Clutha

Construction on stage two of the wastewater treatment plant started in April 2022 and involves construction of a third reactor tank, second decant tank, ancillary equipment and additional disposal field capacity. The upgrade will be completed late 2023 and will provide additional capacity, resilience and ensure continued compliance with the existing discharge consent.

Cardrona

The new Cardrona wastewater treatment plant, which was the product of a successful partnership with the Mt Cardrona Station development, was brought into service in July 2021 and formally handed over to QLDC for ongoing operation in December 2021. The new treatment plant is performing well, producing a high standard of treated effluent, which has allowed the old plant to be decommissioned.

Queenstown

- > Project Shotover: The detailed design for the Shotover wastewater treatment plant has been completed. Construction is programmed to start in the second quarter of 2023.
- > CBD to Frankton/ Frankton Track Sewer: concept and preliminary designs have been completed for the new pressure main along Frankton Track that will connect the recreation ground pump station to the Frankton Beach pump station, along with rehabilitation treatments for the existing gravity sewer.
- > Tāhuna Marine Parade Wastewater Pump Station upgrades: Further investment in this asset has been provisioned to increase the resilience of the pump station and mitigate the likelihood of uncontrolled overflows into the natural environment. Concept designs of the various upgrades to the pump station and building are complete. The upgrades include the provision of emergency storage, renewal of aging electrical equipment, flood protection measures and the architectural upgrade of the building.

Kingston Wastewater Scheme

Detailed design for the Kingston wastewater scheme is set to begin in September 2022. This includes the first stage of the wastewater treatment plant, land treatment (discharge) area (LTA), pump station, and rising main. The wastewater discharge consent has been granted and the designation for the treatment plant and LTA is being finalised. Physical works are expected to begin in the first half of 2023.

HOW MUCH IT COST

Breakdown of service cost

Wastewater	2021 LTP \$000	2022 LTP \$000	2022 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	229	115	116
Targeted rates	12,048	14,673	14,642
Subsidies & grants for operating expenditure	-	-	-
Fees & charges	256	343	109
Interest and dividends from investments	-	-	-
Fuel tax, fines, infringement fees & other receipts	-	-	-
Total sources of operating funding	12,533	15,131	14,867
Applications of operating funding			
Payments to staff and suppliers	7,483	8,447	8,255
Finance costs	3,568	2,872	2,038
Internal charges applied	1,270	1,520	1,520
Other operating funding applications	-	-	-
Total applications of operating funding	12,321	12,839	11,813
Surplus/(deficit) of operating funding	212	2,292	3,054
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	6,970	3,624	4,679
Increase/(decrease) in debt	11,164	37,729	15,492
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	18,134	41,353	20,171
Applications of capital funding			
Capital expenditure			
– to meet additional demand	8,322	30,018	8,375
– to replace existing assets	902	3,736	5,273
– to improve the level of service	8,662	15,164	14,232
Increase/(decrease) in reserves	459	(5,273)	(4,655)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	18,346	43,645	23,225
Surplus/(deficit) of capital funding	(212)	(2,292)	(3,054)
Funding balance	-	-	-

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$135,970,000 (excluding depreciation)

Wastewater expenditure of \$11,813,000

9%

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
\$0.8M lower finance costs due to lower interest rates than budgeted and timing of borrowing for capital expenditure.	Actuals of \$11.0M on Cardrona new Wastewater Scheme and \$3.0M on Project Pure Wastewater Treatment Plant upgrade, and \$2.9M on Recreation Ground new Wastewater Pump Station.	Kingston Housing Infrastructure Fund Wastewater new scheme budget of \$7.9M with spend of \$0.6M. North Wānaka new Wastewater conveyance scheme budget of \$5.8m with spend of \$1.9M. Project Pure Wastewater Treatment Plant upgrade budget of \$6.5M with spend of \$3.0M.

Summary of internal borrowings				
Activity	30 June 2022 Internal loan balance \$000	Total funds repaid in the year \$000	Total funds borrowed during the year \$000	Interest paid in the year \$000
Wastewater	96,570	2,579	20,077	2,006

How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 1	Annual Result 2021-2022	Commentary
Median response time to attend to sewerage overflows resulting from blockages or other faults of a municipal sewerage system a) between the time of notification and the time when service personnel reach the site	17.5 mins	<60 mins	26 minutes	The median response time to attend site for wastewater overflows was 26 minutes for 2021-2022 and achieved the target set.
Median response time to attend to sewerage overflows resulting from blockages or other faults of a municipal sewerage system b) between the time of notification and resolution of the blockage or other fault.	121 mins	<240 Mins	113 minutes	The median response time to resolve the wastewater overflows was 113 minutes for 2021-2022 and achieved the target set. There were 58 wastewater overflows recorded.
Annual number of dry weather overflows from a municipal sewerage system per 1000 sewerage connections	1.66	<3	1.72	There were 1.72 dry weather overflows per 1,000 sewerage connections for the 2021-2022 period. This achieved the target set.
Compliance with resource consents for discharge to air, land, or water from a municipal sewerage system, measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) successful prosecutions	87%	100%	85%	There were no new enforcement actions for wastewater compliance. However, there are two existing abatement notices on two separate Wastewater Treatment Plants in the district (Hāwea and Shotover), and as such the target set was not achieved over the period. There are currently 13 active discharge consents, and 11 of these were compliant in the reporting period.
Number of complaints per 1000 properties connected to a municipal sewerage system about: reticulation network about: Odour Faults Blockages The territorial authority's response to issues with its sewerage system.	 0.04 3.16 2.25 0	 <5 <5 <5 <2	 1.34 3.06 1.44 0	All categories met the annual target.

Stormwater





About stormwater

What we deliver

QLDC is responsible for approximately 325km of stormwater mains, with an average age of 22 years, and a number of interceptors (basic stormwater separators) serving around 30,000 demand units. The system caters for an average ten year flood event. Stormwater systems are provided to protect private properties and buildings from rainwater and groundwater. Effective management of rainwater within these systems is vital to controlling erosion and land stability, as well as ensuring amenity of open spaces and protection of the environment.

Progress against the Ten Year Plan

Stormwater network modelling and investigations are underway that will form the basis of catchment management plans that will identify future investments. Significant upgrades in Frankton have recently been completed and improvements for the Aubrey Road and Stone Street areas in Wānaka have been designed with construction starting in 2022-2023. In addition to these projects, further funding for stormwater improvements increases as the Ten Year Plan 2021-2031 progresses.

Wānaka

- > The purpose of the Aubrey Road Recreation Reserve stormwater detention pond is to mitigate flooding onto private properties. Detailed design is complete for part of the project including a stormwater trunk main along Aubrey road. This has been approved to go to implementation in the first half of the 2022-2023 financial year. Design is projected to be completed for the remaining parts of the project, the detention pond at Kelly's Flat and the soakage solution for Anderson road corner, in the first quarter of the 2022-2023 financial year.
- > Stone Street stormwater upgrades will take excess stormwater from the Alpha series development and upper Stone Street in order to address flooding issues identified on the catchment management plan and to remove stormwater from entering Bullock creek. This involves the creation of a limited treatment area to treat stormwater prior discharge into Lake Wānaka. Detailed design is complete for this project. The design will go through the approvals process with implementation planned for the second quarter of the 2022-2023 financial year.

Whakatipu

- > Lucas Place new stormwater pipeline Upgrades of the existing piped network and downstream conveyance to remove localised flooding from Lucas place and to protect the road construction were completed in March 2022.
- > Magnolia Place duplicate stormwater pipeline- Upgrade of the catchment and conveyance to address localised flooding was completed in March 2023.
- > Kawarau Place duplicate stormwater pipeline- Upgrade to the catchment and distribution of stormwater to address localised flooding and creation of a new discharge location away from Kawarau Place was completed in March 2022.
- > Kingston: The design for the first of two trunk mains for a new stormwater scheme has been submitted for approval. This package of work is expected to go to the construction market at the end of 2022 and includes all services/utilities in Oxford Street as well as road, footpath, street furniture upgrades.

HOW MUCH IT COST

Breakdown of service cost

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$135,970,000 (excluding depreciation)

Stormwater expenditure of \$1,668,000

1%

Stormwater	2021 LTP \$000	2022 LTP \$000	2022 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	2,353	3,606	3,530
Subsidies & grants for operating expenditure	-	-	-
Fees & charges	-	-	-
Interest and dividends from investments	-	-	-
Fuel tax, fines, infringement fees & other receipts	265	-	-
Total sources of operating funding	2,618	3,606	3,530
Applications of operating funding			
Payments to staff and suppliers	793	1,418	1,036
Finance costs	934	746	376
Internal charges applied	78	256	256
Other operating funding applications	-	-	-
Total applications of operating funding	1,805	2,420	1,668
Surplus/(deficit) of operating funding	813	1,186	1,862
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	1,858	1,349	203
Increase/(decrease) in debt	47	7,567	5,661
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,905	8,916	5,864
Applications of capital funding			
Capital expenditure			
– to meet additional demand	1,165	7,010	4,608
– to replace existing assets	617	1,298	1,234
– to improve the level of service	1,651	2,265	2,351
Increase/(decrease) in reserves	(715)	(471)	(467)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	2,718	10,102	7,726
Surplus/(deficit) of capital funding	(813)	(1,186)	(1,862)
Funding balance	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
\$0.4M lower finance costs due to timing of capital spend, and \$0.4M less payments to staff and suppliers due to less unscheduled maintenance.	\$3.0M for Lakeview Stormwater upgrade, \$1.5M for Lucas Place Stormwater upgrades existing pipes, and \$1.1M for Kwarau Place duplicate Stormwater pipeline.	Kingston Housing Infrastructure Fund Stormwater new scheme budget of \$1.9M with \$0.3M actuals. Offset with Kwarau Place duplicate Stormwater pipeline zero budget with \$1.1M actuals, and Lucas Place Stormwater upgrades existing pipes zero budget with \$1.5M actuals.

Summary of internal borrowings				
Activity	30 June 2022 Internal loan balance \$000	Total funds repaid in the year \$000	Total funds borrowed during the year \$000	Interest paid in the year \$000
Stormwater	19,897	718	6,758	379



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 1	Annual Result 2021-2022	Commentary
Number of flooding events that occur in a territorial authority district	0	<7	0	No flooding events impacted habitable floors during the reporting period.
For each flooding event, the number of habitable floors affected. (expressed per 1000 properties connected to the territorial authorities stormwater system)	0	<2	0	
Compliance with resource consents for discharge from a municipal stormwater system, measured by the number of: <ul style="list-style-type: none"> a) abatement notices b) infringement notices c) enforcement orders d) successful prosecutions 	100%	100%	100%	QLDC received one enforcement order and one infringement notice last year. Both of these were for the unconsented discharge of stormwater from the Hikuwai Subdivision. This was an offence against the Resource Management Act 1991, not an enforcement order against a discharge consent. As such there were no non-compliant resource consents in the reporting period.
Median response time between the time of notification and the time when service personnel reach the site when habitable floors are affected by flooding resulting from faults in a municipal stormwater system.	0 hours	<3 hours	0	No flooding events impacted habitable floors during the reporting period.
Number of complaints per 1000 properties connected to a municipal sewerage system about: a) faults (including blockages) with a municipal stormwater system.	5.13 per 1,000 properties	<5 per 1,000 properties	7.36	There were 7.36 complaints per 1,000 properties for 2021-2022. This exceeds the target set, but represents an improvement on the previous year. Improving performance in this area is a focus, in particular, to renew problematic stormwater network issues and improve preventative maintenance programming.

Transport, including roading, parking and footpaths





About transport, including roading, parking and footpaths

What we deliver

QLDC provides a multi modal transportation network, enabling people and goods to drive, walk and cycle around the district. This includes footpaths/shared paths, streetlights and signage as well as activities such as winter maintenance. QLDC is responsible for approximately 880km of local roads, including New Zealand's highest sealed road, the Crown Range. Approximately one third of the network is unsealed. QLDC is responsible for 99 bridges, approximately 330km of footpaths, almost 40km of cycleways/shared paths, and over 5,000 streetlights.

In addition, there is approximately 200 km of state highway within the district and these are managed by Waka Kotahi /New Zealand Transport Agency. QLDC's transport activities are funded from a combination of local and central government funding sources.

Progress against the Ten Year Plan 2021-2031

QLDC Active Travel – Stage two

The detail designs for the Shotover to Frankton Route, the Fernhill to CBD Route, and Arthurs Point to CBD (excluding the crossing) have been completed, are consented and awaiting funding to implement. The final route in the stage two package, Lake Hayes to Frankton is in the preliminary design stage, with completion expected by the end of 2022.

The NZ Upgrade Programme

The programme provides infrastructure including public transport priority measures in years 1 – 3 of Council's Ten Year Plan '2021-2031. PT Business case provider has now been procured and the project has begun – Way 2 Go project with Otago Regional Council leading. The Way 2 Go project led Otago Regional Council has commenced, with procurement of a business case provider selected.

The package for Queenstown also includes bus lanes and bus priority on State Highway 6A, a new bus hub on State Highway 6, improvements to the State Highway 6A/State Highway 6 intersection, a new roundabout at Howards Drive and an underpass at Ladies Mile to provide better walking and cycling connections. This work has progressed into the detailed design phase.

The Queenstown CBD street upgrades and arterials

These are both keystone projects that have made significant progress throughout the last financial year. Construction of the Queenstown Town Centre Arterial Road (stage 1) commenced in September, starting with installation of underground services. In March a significant change was seen with the Kā Huanui a Tāhuna alliance of QLDC, Waka Kotahi and industry stakeholders creating a new layout at the busy intersection of Frankton Road and Melbourne Street, as the 200m stretch of Frankton Road between Suburb Street and Melbourne Street began its transformation into the gateway to the first stage of the new road.

Work has continued throughout the year on the upgrades to Beach Street, Brecon Street, Park Street and Rees Street. At the time of writing this report, Park Street had reopened to the public and the end was in sight for Beach Street. Council has acknowledged delays throughout the programme which was challenged by staff absences due COVID-19, along with supply chain issues, and encountering historic infrastructure throughout the programme that required significant work to rectify in partnership with private property owners. These upgrades are still on track to deliver the core projects within the original timeframes and Council is confident that the final outcome will be worth the inconvenience and disruption caused.

HOW MUCH IT COST

Breakdown of service cost

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$135,970,000 (excluding depreciation)

Transport, including Roading, Parking and Footpaths expenditure of \$14,747,000

11%

Transport, including roading, parking and footpaths	2021 LTP \$000	2022 LTP \$000	2022 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	14,476	12,650	12,652
Subsidies & grants for operating expenditure	4,710	5,156	4,315
Fees & charges	6,896	2,749	2,164
Interest and dividends from investments	-	-	-
Fuel tax, fines, infringement fees & other receipts	(665)	362	392
Total sources of operating funding	25,417	20,917	19,434
Applications of operating funding			
Payments to staff and suppliers	10,172	11,422	12,513
Finance costs	4,078	1,100	228
Internal charges applied	1,583	2,006	2,006
Other operating funding applications	-	-	-
Total applications of operating funding	15,833	14,528	14,747
Surplus/(deficit) of operating funding	9,584	6,389	4,687
Sources of capital funding			
Subsidies & grants for capital expenditure	46,495	59,438	40,059
Development and financial contributions	5,270	1,973	6,793
Increase/(decrease) in debt	47,071	38,175	28,274
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	98,836	99,586	75,126
Applications of capital funding			
Capital expenditure			
– to meet additional demand	38,431	48,033	33,327
– to replace existing assets	19,237	35,658	24,121
– to improve the level of service	50,895	21,744	18,894
Increase/(decrease) in reserves	(143)	540	3,471
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	108,420	105,975	79,813
Surplus/(deficit) of capital funding	(9,584)	(6,389)	(4,687)
Funding balance	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
\$0.9M lower finance costs due to timing of capital spend partially offsetting Rates reduction. \$0.6M below budget in parking fees and permits income due to greater than expected impact of COVID-19.	Actuals of \$32.6M on Queenstown Street Upgrades Crown Infrastructure Partners, \$26.4M on Queenstown Town Centre Arterials – Crown Infrastructure Project Stage 1, \$3.3M on Lakeview Development Road & Public Realm, \$1.8M on Lucas Place Road Rehab & \$1.6M on Ballantyne Road Reseal.	Queenstown Street Upgrades – Crown Infrastructure Partners \$32.6M budget with actuals of \$42.3M. Lakeview Development Road and Public Realm \$3.3M budget with actuals of \$8.0M. Queenstown Parking Improvements \$2.5M budget with actuals of \$0.5M.

Summary of internal borrowings				
Activity	30 June 2022 Internal loan balance \$000	Total funds repaid in the year \$000	Total funds borrowed during the year \$000	Interest paid in the year \$000
Transport, including roading, parking and footpaths	36,906	364	28,873	235



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 1	Annual Result 2021-2022	Commentary
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network expressed as a number.	11	To report a decrease on the previous year 2020-21 result: 8	12	There was 1 fatal and 11 serious injury crashes in the 2021-2022 financial year. This is an increase up from 8 in 2020-2021. However, it should be noted that the total number of fatalities and serious injuries remains low and is consistent with previous years. As the previous year was a low number, it is difficult to achieve year on year improvement.
Average quality of ride on a sealed local road network, as measured by the Smooth Travel Exposure Index	93%	>90%	93%	The Smooth Travel Index has remained consistent over the last few years, demonstrating the high quality of the local road network.
Percentage of sealed network that is resurfaced annually	5.40%	<10%	3%	The percentage of sealed network resurfaced annually is reasonably steady and reflects Waka Kotahi's recommended quantities of network sealing at around 6%.
Percentage of local footpath network that is part of the local road network that falls within the Level of Service (LOS) or service standards for the condition of footpaths.	95.77%	>95%	95.76%	95.76% of the local footpath network is in the Excellent to Average rating. The footpath network length is increasing due to the number of new subdivisions which increases the length in 'excellent' condition.
Percentage score that meets the expected standards as set by the Road Efficiency Group framework	New measure Baseline 89%	>92%	93%	The finalised Road Efficiency Group (REG) results are yet to be sent to QLDC for the 2021-2022 financial year, the provisional result has been noted and this meets the target set.
Increased use of alternative modes of transport:	New measure	Establish baseline		Note that this data is not directly collected. As a proxy, % who daily, weekly or monthly use the alternative transport methods in their spare time has been used. Walking and bike use were both down on results from the 2020 Quality of Life survey, which were 75% and 42% respectively. Regular bus use was also marginally down from 17%. This data establishes the baselines for this KPI.
Active transport			Walk 74% Bike 32%	
Public transport			Bus 16%	
E-vehicles			E-vehicle 15%	

Waste Minimisation and Management





About waste minimisation and management

What we deliver

Waste is managed in three sub activities: waste reduction – reducing waste at source, resource recovery – diverting waste from landfill and waste disposal – collecting, transporting and disposing of waste. Work continues with implementation of the actions in the Waste Minimisation and Management Plan (WMMP) 2018. The WMMP identifies Council’s vision, goals, objectives, targets and methods for achieving effective and efficient waste management and minimisation.

Services include kerbside bin collections, recycling and greenwaste drop off facilities, public place litter and recycling bins, refuse transfer stations in Frankton and Wānaka, monitoring and maintenance of closed landfills, waste minimisation community outreach initiatives and removal of illegal dumping.

Progress against the Ten Year Plan 2021-2031

Waste reduction

- > Worked with community groups, event organisers, residents and business on initiatives that drive waste minimisation. This included funding new projects from the QLDC Waste Minimisation Community Fund totaling \$60k. The selected projects included reducing construction landfill waste, reducing commercial food waste, reducing single-use plastics, waste education and workshops.
- > Kerbside recycling bin check trails were undertaken in May to help reduce contamination in general recycling. Checked bins were stickered as either superstar recyclers, almost awesome, or contaminated recycling.
- > Supported the development of a revised NZ Waste Strategy to create a strong strategic framework, give certainty and guide decision making.
- > Supported the extension and increase of the NZ Landfill Waste Levy to incentivise and fund waste reduction and recovery.

- > Supported the proposal for an effective container deposit scheme.
- > Supported the development and implementation of mandatory product stewardship schemes for tyres, e-waste, agricultural chemicals and plastics, and other products.
- > Supported Local Government New Zealand’s ‘Waste Manifesto’.

Waste recovery

- > Planning upgrades to the layout and operation of the Wānaka refuse transfer facility to facilitate more resource recovery, improve health and safety and increase capacity.
- > Planning upgrades to plant and infrastructure at the Whakatipu recycling centre (Materials Recovery Facility) and refuse transfer station.
- > Continued to provide kerbside bin collections for glass, mixed recycling and rubbish supported by programmes and education campaigns to manage contamination issues and respond to changes in the demand for recyclable material.
- > Continued to provide organic waste drop off facilities and mulching of material for beneficial use on local parks and reserves.
- > Planning for an organic waste solution.

Waste disposal

- > Continued to monitor methane emissions at the landfill now that the gas capture and destruction system has been commissioned.

HOW MUCH IT COST

Breakdown of service cost

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$135,970,000 (excluding depreciation)

Waste Minimisation and Management expenditure of \$15,167,000



11%

Waste Management	2021 LTP \$000	2022 LTP \$000	2022 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	3,932	7,031	7,020
Subsidies & grants for operating expenditure	127	174	174
Fees & charges	8,748	8,204	7,081
Interest and dividends from investments	-	-	-
Fuel tax, fines, infringement fees & other receipts	195	420	439
Total sources of operating funding	13,002	15,829	14,714
Applications of operating funding			
Payments to staff and suppliers	10,681	13,611	13,162
Finance costs	442	175	89
Internal charges applied	1,634	1,916	1,916
Other operating funding applications	-	-	-
Total applications of operating funding	12,757	15,702	15,167
Surplus/(deficit) of operating funding	245	127	(453)
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	2,587	4,007	1,566
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	2,587	4,007	1,566
Applications of capital funding			
Capital expenditure			
– to meet additional demand	1,261	20	35
– to replace existing assets	1,085	2,017	863
– to improve the level of service	1,548	2,097	832
Increase/(decrease) in reserves	(1,062)	-	(617)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	2,832	4,134	1,113
Surplus/(deficit) of capital funding	(245)	(127)	453
Funding balance	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
\$1.0M below budget for transfer station recoveries and landfill levy income with lower waste as a result of COVID-19, partially offset lower costs due to reduced volume of ETS Carbon Credits used as a result, and lower contract costs.	\$0.7M spend on Wānaka Waste Facilities and \$0.6M on New Whakatipu Waste Facilities.	Existing Whakatipu Waste Facilities \$0.3M versus budget of \$0.9M, and New Whakatipu Waste Facilities \$0.6M versus a budget of \$1.2M.

Summary of internal borrowings				
Activity	30 June 2022 Internal loan balance \$000	Total funds repaid in the year \$000	Total funds borrowed during the year \$000	Interest paid in the year \$000
Waste Management	4,947	0	1,656	90



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 1	Annual Result 2021-2022	Commentary
Emissions (CO ₂ e) for waste to landfill – kerbside and transfer station tonnes	New measure	Annual reduction of 4.2%	4% reduction	<p>The data source is e-Bench and calculated from data provided by Waste Management NZ, and the Ministry for the Environment emissions factors. A target will be set once we have reviewed and updated the District Emissions Reduction Roadmap and developed our Operational Emissions Reduction Plan (Actions 1.1 and 1.14 of the Climate and Biodiversity Plan).</p> <p>For the financial year July 2021 to June 2022, 38,631 t CO₂e (tonnes of carbon dioxide equivalent) were emitted from waste to landfill from the Queenstown and Wānaka transfer stations and kerbside collections (i.e. a mix of residential and some commercial waste, but doesn't include waste sent directly to landfill). This compares with 40,220 t CO₂e in the previous financial year which represents a 4% decrease in emissions. During the reporting period Council has supported and enabled a number of waste reduction/circular economy initiatives.</p>
Percentage of Materials Recovery Facility recycling contaminated	New measure Baseline 28%	<20%	15.94%	On average, the total contamination per month for the 2021-2022 year was 15.94%. This is better than the target of 20% and is attributable to processing changes made that continue to achieve lower levels of contamination than previously.
Total waste diverted from landfill	7,736t	>7,800t	7,237t	On average 603 tonnes of waste was diverted from landfill per month for the 2021-2022 year. This does not achieve the target of 650 tonnes per month and 7,800 tonnes per year; it is also below what was achieved last year (616 tonnes). Closure of the facility during Alert Levels 3 and 4 early in the financial year impacted diversion opportunities. In addition, reduced volumes were processed due to the impacts of COVID-19 on waste being generated in the district.
Total waste sent to landfill	43,700t	<42,000t	40,448t	On average, the total waste to landfill per month for the year 2021-2022 was 3,371 tonnes. This is better than the target of 3,500 tonnes per month and 42,000 tonnes per year; it is also lower than the average of 3,457 tonnes last year. This is largely attributable to the impacts of COVID-19 with less waste being generated in the district.

Economy





About economy

What we deliver

The Economic Development Unit works on strategic projects to create a more diverse, sustainable economy, and collaborates with other organisations to support businesses. The unit has also been part of a wider recovery team which has worked to support the economy and community from the impacts of COVID-19.

Economic Diversification

The development of an Economic Diversification Strategy is a priority initiative in Council's Spatial Plan. The district's dependence on the visitor economy has created a vulnerability in the economy for businesses, individuals and the community and was devastating to the economy during COVID-19. Economic diversification is a long-term journey for the district.

Destination management

Council has taken part in the development of a Destination Management Plan, which is being led by industry stakeholders. This collaborative effort will take into account the needs of all of the district's people, employees, businesses, the climate and environment. Its focus will be on achieving regenerative tourism by 2030 – the right solution, in the right place, for the right people at the right time – for the benefit of the environment and our communities. The Destination Management Plan is an output of both the Spatial Plan and Climate and Biodiversity Plan.

Film and Events

Council's film office, Film Queenstown Lakes, facilitates the relationship between the screen sector, government, community and others impacted or benefited by its activity. Council supports Film Otago Southland as well.

QLDC has an in-house events office that helps event organisers navigate the range of parties they need to work with to hold a successful event. There is also an events fund to help support events that promote economic, cultural, social and environmental wellbeing in the district.

Progress against the Ten Year Plan 2021-2031

- > Lakeview is a comprehensive programme of QLDC projects and private sector developments to establish an industry-leading, mixed-use precinct. A development agreement has been finalised and plans are underway for a first stage residential apartment development. QLDC has commenced the infrastructure works required to service the subdivision.
- > Council has partnered with Destination Queenstown and Lake Wānaka Tourism to develop the district's first Destination Management Plan, based on sustainable development principles. The communities of the district and their aspirations are at the centre of this work, which has involved a significant programme of community codesign and industry engagement. The plan is scheduled for adoption by the Grow Well Whaiora Governance Group and Council by the end of 2022.
- > An Economic Diversification Advisory Board was established in 2021 to begin work on the Economic Diversification Plan. This work will continue into 2022-2023 where a strategy and action plan will be developed and adopted. This work has been split into three stages, with the framework stage started within 2021-2022.

- Support for existing diversification initiatives is ongoing (e.g. Startup Queenstown Lakes, Research and Innovation Queenstown, Kanoa diversification fund, Whakatipu Hangarau Trust).
- Continued to deliver the range of COVID-19 response initiatives providing direct business and community support. In March, QLDC was appointed one of four lead agencies in the South Island to administer a \$49M kick start fund on behalf of Government. A grant valued between \$10k and \$50k was made available to eligible businesses who were ready to scale up operations or come out of hibernation in preparation for the return of international visitors.
- Leadership support (Te Kakau) has concluded with very positive feedback. Council also acted as the lead agency for the Tourism Communities funding which has distributed over 1800 grants.
- A Memorandum of Understanding is in place to support an employment hub to be run by the Chamber of Commerce. Regular labour market overviews are being done to highlight key issues. QLDC has also supported the Regional Skills Leadership Group which finalised a regional report in June 2022.
- In partnership with Great Southern Television, Film Queenstown Lakes (Council's in-house film office) announced the Tāhuna Writers Residency looking to bring a selection of screenwriters from across New Zealand to the Queenstown Lakes to create television project ideas either inspired by the district or set within it. From 150 applicants, five successful writers participated in the residency in Queenstown from 21 March until 14 April.

HOW MUCH IT COST

Breakdown of service cost

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$135,970,000 (excluding depreciation)

Economy expenditure of \$12,763,000

9%

Economy	2021 LTP \$000	2022 LTP \$000	2022 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	220	23	23
Targeted rates	6,607	9,083	5,074
Subsidies & grants for operating expenditure	83	159	72
Fees & charges	1,961	2,243	1,886
Interest and dividends from investments	-	-	-
Fuel tax, fines, infringement fees & other receipts	483	617	838
Total sources of operating funding	9,354	12,125	7,893
Applications of operating funding			
Payments to staff and suppliers	7,732	10,606	10,032
Finance costs	372	425	573
Internal charges applied	1,231	1,900	2,158
Other operating funding applications	-	-	-
Total applications of operating funding	9,335	12,931	12,763
Surplus/(deficit) of operating funding	19	(806)	(4,870)
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(2,956)	2,866	2,460
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(2,956)	2,866	2,460
Applications of capital funding			
Capital expenditure			
– to meet additional demand	-	1,455	502
– to replace existing assets	50	63	98
– to improve the level of service	13	1,352	1,318
Increase/(decrease) in reserves	(3,000)	(810)	(4,327)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	(2,937)	2,060	(2,410)
Surplus/(deficit) of capital funding	(19)	806	4,870
Funding balance	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
Lower payments to staff and suppliers mainly due to \$0.3M less climate action spend due to timing, \$0.2M less sponsorship for event funding due to cancellations from COVID-19, and \$0.2M less programme initiative spend.	Not applicable	Not applicable

Summary of internal borrowings				
Activity	30 June 2022 Internal loan balance \$000	Total funds repaid in the year \$000	Total funds borrowed during the year \$000	Interest paid in the year \$000
Economy	24,156	0	3,039	578



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 1	Annual Result 2021-2022	Commentary
Percentage of residents who have attended or performed in arts and cultural events or groups	55%	>70%	51%	51% of respondents indicated that they had participated in cultural events within the district in 2021. This is below the target of 70%, but an increase from 40% the previous year.
Satisfaction with the Economic Development programme and support given to community	New measure	Establish baseline	87%	This benchmark is created from consolidation from recipients and collaborators of economic development projects including Startup Queenstown Lakes (SQL) course participants, and events and other grant recipients then averaged across all projects in which satisfaction data is collected. Startup QL YTD 95% of respondents have agreed that they have improved their entrepreneurial mindset + increased confidence through the incubator programme. Lift off programme has an average post-course recommending rating by attendees of 90.05% Te Kakau 76% gave an answer of 5/5 in response to the question 'How valuable did you find hui#2 on November 5th?'
Return on cost of commercial property, excluding revaluation gains/losses	96.70%	Maintain/improve	26.13%	Reduction on prior year as last year Council made a gain on sale of Lakeview Development property. There was also a reduction in Lakeview camp ground commercial licence fees as a result of the development.

Local Democracy





About local democracy

GOVERNANCE AND CORPORATE SERVICES

Governance and Corporate Services support elected members (Council, its Committees, subcommittees and the Wānaka Community Board) in their leadership role, enabling them to make informed decisions and monitor the delivery of services. The activity enables community participation in strategic agenda setting.

The Local Government Act 2002 creates a model of participative democracy to enable decision making for the benefit and wellbeing of the community. Elected members lead the decision-making process for the community. Decisions are made taking into consideration the views of the community, as one of many factors, but the elected members are accountable for those decisions.

Council staff plan and prepare the agendas for these meetings, ensure the meetings follow the approved procedures (standing orders) and minute the record of each meeting. Agenda and minutes are available to the community through the Council website and all meetings are open to the community [footnote: Note, some meetings, in whole or part, are conducting with the public excluded where there are grounds to do so under the Local Government Official Information and Meetings Act 1987, s.48.] and provide for a period of public forum where Councillors can be directly addressed.

Governance and Corporate Services are responsible for:

- > Developing strategic priorities for the activities that Council will deliver.
- > Developing and approving the long-term strategic and financial plan for the Council (the Ten Year Plan).
- > Monitoring Council's performance in the achievement of the plans.
- > Communicating priorities, plans and achievements to the community.

- > Ensuring Council's obligations and responsibilities under more than sixty different laws and a large number of regulations are met on a continuing basis. Staff are responsible for advising the Council on pending and actual changes to legislation.
- > Providing access to public information the Council holds, within the restrictions of the Privacy Act 2020 and complying with the Local Government Official Information and Meetings Act 1987.

Representation Arrangements

Councils are required by the Local Electoral Act 2001 to review their representation arrangements at least once every six years but may do so every three years. In 2021 Council undertook a Representation Review. As part of this review new ward names and boundaries were adopted. The new ward names are:

- > Queenstown-Whakatipu
- > Arrowtown-Kawarau
- > Wānaka-Upper Clutha

The Arrowtown-Kawarau ward has expanded boundaries as compared to the previous Arrowtown ward, to reflect the growth in this area of the district. The Wānaka-Upper Clutha Community Board has one more member than previously. These changes reflect the changing population and geographic spread throughout the district and will take effect from the local election in October 2022.

Committees

The Mayor may attend and vote at any meeting of Council or its committees, and Councillors may attend (but not vote at) any committee meeting of which they are not a member. The exception to this is the District Licensing Committee which has powers of a commission of enquiry under the Sale and Supply of Alcohol Act 2012.

The membership of these committees is:

AUDIT, FINANCE AND RISK COMMITTEE | TE KOMITI AHUMONI I TŪRARAU

Stuart McLauchlan (Chair)
(Independent)
Councillor Heath Copland (Deputy)
Councillor Glyn Lewers
Councillor Niamh Shaw
Bill Moran (Independent)
Roger Wilson (Independent)

PLANNING AND STRATEGY COMMITTEE | TE KOMITI WHAKARITE RAUTAKI MAHERE

Councillor Penny Clark (Chair)
Deputy Mayor Calum MacLeod (Deputy)
Councillor Glyn Lewers
Councillor Valerie Miller
Councillor Niamh Shaw
Councillor Quentin Smith
Councillor Esther Whitehead

INFRASTRUCTURE COMMITTEE | TE KOMITI HAKAKA

Councillor Quentin Smith (Chair)
Councillor Heath Copland (Deputy)
Councillor Penny Clark
Councillor Craig (Ferg) Ferguson
Councillor Niki Gladding
Councillor Glyn Lewers

COMMUNITY AND SERVICES COMMITTEE | TE KOMITI HAPORI

Councillor Craig Ferguson (Chair)
Councillor Valerie Miller (Deputy)
Councillor Heath Copland
Councillor Niki Gladding
Councillor Niamh Shaw
Councillor Esther Whitehead

APPEALS SUBCOMMITTEE

The Chairperson of the Planning and Strategy Committee and any two other members of that Committee.

DISTRICT LICENSING COMMITTEE

Bill Unwin (Chair)
John Mann
Lyal Cocks
Michael MacAvoy
Bob McNeil
Neil Gillespie

CHIEF EXECUTIVE PERFORMANCE REVIEW SUBCOMMITTEE

Mayor Jim Boulton ONZM
Deputy Mayor Calum MacLeod
Councillor Penny Clarke

Community engagement

This activity aims to empower the communities of the Queenstown Lakes District to participate meaningfully in shaping the district's services, facilities, and policies. This includes encouraging people to participate in democracy by being involved in making decisions about the community where they live.

Community leadership

This activity supports elected members (Council, Committees and Wānaka Community Board) in their leadership role, to make informed decisions and monitor the delivery of services.

The focus of Council's contribution to the wider public interest will be to provide the activities of local democracy, and promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future.

Local elections

Council used the First Past the Post (FPTP) electoral system for the 2019 triennial election. Electors vote by indicating their preferred candidate(s), and the candidate(s) that receives the most votes is declared the winner regardless of the proportion of votes that candidate(s) obtained.

The Queenstown Lakes District consists of three wards: Queenstown-Whakatipu, Arrowtown and Wānaka. The Mayor is elected at large throughout the district.

For the 2019 triennial election, six Councillors were elected from the Queenstown-Whakatipu ward, one from the Arrowtown ward and three from the Wānaka ward. The changes that will take place from the October 2022 elections are discussed above under the heading, “Representation Arrangements”.

Elections for the Queenstown Lakes District Council (Mayor and Councillors and Wānaka Community Board), Otago Regional Council and Central Otago Health (Wānaka ward) are held every three years on the second Saturday in October. The next election will occur on the 8 October 2022.

Emergency Management

Council has broad responsibilities under the Civil Defence Emergency Management (CDEM) Act 2002 and the Civil Defence Emergency Management Amendment Act 2016 to:

- > ensure that Council is able to function to the fullest possible extent, even though this may be at a reduced level, during and after an emergency

- > plan and provide for local civil defence emergency management across the areas of reduction, readiness, response, and recovery

- > promote and encourage cooperation, coordination, and joint action across regional CDEM groups

- > Identification, assessment, management and communication of hazards and risks across the district

- > promote and support the development of local emergency management capability and capacity across a wide range of agencies, emergency services, lifeline utilities and local organisations

- > support the development of community resilience to ensure communities can proactively plan for, effectively respond to and regeneratively recover from emergency events

- > integrate local CDEM planning and activity with national and regional level plans and strategies.

Council is a member of the Otago CDEM Group, which is coordinated by Emergency Management Otago. Emergency Management Otago employs Emergency Management Officers who are responsible for a programme of work that is aimed at reducing risk, improving community resilience and ensuring that an effective local and regional coordinated response can be launched in the event of an emergency. Council Officers support this programme through volunteering their time to support the Council’s Emergency Operations Centre and through delivering a broad range of Council activities relating to risk management, land-use planning, planning and building consenting, regulatory management, infrastructure planning, contractor operations management, climate adaptation planning, insurance management, economic development and community resilience development.

In the event of a major incident, the QLDC Emergency Operations Centre is activated to lead a coordinated, inter-agency response in collaboration with Emergency Services and partner agencies.

For major emergency events this may involve a Declaration of a Local State of Emergency which provides access to a range of emergency powers to help manage a largescale response and satisfy the objectives outlined in the CDEM Act 2002, National Disaster Resilience Strategy (2019), National CDEM Plan (2015), and Otago CDEM Group Plan.

Progress against the Ten Year Plan 2021-2031

- > Council committed to identifying under-represented /under-supported communities and to develop a plan to improve inclusive engagement processes for people who cannot engage via usual channels, due to literacy challenges, language barriers and/or disability. The engagement and communications team undertook a research and planning project throughout the last year focusing on accessibility needs, young families, younger residents, and migrant communities. These communities were identified from a combination of existing data sources (e.g. demographic information in online engagement activities) and informal qualitative feedback.

A plan for implementation has been put in place which includes updates to the website (e.g. embedding text to speech capability), multilanguage resources, interpretation services, amendments to planning templates to target channels based on subject matter and target audience.

- > Working within IAP2 (International Association for Public Participation) principles and using a wide range of creative tools IAP2 principles remain the guiding standard for planning communications and engagement activities. Planning templates are being updated as part of the Diversity in Engagement project to better enable this. Opportunities to employ a wider range of IAP2 has been limited due to COVID-19 restrictions.
- > Increasing the use of te reo in documentation, signage, public building names and open spaces (southern Kāi Tahu dialect) continues to be a focus, in line with QLDC's Māori Language Policy 2020. Te reo continues to be embedded across key documents such as the Climate and Biodiversity Plan, the website and other communications messaging.

It is also now embedded within Council guidance documents for venues branding which sees te reo included as venues are built or signage upgraded (e.g. bilingual signage has been designed for Whare Mahana Luggate Memorial Centre and wayfinding signage for the Queenstown CBD upgrades).

Emergency Management

- > Integration of emergency management response planning into key risk reduction projects, including Mt Iron (wildfire), Glenorchy (flooding and liquefaction) and Gorge Road (debris flow). These projects involve multiagency planning with Otago Regional Council, Emergency Management Otago and Emergency Services to help reduce risk, improve community readiness and ensure an effective response activation.
- > Provided support and information to Public Health South and the Southern District Health Board to assist with their ongoing COVID-19 response. Specific focus was to ensure sufficient capacity for self-isolation of holidaymakers throughout the 2021-2022 summer period.

- > Ongoing development of an evidence-based hazards approach to emergency management planning in collaboration with GNS Science, AF8 (Alpine Fault 8) project, SCION (Rural Fire Research), FENZ (Fire and Emergency NZ) and other agencies.
- > Development of a new Community Emergency Hub model for the district, including new guidance documents and resource kits. The objective of a Community Emergency Hub is to provide a place for community-led coordination of support for their local area during and after an emergency event.
- > Successful promotional campaign to encourage people to volunteer to join their local Community Response Group.
- > Purchase of \$61,000 of VHF radio equipment for local community response groups in partnership with Central Lakes Trust and Central Otago District Council.
- > Purchase of new "starlink" mobile satellite communications equipment to ensure that both Queenstown Emergency Operations Centre and Wānaka

Incident Control Centre have communications redundancy (multiple back-up communication methods) if there is a major disruption to the district's telecommunications.

- > Further development of the D4H incident management software to create a regional platform for sharing information and coordinating response across all Otago districts.
- > Continued development of Emergency Operations Centre capacity and capability through a work programme of staff training, new staff induction and professional development.
- > Continued development of multi-agency sector groups across the district to help drive improved coordination and response planning across tourism operators, emergency services, lifeline utilities, health and social services sectors.
- > Continued promotion of the "Otago Gets Ready" platform which is an online community registration system that can be used to send out alerts to all registered users to help coordinate the response to an emergency event.

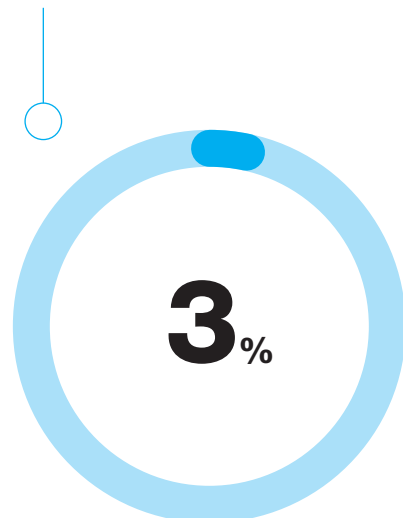
HOW MUCH IT COST

Breakdown of service cost

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$135,970,000 (excluding depreciation)

Local Democracy expenditure of \$4,659,000



Local Democracy	2021 LTP \$000	2022 LTP \$000	2022 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	460	1,106	1,114
Targeted rates	5,346	4,287	7,647
Subsidies & grants for operating expenditure	-	-	-
Fees & charges	27	25	10
Interest and dividends from investments	6,101	-	-
Fuel tax, fines, infringement fees & other receipts	-	-	244
Total sources of operating funding	11,934	5,418	9,015
Applications of operating funding			
Payments to staff and suppliers	2,500	2,828	2,969
Finance costs	-	-	-
Internal charges applied	3,423	1,947	1,690
Other operating funding applications	-	-	-
Total applications of operating funding	5,923	4,775	4,659
Surplus/(deficit) of operating funding	6,011	643	4,356
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	34,295
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	34,295
Applications of capital funding			
Capital expenditure			
– to meet additional demand	-	-	-
– to replace existing assets	-	-	-
– to improve the level of service	-	-	28
Increase/(decrease) in reserves	6,011	643	38,623
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	6,011	643	38,651
Surplus/(deficit) of capital funding	(6,011)	(643)	(4,356)
Funding balance	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
No dividend income received from QAC as budgeted within the Ten Year Plan.	Not applicable	Not applicable

Summary of internal borrowings				
Activity	30 June 2022 Internal loan balance \$000	Total funds repaid in the year \$000	Total funds borrowed during the year \$000	Interest paid in the year \$000
Local Democracy	Nil	Nil	Nil	Nil



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 1	Annual Result 2021-2022	Commentary
Percentage of residents who are satisfied with the information they receive from Council	49%	>80%	41%	41% of residents were satisfied with the information they received from Council, slightly down from last year and below the target of 80%. 4% didn't know, 34% were neutral and 21% were dissatisfied with the information they received. Responses from some residents indicated a sense of dissatisfaction with specific actions taken from Council, and other responses suggested that residents felt that there could be an increase in communication and openness from Council.
Percentage of residents who are satisfied with the opportunities to have to their say	48%	>80%	37%	37% of respondents were satisfied with the opportunities to have their say. Given that 8% didn't know and 30% were neutral, this KPI will be difficult to achieve.
Percentage of residents who are satisfied with overall Council performance	37%	>80%	25%	This was down from 34% in 2021 and below the target of 80%. There is a lot of activity occurring in this space as Council is well aware of this KPI and is actively focusing on it.
Percentage of Local Government Official Information and Meetings Act 1987 requests responded to within 20 days	99.8%	100%	98%	There were 200 Local Government Official Information and Meetings Act 1987 requests for the 2021-2022 year, of which 2 were not responded to within 20 days. Whilst the majority of requests have received a decision within the statutory 20 working days, those that have not met the deadline required extensive review of materials, in particular those that are subject to legal privilege or required consultation with a third party.
Mana Whenua satisfaction with QLDC as per the agreed work programme (Aukaha and Te Ao Marama representatives)	updated measure	>80%	NA	Regular hui being held with high participation rates. Mana whenua actively participate in a number of council work programmes and initiatives. Without an appropriate measure currently available, Council intends to work with iwi on developing a measure that will strengthen our relationship and reflect the mana and aspirations of our iwi partners before the next Annual Report period.
Percentage of residents who consider themselves resilient and prepared in the event of an emergency	48%	>80%	48%	48% of respondents stated they would be prepared for an emergency, below the target of 80%. While 39% indicated they would not be prepared. A further 13% of respondents said they were unsure whether they would be prepared. There has been a significant programme around engaging with our communities on how to grow resilience, including the Get Ready initiative.

KPIs	Baseline Performance at 30 June 2020	Target Yr 1	Annual Result 2021-2022	Commentary
Percentage of QLDC staff (that are part of the emergency response structure) who have participated in a response or training throughout the year	Updated measure	100%	58.50%	<p>Currently there are 99 staff on the books for the Emergency Operations Centre. There are also some externals and some from the Otago Regional Council, that are not included in these reporting figures.</p> <p>Training conducted between 1/07/21 and 30/06/22</p> <p>CDEM ITF (Introductory training) 5 x sessions at 4 hours each, 28 pax</p> <p>CIMS 4 2 x 2 day sessions, 30 pax</p> <p>D4H (Intros and Refreshers) 9 sessions at 2-3 hours each session, 48 pax</p> <p>D4H EX 1 hr per person, 16 pax</p> <p>Welfare function Ex 3 hour session, 11 pax</p> <p>Needs Assessment training 5 x 2 hours sessions, 15 pax</p> <ul style="list-style-type: none"> > Note some people have attended more than one session or training so numbers not reflective of individuals but people that attended training sessions. > Due to lockdowns and COVID-19 restrictions some training has been cancelled or not run. <p>61 Individuals from QLDC received training sessions. 61.6%</p> <p>3 of those have since left</p> <p>So of the 99 currently 58 received training so 58.5%</p>

Finance and Support Services





About finance and support services

What we deliver

Finance

The Finance team within QLDC:

- > provides financial expertise, knowledge and tools required by QLDC's managers to make informed decisions
- > provides finance services to other QLDC teams and activities
- > ensures the finance function is structured in a way that provides flexibility to meet future demands and pressures
- > ensures QLDC continues to appropriately manage its financial risk and fulfil its regulatory and statutory obligations
- > ensures QLDC maintains a consistent culture of financial literacy and fiscal responsibility.

People and Capability

The role of the People and Capability function is to ensure that QLDC has the right people, with the right skills and attitude, in the right place, at the right time in order to deliver on organisational objectives.

Key areas include:

- > workforce strategy and organisation design
- > recruitment – localised attraction, retention and career growth
- > organisational culture and employee engagement
- > learning, skills and capability development – organisational performance

- > organisation and leadership development
- > employment relations
- > systems, policies and processes
- > health, safety and well-being.

Knowledge Management

The Knowledge Management team manages our Enterprise System enhancements and application support, the Information and Communication Technology (ICT) infrastructure, as well as providing geospatial, data and business analysis and Information Management services. Knowledge Management supports Council by managing technology risk, developing robust futureproof systems and delivering transformational technology projects to meet and keep pace with the evolving needs of its customers – residents, visitors, businesses, partners, central government and staff.

Customer Services

The Customer Services team:

- > provides the first point of contact for most of the community's interaction with QLDC
- > provides face to face contact in our Gorge Road, Shotover Street and Ardmore Street offices
- > are responsible for answering all phone enquiries and emails to the services@qldc.govt.nz inbox.

Policy and Performance

The Policy and Performance team is responsible for ensuring that QLDC meets all of its statutory planning obligations through the Ten Year Plan, Annual Plan and Annual Report processes. It is responsible for supporting the development and tracking of bylaws, policies and strategies in partnership with subject matter experts across the organisation (including the Spatial Plan).

Advocacy and external submissions are all developed and managed through this team, including the management of Council response and position to the central government reform programme. The team also acts as a central reference point for all data, statistics and intelligence relating to the district and its communities, through centralised data sources and the development of the Quality of Life Survey and a wellbeing dashboard.

Procurement

Procurement plays an important role in the delivery of QLDC outcomes with a wide variety of goods, services and works delivered by external parties.

Procurement activity is decentralised but operates under a pan-organisational Procurement Policy, Procurement Guidelines and growing set of tools and templates.

The organisation continues to mature in its understanding of procurement, both from the perspective of compliance and the public value generated by sound commercial and procurement thinking.

Progress against the Ten Year Plan 2021-2031

People and Capability

- > The workforce review has been completed and approved, to ensure sufficient resourcing capacity through the delivery of the changes. Implementation of strategic changes in the structure is on schedule for 5 September 2022. Additional resourcing is in place to facilitate this transition.
- > A strong cross functional focus on QLDC's learning and professional development is in place to grow capacity and capability across the organisation. This is being implemented from Level 1-3 and includes continued support for leadership development.

Knowledge Management

The following technology/digital initiatives have been completed or are underway:

- > Delivering a programme of work to migrate our Enterprise System (TechnologyOne) to the latest version of the software suite. Placing the customer at the centre of our digital service delivery by consolidating customer interactions across QLDC to deliver services via a single customer portal.
- > Implementing a sophisticated mobile inspection application to create significant business efficiencies.
- > Increasing network resilience by building redundancy into our networks and data-centres to ensure QLDC will continue to function during and after any natural disaster.
- > Committed to developing, implementing and managing an information security program that is aligned with the digital strategy.
- > Procuring an Internet of Things (IoT) platform for smart sensors to facilitate a Smart District focused on sustainability.
- > Implemented a change management process and software tool to manage risk associated with system changes.
- > Procured electronic planning (ePlan) software to support the management, versioning, delivery and usability of the QLDC District Plan.
- > Implementing technology to support self-service in libraries.
- > Delivering technology training for staff to improve productivity and collaboration.
- > Developed geospatial dashboards to support monitoring, reporting, and data analysis initiatives across the business.

Policy and Performance

- > Delivered monthly, quarterly and the annual report based upon the KPIs outlined within the Ten Year Plan.
- > Work is underway on the wellbeing dashboard for broad community access.
- > Significant work has been developed and delivered advocating for needs of the organisation in collaboration with community and experts such as the Climate Reference Group. This includes a wide range of issues in legislation or national strategies where the proposed change might influence the community or the Council.
- > The Council response to significant central government reform programme has been lead from this team. This includes interpreting and analysing issues surrounding the Future for Local Government Review, Three Waters Reform and the Resource management Reforms alongside a number of other processes such as the Health reforms. The Council has advocated on behalf of the organisation and the community to ensure that the challenges and opportunities facing our District are considered.
- > Systems and process work is underway to ensure that the Council's policies are up to date, consistent, regularly reviewed and stored in an accessible way. Similarly, a programme of work to ensure timely bylaw review is underway.

Procurement

- > The new Procurement Policy and Procurement Guide were adopted. With these core documents now in place, the organisation is well placed to continue its growing procurement capability and capacity.
- > A Procurement Projects group was setup to ensure that procurement technology development occurs consistently across the organisation.
- > An organisation-wide procurement strategy to ensure our investment in procurement is targeted to best meet our business needs is being developed.
- > The following initiatives have been completed or are underway:
 - online tools including those for procurement planning
 - expanded use of the contract register
 - a centralised procurement site for staff as a one-stop shop for procurement practice
 - staff training
 - management and governance reporting, including linking procurement activity with the finance system.

HOW MUCH IT COST

The cost of support services for the organisation is allocated out to each activity based on a relevant driver of cost. For example, the cost of Customer Services is apportioned by the number of enquiries received by activity.

How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 1	Annual Result 2021-2022	Commentary
Weighted average interest rate	3.47%	<6%	2.61%	Achieved as Official Cash Rate has been historically low since July with an increase in the last quarter.
Debt servicing to rates revenue	4.5%	<15%	6.10%	Achieved as lower than budgeted borrowing costs due to timing of capital expenditure spend.
Percentage of debt owing 90 days plus	14.9%	<30%	7.43%	The target has been achieved due to increased efforts regarding debt collection (excludes rates).
Renewals capital expenditure to depreciation ratio	0.52	>1	1.03	Achieved – renewal spend on target.
Rates income complies with the limits set in the financial strategy (Affordability benchmark/rates benchmark)	56.1%	<55%	40%	Achieved as part of setting the long term plan in line with this KPI.
Debt complies with the limits set in the council's financial strategy (Affordability benchmark/rates benchmark)	79.7%	<280%	159%	Achieved as part of setting the long term plan in line with this KPI.
Rates per rating unit	\$3,006.94	<\$5,500	\$3,083	Achieved as the rates increase was set within the limits of this KPI.
Net debt per rating unit	\$4,274.96	<\$24,000	\$9,282	This remains achieved due to current level of borrowings.
Revenue (excluding income from development and financial contributions, revaluations and vested assets) exceeds operating expenditure (Sustainability benchmark/balanced budget benchmark)	89.2%	>100%	105.3%	Achieved as part of the balanced budget requirement in the Local Government Act 2002.
Capital expenditure on the five network infrastructure services equals or exceeds depreciation on those five services (Sustainability benchmark/balanced budget benchmark)	295%	>100%	436.5%	Due to an increase in capital expenditure during the 2021-2022 financial year from the infrastructure capital expenditure programme, the target was achieved.

KPIs	Baseline Performance at 30 June 2020	Target Yr 1	Annual Result 2021-2022	Commentary
Borrowing costs are less than 10% of operating revenue (or 15% for those with projected growth at or above NZ average) (Sustainability benchmark. Debt servicing benchmark)	2.2%	<15%	3.02%	The target has been achieved. Results are low due to lower than expected borrowing costs and the timing of some capital works.
Net cash flow from operations equals or exceeds budget (Predictability benchmark/operations control benchmark)	65.3%	>100%	47.3%	The target has not been met. This is due to lower receipts from customers due to COVID-19 impacts offset with a reduction in finance costs.
Net debt is less than or equal to forecast net debt in the local authority's long term plan (Predictability benchmark/Debt control benchmark)	58.1%	<100%	86.3%	The target has been achieved. This remains low due to lower than expected borrowing costs and the timing of some capital works.
Percentage of complaints that are resolved within 10 working days	81%	>95%	93.6%	There were 31 complaints made in the 2021-22 year, of which 2 were not resolved within 10 working days. As the number of complaints are low, any complaint not meeting the target has a large impact on the percentage result. As a result, the target was just missed for the year, however, it is within 5% of the target.
Percentage of customer calls that meet the service level (answered within 20 seconds)	78%	>80%	86%	QLDC received 44,277 calls over the 2021-22 year, 86% of which were answered within 20 seconds. This meets the target set.
Percentage of Councillor enquiries responded to within 5 working days	87%	100%	86%	There were 79 Councillor enquiries made in the 2021-22 year, of which 11 were not resolved within five working days due to information requirements from different departments across Council. These requests are often more complex than a standard RFS which adds to delays. As the number of enquiries are low each month, any enquiry not meeting the target has a large impact on the percentage result. As a result, the target was not met.

KPIs	Baseline Performance at 30 June 2020	Target Yr 1	Annual Result 2021-2022	Commentary
Customer satisfaction with:				Achieved
Speed of response and final resolution	58%	>65%	67%	
Clarity of process and timeframes	81%	>65%	81%	
Staff knowledge and professionalism	87%	>65%	92%	
Fairness and consistency	86%	>65%	88%	
Reduction in the Total Recordable Injury Frequency Rate	6.15	<9	2.74	Achieved
Percentage of residents who are satisfied with the steps Council is taking to:				
Reduce emissions	New measure	>80%	11%	11% of residents were satisfied with the steps Council is taking to reduce emissions, below the target of 80%. 26% were dissatisfied, 31% didn't know and 32% were neutral.
Protect the environment	60%	>80%	19%	19% were satisfied with the steps Council is taking to protect the environment, below the target of 80%. 31% were dissatisfied, 29% neutral, and a further 21% didn't know.

Queenstown Airport Corporation



Passenger Movements			
Year Ending 30 June 2022	Forecast 2022	Actual 2022	Variance 2022
Passengers (000's)			
Domestic	1200	1097	-103
International	494	38	-456
Total Passengers	1694	1135	-559

Income Statement			
Year Ending 30 June 2022	Forecast 2022 \$'000	Actual 2022 \$'000	Variance 2022 \$'000
Total Revenue	38,827	26,810	-12,017
EBITDA	24,257	13,986	-10,271
Net profit after tax	8,735	1,082	-7,653
EBITDA as % of Revenue	62%	52%	-10%
Dividends paid	0	0	0
Return on Capital Employed (EBIT to Net Operating Assets)	3.70%	0.90%	-2.8%

Funding and Financial Covenants			
Year Ending 30 June 2022	"Forecast 2022 \$'000"	"Actual 2022 \$'000"	"Variance 2022 \$'000"
Closing Debt	70,233	65,000	-5,233
EBITDA >2 times funding expense	10.8	5.7	-5.10
Shareholders Funds to Total Tangible Assets >50%	78.6%	81.7%	3.1%

ASSESSMENT OF ACTUAL VS FORECAST FINANCIAL PERFORMANCE

The financial results delivered for 2021-2022 continue to reflect a volatile operating environment. There was a 3% decrease in revenue to \$26.8 million from \$27.8 million in the previous year.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) decreased by 18% from \$17.1 million to \$14.0 million.

Total operating expenditure was \$12.8 million. Profit After Tax was down 34% to \$1.1 million from \$1.6 million in 2021-2022.

Capital expenditure in this period included investment in the Terminal Upgrade Programme (TUP), which will ensure the continued resilience of our existing terminal by upgrading the passenger security screening area meeting passenger screening regulatory requirements and enhancing customer experience, as well as improving seismic performance. This project was completed in the second half of 2021-2022.

As at 30 June 2022 term debt was \$65.0 million, down from \$82.0 million at 30 June 2021.

During the reporting period QAC received the payment of \$14.7 million owing from QLDC as a result of the voiding of the Wānaka Airport lease on 21 April 2021.

Funding Impact Statement – whole council (QLDC only)



Funding Impact Statement – Whole Council (QLDC only)

	2021 Annual Plan \$000	2021 Actual \$000	2022 Ten Year Plan \$000	2022 Actual \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	3,324	3,476	3,894	4,015
Targeted rates	86,275	85,209	92,875	91,741
Subsidies & grants for operating expenditure	6,396	9,273	5,920	13,253
Fees & charges	31,960	34,813	39,521	36,013
Interest and dividends from investments	-	745	-	231
Fuel tax, fines, infringement fees & other receipts	5,921	7,151	6,874	5,916
Total sources of operating funding	133,876	140,667	149,084	151,170
Applications of operating funding				
Payments to staff and suppliers	116,531	155,871	129,075	130,193
Finance costs	7,178	5,086	7,553	5,777
Other operating funding applications	-	-	-	-
Total applications of operating funding	123,709	160,957	136,628	135,970
Surplus/(deficit) of operating funding	10,167	(20,290)	12,456	15,200
Sources of capital funding				
Subsidies & grants for capital expenditure	22,745	20,762	68,050	40,059
Development and financial contributions	15,297	17,392	13,355	19,158
Increase/(decrease) in debt	128,910	31,726	167,545	104,935
Gross proceeds from sale of assets	7,080	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	174,032	69,880	248,950	164,152
Applications of capital funding				
Capital expenditure				
- to meet additional demand	69,602	32,191	117,433	56,050
- to replace existing assets	40,892	32,509	57,936	47,093
- to improve the level of service	73,704	31,349	71,880	57,250
Increase/(decrease) in reserves	1	(46,458)	14,157	18,959
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	184,199	49,590	261,406	179,352
Surplus/(deficit) of capital funding	(10,167)	20,290	(12,456)	(15,200)
Funding balance	-	-	-	-

Reconciliation of Funding Impact Statement to Statement of Financial Performance

	2021 Annual Plan \$000	2021 Actual \$000	2022 Ten Year Plan \$000	2022 Actual \$000
INCOME				
Statement of Comprehensive Revenue and Expense:				
Total operating income	190,468	220,792	252,430	247,495
Funding Impact Statement:				
Total sources of operating funding	133,876	140,667	149,084	151,170
<i>Plus sources of capital funding:</i>				
Subsidies & grants for capital expenditure	22,745	20,762	68,050	40,059
Development and financial contributions	15,297	17,392	13,355	19,158
Other dedicated capital funding	8,000	-	-	-
Less cost of property sales	(920)	-	-	-
<i>Plus non-cash items:</i>				
Vested assets	11,095	41,971	19,600	28,147
Other gains/(losses)	375	-	2,341	8,961
Total income	190,468	220,792	252,430	247,495
EXPENDITURE				
Statement of Comprehensive Income:				
Total operating expenditure	158,889	202,974	179,527	181,660
Funding Impact Statement:				
Total applications of operating funding	123,709	160,957	136,628	135,970
<i>Plus non-cash items:</i>				
Depreciation & amortisation expense	35,180	42,017	42,899	45,690
Total expenditure	158,889	202,974	179,527	181,660



Section 03: Financial statements

Wāhaka 3: Kā tauākī ahumoni



Statement of Financial Performance

	Notes	Council 2022 \$'000	Council Budget \$'000	Council 2021 \$'000	Group 2022 \$'000	Group 2021 \$'000
For the financial year ended 30 June 2022						
Operating revenue						
Revenue from non-exchange transactions						
Rates revenue	2 (a)	94,757	95,869	87,664	94,324	87,204
Other revenue	2 (a)	112,047	118,175	105,930	112,515	106,133
Revenue from exchange transactions						
Other revenue	2 (b)	31,730	36,045	27,198	57,606	54,536
Total revenue	2 (g)	238,534	250,089	220,792	264,445	247,873
Operating expenditure						
Employee benefits expense	2 (c)	37,421	39,756	34,639	43,840	39,724
Depreciation and amortisation expense	2 (d)	45,690	42,899	42,017	54,149	51,564
Borrowing costs	2 (e)	5,777	7,553	5,086	7,987	7,981
Other expenses	2 (f)	92,772	89,319	121,232	99,792	127,076
Total operating expenditure	2 (g)	181,660	179,527	202,974	205,768	226,345
Operating surplus before other gains/(losses)		56,874	70,562	17,818	58,677	21,528
Other gains/(losses)	2 (b)	8,961	2,341	(63)	8,980	(13)
Operating surplus before income tax		65,835	72,903	17,755	67,657	21,515
Income tax expense	3	-	-	-	741	2,119
Operating surplus for the year		65,835	72,903	17,755	66,916	19,396
Operating surplus attributable to:						
- Council	20	65,835	72,903	17,755	66,647	18,987
- Non-controlling interest	21	-	-	-	269	409
		65,835	72,903	17,755	66,916	19,396

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

Statement of Other Comprehensive Revenue and Expense

	Notes	Council 2022 \$'000	Council Budget \$'000	Council 2021 \$'000	Group 2022 \$'000	Group 2021 \$'000
For the financial year ended 30 June 2022						
Surplus for the year		65,835	72,903	17,755	66,916	19,396
Other comprehensive revenue and expense						
<i>May be reclassified subsequently to revenue or expense when specific conditions are met</i>						
Gain/(loss) on revaluation	19 (a)	343,373	31,501	45,160	404,710	79,755
Income tax relating to revaluation	19 (a)	-	-	-	(6,905)	(2,102)
Gain/(loss) on cash flow hedging	19 (d)	-	-	-	1,506	728
Realised gain/ (losses) transferred to the statement of financial performance	19 (d)	-	-	-	20	1
Income tax relating to cash flow hedging	19 (d)	-	-	-	(422)	(204)
Total comprehensive income		409,208	104,404	62,915	465,825	97,574
Attributable to:						
- Council		409,208	104,404	62,915	451,947	88,900
- Non-controlling interest		-	-	-	13,878	8,674
		409,208	104,404	62,915	465,825	97,574

Statement of Financial Position

		Council 2022 \$'000	Council Budget \$'000	Council 2021 \$'000	Group 2022 \$'000	Group 2021 \$'000
As at 30 June 2022	Notes					
Current assets						
Cash and cash equivalents	28	18,402	3,512	1,007	20,202	6,072
Trade and other receivables from non-exchange transactions	6	16,214	7,684	16,175	16,214	16,175
Trade and other receivables from exchange transactions	6	17,353	11,391	13,014	21,759	17,429
Inventories		46	53	44	46	44
Other financial assets	7	73	15	-	277	-
Other current assets	8	6,650	2,278	3,705	7,089	4,026
Asset held for Sale		-	-	-	-	-
Development property	9	-	-	-	-	-
Total current assets		58,738	24,933	33,945	65,587	43,746
Non-current assets						
Investment in subsidiaries	25	5,412	8,907	5,412	-	-
Other financial assets	7	7,158	-	3,628	7,856	3,628
Trade and other receivables from exchange transactions	6	-	-	-	1,186	1,036
Property, plant and equipment	10	2,576,089	2,178,820	2,093,383	3,038,745	2,492,133
Forestry assets	11	-	-	950	-	950
Intangible assets	12	4,101	-	4,989	6,225	8,523
Investment property	13	50,940	60,877	47,335	50,940	47,335
Development property	9	20,354	11,266	15,766	20,354	15,766
Total non-current assets		2,664,054	2,259,870	2,171,463	3,125,306	2,569,371
Total assets		2,722,792	2,284,802	2,205,408	3,190,893	2,613,117
Current liabilities						
Trade and other payables from exchange transactions	14	61,095	24,656	51,914	63,059	39,056
Borrowings	15	87,785	103,000	25,005	102,785	25,005
Other financial liabilities	16	-	36,525	1,382	-	1,388
Other current liabilities	17	8,509	-	47,534	8,509	47,534
Employee entitlements	18	3,316	-	2,840	4,440	3,538
Current tax payable	3 (c)	-	-	-	897	1,438
Total current liabilities		160,705	164,181	128,675	179,690	117,959

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

Statement of Financial Position continued

As at 30 June 2022	Notes	Council 2022 \$'000	Council Budget \$'000	Council 2021 \$'000	Group 2022 \$'000	Group 2021 \$'000
Non-current liabilities						
Borrowings	15	215,844	239,371	136,918	265,844	218,918
Other financial liabilities	16	-	-	2,780	-	3,377
Deferred tax liabilities	3 (d)	-	-	-	19,491	12,821
Total non-current liabilities		215,844	239,371	139,698	285,335	235,116
Total liabilities		376,549	403,552	268,373	465,025	353,075
Net assets		2,346,243	1,881,250	1,937,035	2,725,868	2,260,042
Equity						
Reserves	19	1,533,539	1,099,465	1,192,656	1,752,476	1,369,934
Accumulated funds	20	812,704	781,785	744,379	877,172	808,036
Total equity attributable to Council		2,346,243	1,881,250	1,937,035	2,629,648	2,177,970
Non-controlling interest	21	-	-	-	96,220	82,072
Total equity		2,346,243	1,881,250	1,937,035	2,725,868	2,260,042

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



Mayor
6 October 2022



Chief Executive
6 October 2022

Statement of Changes in Equity

		Revaluation Reserves	Operating Reserves	Capital Reserves	Hedging Reserve	Accumulated Funds	Attributable to Equity Holders of Parent	Non- Controlling Interest	TOTAL EQUITY
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Council									
For the year ended 30 June 2022									
Balance at 1 July 2021	19/20	1,141,708	30,987	19,961	-	744,379	1,937,035	-	1,937,035
Total comprehensive revenue and expense for the year	19/20	343,373	-	-	-	65,835	409,208	-	409,208
Transfers from/(to) accumulated funds	19/20	4,074	(3,086)	(3,478)	-	2,490	-	-	-
Disposals	19/20	-	-	-	-	-	-	-	-
Balance at 30 June 2022		1,489,155	27,901	16,483	-	812,704	2,346,243	-	2,346,243
For the year ended 30 June 2021									
Balance at 1 July 2020	19/20	1,095,290	28,615	22,818	-	727,397	1,874,120	-	1,874,120
Total comprehensive revenue and expense for the year	19/20	45,160	-	-	-	17,755	62,915	-	62,915
Transfers from/(to) accumulated funds	19/20	1,258	2,372	(2,857)	-	(773)	-	-	-
Disposals	19/20	-	-	-	-	-	-	-	-
Balance at 30 June 2021		1,141,708	30,987	19,961	-	744,379	1,937,035	-	1,937,035
Group									
		Revaluation Reserves	Operating Reserves	Capital Reserves	Hedging Reserve	Accumulated Funds	Attributable to Equity Holders of Parent	Non- Controlling Interest	TOTAL EQUITY
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
For the year ended 30 June 2022									
Balance at 1 July 2021	19/20	1,319,327	30,987	19,961	(341)	808,036	2,177,970	82,072	2,260,042
Total comprehensive revenue and expense for the year	19/20	384,203	-	-	828	66,647	451,678	14,148	465,826
Dividends paid	21	-	-	-	-	-	-	-	-
Transfers from/(to) accumulated funds	19/20	4,074	(3,086)	(3,478)	-	2,490	-	-	-
Disposals	19/20	-	-	-	-	-	-	-	-
Balance at 30 June 2022		1,707,605	27,901	16,483	487	877,172	2,629,648	96,220	2,725,868
For the year ended 30 June 2021									
Balance at 1 July 2020	19/20	1,248,644	28,615	22,818	(829)	789,822	2,089,070	73,398	2,162,468
Total comprehensive revenue and expense for the year	19/20	69,425	-	-	488	18,987	88,900	8,674	97,574
Dividends paid	21	-	-	-	-	-	-	-	-
Transfers from/(to) accumulated funds	19/20	1,258	2,372	(2,857)	-	(773)	-	-	-
Disposals	19/20	-	-	-	-	-	-	-	-
Balance at 30 June 2021		1,319,327	30,987	19,961	(341)	808,036	2,177,970	82,072	2,260,042

Statement of Cash Flows

For the financial year ended 30 June 2022	Notes	2022 \$'000	Budget \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash flows from operating activities						
Receipts from customers		202,816	230,489	173,076	229,539	197,617
Interest received		43	-	631	60	636
Payments to suppliers and employees		(162,911)	(143,231)	(120,759)	(175,528)	(130,050)
Finance costs paid		(4,451)	(7,553)	(4,616)	(6,634)	(7,445)
Income tax paid		-	-	-	(1,968)	(4,068)
Net GST (payment) /receipt		2,176	-	(1,089)	2,176	(1,089)
Net cash inflow/(outflow) from operating activities	28 (c)	37,672	79,705	47,243	47,644	55,601
Cash flows from investing activities						
Purchase of investments		(2,750)	-	(1,600)	(2,750)	(1,600)
Sale of investment property		1,110	-	420	1,110	420
Receipt of Wanaka Airport Settlement Proceeds		-	-	-	14,733	-
Purchase of property, plant and equipment		(158,588)	(247,249)	(93,467)	(169,395)	(114,848)
Purchase of investment property		-	-	-	-	-
Purchase of intangible assets		(1,755)	-	(1,462)	(1,916)	(1,560)
Proceeds from sale of property, plant and equipment		-	-	8	-	-
Net cash inflow/(outflow) from investing activities		(161,983)	(247,249)	(96,101)	(158,218)	(117,588)
Cash flows from financing activities						
Proceeds from borrowings		166,706	236,545	63,241	166,706	76,241
Repayment of borrowings		(25,000)	(69,000)	(20,000)	(42,000)	(20,000)
Dividends paid		-	-	-	-	-
Net cash inflow / (outflow) from financing activities		141,706	167,545	43,241	124,706	56,241
Net increase/(decrease) in cash and cash equivalents		17,395	1	(5,617)	14,130	(5,747)
Cash and cash equivalents at the beginning of the financial year		1,007	3,511	6,624	6,072	11,811
Cash and cash equivalents at the end of the financial year		18,402	3,512	1,007	20,202	6,064
Represented by:						
Cash and cash equivalents		18,402	3,512	1,007	20,202	6,072
Bank overdraft		-	-	-	-	-
		18,402	3,512	1,007	20,202	6,072

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

Notes to the financial statements



Statement of accounting policies

REPORTING ENTITY

The Queenstown Lakes District Council (the “Council” or “QLDC”) is a territorial local authority governed by the Local Government Act 2002.

The Council Group (“Group”) consists of the Council, its wholly owned subsidiaries Queenstown Events Centre Trust (“QEC” (dormant)) and the 75.01% owned Queenstown Airport Corporation Limited (“QAC”).

The Council has controlling interests in Queenstown Events Centre Trust (100% – dormant) and Queenstown Airport Corporation Limited (75.01%). Pursuant to the Local Government Act 2002, these controlled entities are council controlled organisations (“CCOs”).

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 (“PBEs”) for the purposes of complying with generally accepted accounting practice.

The financial statements of the Council and Group are for the year ended 30 June 2022. The financial statements were authorised for issue by Council on 6 October 2022.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the year. 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.

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 of the Council and Group comply with Public Benefit Entity (PBE) Standards.

The financial statements have been prepared in accordance with Tier 1 PBE Standards.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

Standards Issued and Effective for Current Year

Standards issued and effective for the current year which are relevant to the Council and Group are:

- > 2018 Omnibus Amendments to PBE Standards
- > PBE interest Rate Benchmark Reform Phase 2

The Council has assessed the effect of the new standards to be only minor in impact.

Standards Issued and not yet Effective and not Early Adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and Group are:

Financial Instruments

The XRB issued PBE IPSAS 41 Financial instruments in March 2019. This standard supersedes PBE IFRS 9 Financial instruments which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. The Council has not assessed the effect of the new standard.

Other Changes in Accounting Policies

There have been no other changes in accounting policies.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Council and Group and the revenue can be reliably measured, regardless of when the payment is being made.

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, taking into account contractually defined terms of payment, net of discounts and GST.

The specific recognition criteria described below must also be met before revenue is recognised.

(i) Revenue from Non-Exchange Transactions

General and Targeted Rates

General and targeted rates are set annually and invoiced within the year. The Council and Group recognise revenue from rates when the Council has set the rate and provided the rates assessment. Rates revenue is measured at the amount assessed, which is the fair value of the cash received or receivable.

User Charges and Other Income – Subsidised

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as community activities, liquor licencing, water connections, dog licencing, etc.), and where a shortfall is subsidised by income from other activities, such as rates. Generally, there are no conditions attached to such revenue.

Revenue from subsidised services is recognised when the Council issues the invoice for the service. Revenue is recognised at the amount of the invoice, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that the Council has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from the Council) if the service is not completed.

Grants and Subsidies

Government grants are received from Waka Kotahi/NZTA which subsidises part of the Council's costs in maintaining the local roading infrastructure. The subsidies represent revenue from non-exchange transactions and are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Other grants and subsidies are recognised upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

A deferred revenue liability is recognised instead of revenue to the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset.

Vested Assets

Certain infrastructural assets have been vested to the Council as part of the subdivision covenant process. Vested assets are recognised at fair value at the date of recognition with an equal amount recognised as revenue unless there are conditions attached to the asset in which case revenue is deferred until the conditions are met.

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.

(ii) Revenue from Exchange Transactions

User Charges and Other Income – Full Cost Recovery

Revenue from the rendering of services (such as resource consents, building consents, waste management, car parking etc.) is recognised by reference to the stage of completion of the service. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

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. Interest revenue is included in other revenue.

Dividend Revenue

Dividends are recognised when the entitlement to the dividends is established.

Property Sales

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 Group will receive the consideration due.

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.

Borrowing Costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Council and Group have chosen not to capitalise borrowing costs directly attributable to the acquisition, construction or production of assets.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the Statement of Financial Performance on a basis representative of the pattern of benefits to be derived from the leased asset.

(a) Council and/or Group as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

(b) Council and/or Group as Lessee

Assets held under finance leases are recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

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

(c) Lease Incentives

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

Taxation

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

Council activities are exempt from income tax. The subsidiary Queenstown Airport Corporation is subject to income tax as per below policy.

Tax currently payable is based on taxable profit for the period. Taxable profit differs from net surplus 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 surplus. 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 to other comprehensive income, in which case the deferred tax is recognised directly in other comprehensive income.

Goods and Services Tax

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 at bank 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 surplus or deficit 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 surplus or deficit', '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 Surplus or Deficit

Financial assets are classified as financial assets at fair value through surplus or deficit 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 do not hold any financial assets in this category.

Available-for-Sale Financial Assets

Equity investments held by the Council and Group classified as being available-for-sale are stated at fair value. Fair value is determined in the manner described later in this note. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, with the exception of impairment losses which are recognised directly in the Statement of Financial Performance. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is included in the Statement of Financial Performance for the period.

Dividends on available-for-sale equity instruments are recognised in the Statement of Financial Performance when the Council's and Group's right to receive payments is established.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Council or Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is expensed in the Statement of Financial Performance.

Loans, including loans to community organisations made by the Council at nil, or below market interest rates, are initially recognised at the present value of their expected future cash flows and discounted at the current market rate of return for a similar asset/ investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the Statement of Financial Performance as a grant.

Impairment of Financial Assets

Financial assets, other than those at fair value through surplus or deficit, 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 33 to the financial statements.

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. The resulting gain or loss is recognised in the Statement of Financial Performance immediately unless the derivative is designated and effective as a hedging instrument (in the case of Queenstown Airport Corporation Ltd (QAC)), in which event the nature and timing of the recognition in surplus or deficit depends on the nature of the hedging relationship. QAC designates certain derivatives as cash flow hedges. Council does not undertake hedge accounting in relation to its derivative financial instruments.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Fair Value Estimation

The fair value of financial instruments traded in active markets (such as listed equities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Council and Group is the current bid price; the appropriate quoted market price for financial liabilities is the current offer price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council and Group use a variety of methods and makes assumptions that are based on market conditions existing as at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term investment and debt instruments held.

Hedge Accounting

Queenstown Airport Corporation Ltd (QAC) designates certain hedging instruments, which may include derivatives, as cash flow hedges.

At the inception of the hedging relationship the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, QAC documents whether the hedging instrument that is used in a hedged relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 16 sets out details of the fair value of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in other comprehensive income.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges are recognised in other comprehensive revenue and expenses and accumulated as a separate component of equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in surplus or deficit.

Amounts recognised in the hedging reserve are reclassified from equity to surplus or deficit (as a reclassification adjustment) in the periods when the hedging item is recognised in the surplus or deficit, in the same line as the recognised hedged item.

However, when the forecast transaction that is hedged results in the recognition of a nonfinancial asset or a non-financial liability, the gains and losses previously recognised in the hedging reserve are reclassified from equity and included in the initial measurement of the cost of the asset or liability (as a reclassification adjustment).

Hedge accounting is discontinued when QAC revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss recognised in the hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in the hedging reserve is recognised immediately in the surplus or deficit.

Development Properties

Development properties 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.

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 Held for Sale

Properties intended for sale are measured at the lower of carrying amount and fair value less costs to sell. Properties are classified as intended for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Property, Plant and Equipment

The Council and Group have the following classes of property, plant and equipment:

Operational Assets

- > Council owned land, buildings and building improvements, plant and equipment, motor vehicles, furniture and office equipment, computer equipment and library books; and
- > Subsidiary owned buildings, building improvements, plant and equipment, motor vehicles, furniture, office equipment and computer equipment.

Campground Assets

- > Council owned land and buildings leased as campgrounds and listed as strategic assets in the Significance and Engagement policy.

Airport Assets

- > Land
- > Buildings
- > Runway
- > Roading and carparking

Infrastructure Assets

- > Infrastructural 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

(i) Cost

Operational assets (excluding Airport assets such as Queenstown Airport Corporation Ltd (QAC) land, buildings, roading, carparking and runways) and land under roads are recorded at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Where an asset is acquired for no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

(ii) Accounting for Revaluations

Infrastructural assets, other than land under roads, are stated at fair value less accumulated depreciation and any impairment losses recognised after the date of revaluation. Airport assets held or leased by QAC including land, buildings, roading, carparking and runways are also carried at fair value, as determined by an independent registered valuer, less accumulated depreciation and any impairment losses recognised after the date of any revaluation.

Infrastructure assets and airport assets acquired or constructed after the date of the latest revaluation are carried at cost, which approximates fair value. Revaluations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the balance sheet date.

The results of revaluing are credited or debited to an asset revaluation reserve via other comprehensive income for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed to the Statement of Financial Performance.

Any subsequent increase in revaluation that offsets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial Performance up to the amount previously expensed, and then credited to the revaluation reserve via other comprehensive income for that class of asset.

Campground Assets

Campground assets are classified as reserve land and held to earn rentals. Campground assets are stated at fair value using the income capitalisation approach.

Sewer, Stormwater, Water

Sewer, stormwater and water supply assets are stated at valuation which is optimised depreciated replacement cost value as at 30 June 2022 by WSP New Zealand Limited, independent valuers. The valuation has been undertaken using information at 30 June 2022 with additions subsequent to that date recorded at cost.

Roads, Bridges and Lighting

Roading assets are stated at valuation which is optimised depreciated replacement cost value as at 30 June 2022 by WSP New Zealand Limited, independent valuers. Additions subsequent to that date have been recorded at cost.

Airport Land, Buildings, Roading, Carparking and Runways

Airport Land, buildings, roading, car parking were independently valued by JLL, registered valuers, as at 30 June 2022. The runways, taxiways and aprons were independently valued by Beca Valuations Limited (Beca), registered valuers, as at 30 June 2021.

Beca Valuations Limited (Beca), registered valuers undertook a review of the value of the runways, taxiways and aprons values and concluded that that value had not moved materially from 30 June 2021.

Valuations are completed in accordance with financial reporting and valuation standards. Management reviews the key inputs, assesses valuation movements and holds discussions with the valuers as part of the process. Discussions about the valuation processes and results are held between the Company's management and the Board.

(iii) 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.

Airport assets, with the exception of land, are depreciated on a straight line and a diminishing value basis to write off the asset to its estimated residual value 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% -5%	SL
Building improvements	1.5% - 10%	SL
Plant and machinery	5.5% -25%	SL
Motor vehicles	20%	DV
Furniture and office equipment	10% -20%	SL
Computer equipment	10% -25%	SL
Library books	10%	SL

INFRASTRUCTURAL ASSETS	RATE (%)	METHOD
Sewerage	1.37% - 10%	SL
Water supply	1.42% - 10%	SL
Stormwater	1.55% - 10%	SL
Roading	1.3% - 10.0%	SL

AIRPORT ASSETS	RATE (%)	METHOD
Buildings	1.4% -50.0%	DV or SL
Runways, Taxiways and Aprons	1.0% -20.0%	SL
Plant and Equipment	1.0% -67.0%	DV

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

(iv) 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.

Emission Trading Scheme Accounting Policy

New Zealand Units (“NZUs”) allocated as a result of the Council’s participation in the Emissions Trading Scheme (“ETS”) are treated as a prepayment (when purchased in advance) and expensed during the year in the period to which they cover.

Liabilities for surrender of NZUs (or cash) are accrued at the time the forests are harvested, or removed in any other way, in accordance with the terms of the ETS legislation.

Liabilities are accounted for at settlement value, being the cost of any NZUs on hand to meet the obligation plus the fair value of any shortfall in NZUs to meet the obligation.

Investment Properties

Investment properties are held to earn rentals and/or for capital gains. Property held to meet service delivery objectives or held for strategic purposes is 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 investment properties are included in the Statement of Financial Performance in the period in which they arise.

Investment properties are derecognised upon disposal. 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. Any associated balance in the revaluation reserve is transferred to accumulated funds via equity.

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 – 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 Cash-Generating 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 its 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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Financial Performance immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease, via other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the Statement of Financial Performance immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase, via other comprehensive income.

Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Council and Group in respect of services provided by employees up to reporting date.

Provisions

Provisions are recognised when the Council and Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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 Cash Flows

Cash means cash balances on hand, held in bank accounts and demand deposits that the Council and Group invest in as part of 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 noncurrent 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 PBE IPSAS 35 Consolidated Financial Statements. A list of subsidiaries appears in note 25 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 surplus or deficit 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 and controlled entities are included in the Council entity at cost less any impairment losses.

Control is determined based on ownership interest.

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 33.

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 PBE FRS, 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 linked in an economically feasible manner to 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:

Three Waters Reform

In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that the District Council will no longer deliver three waters services or own the assets required to deliver these services. The bill is currently before Parliament and as such, the impacts of the proposed reforms are currently unclear. Additional legislation is expected later in 2022 that will provide detail on the transfer of assets and liabilities to the water service entities.

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, sewerage and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;

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

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

Provision for Legal Claims against Council

Council's liability in relation to claims relating to certain alleged weather-tightness building defects has not been established. For these claims it is not possible to determine the outcome at this stage. Where a loss provision can be determined the loss provision is based on the Council's best estimate of the current knowledge of claims against Council. Refer to note 17 for further information of claims provided for, and note 23 where a provision is not able to be determined.

Other Estimates and Assumptions

Estimating the Percentage of Completion on Consent Applications

The estimation of percentage of completion relies on management estimating future time and costs to complete consent applications. If the actual time and costs incurred to complete the consent applications differs from the estimates completed by management, the Group could be over or under estimating the revenue and surplus associated with the consent applications.

Valuation of Airport Assets held by QAC

A subsidiary company, Queenstown Airport Corporation, records airport land, airport buildings, airport roads and carparks and runways at fair value. Airport land, buildings, roads and carparks and runways acquired or constructed after the date of the last revaluation are carried at cost, which approximates fair value. Revaluations are carried out by independent valuers with sufficient regularity to ensure that the carrying amount does not differ from the fair value at balance date.

Judgment is required to determine certain inputs to the calculation of the fair value of airport land, buildings, roads and carparks and runways. In particular, income capitalisation rates for assets valued using this methodology and the cost inputs for assets valued using depreciated replacement cost methodology. The determination of fair value at the time of the revaluation requires estimates and assumptions based on market conditions at that time.

Changes to estimates, assumptions or market conditions subsequent to the revaluation would result in changes to the fair value of property, plant and equipment. The carrying value of property, plant and equipment at the last revaluation is disclosed in note 10 and the valuation methodologies used at the last revaluation are disclosed above.

Critical Judgements

Management has exercised the following critical judgements in applying the Council's and Group's accounting policies for the year ended 30 June 2022.

Valuation of Vested assets

Certain infrastructural assets have been vested to the Council as part of the subdivision covenant process. Vested assets are recognised at fair value at the date of recognition with an equal amount recognised as revenue unless there are conditions attached to the asset in which case revenue is deferred until the conditions are met.

Valuation of Campground Assets

Independent valuations are used to determine the fair value of campground assets. The valuations are determined using the income capitalisation approach based on long term leases.

The significant unobservable inputs are the capitalisation rates of 3.25% – 4.5%. The higher the capitalisation rates the lower the fair value. Significant changes in these inputs would result in significant changes to the fair value measurement.

Valuation of Infrastructure Assets

Independent valuations are used to determine the fair value of infrastructural assets. The most common and accepted methods for assessing the fair value of infrastructural assets for public benefit 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 unit 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 infrastructural assets carrying value may be impacted accordingly.

Valuation of Investment Property

Independent valuations are used to determine the fair value of investment property. The valuations are determined by reference to market based evidence, such as recent sales of properties in the district.

Classification of Leasehold Properties

Certain investment property held by Council has been approved for sale under restrictive terms and conditions. Council does not view the approval for sale 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, Council has 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 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.

2. Surplus from Operations

(a) Revenue from non-exchange transactions

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue from non-exchange transactions consisted of the following items:				
Rates revenue:				
General rates	3,016	2,455	3,012	2,450
Targeted rates	91,741	85,209	91,312	84,754
	94,757	87,664	94,324	87,204
Other revenue:				
User charges - subsidised	5,992	10,080	5,992	10,080
Development contributions	19,158	17,392	19,158	17,392
Grants and subsidies (i)	53,312	30,034	53,780	30,237
Vested assets	28,147	41,971	28,147	41,971
Other revenue	5,438	6,453	5,438	6,453
	112,047	105,930	112,515	106,133

(i) Increase from prior year due to the shovel-ready Government funding.

2. Surplus from Operations continued

(b) Revenue from exchange transactions

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue from exchange transactions consisted of the following items:				
Other revenue:				
User charges - full cost recovery	27,985	23,297	31,436	27,036
Landing dues	-	-	12,836	14,011
Operating lease rental revenue	2,035	1,437	11,624	10,926
Other revenue - full cost recovery	1,478	1,719	1,478	1,818
<i>Finance Income:</i>				
Bank deposits	228	744	228	744
Inland Revenue Department	4	1	4	1
	31,730	27,198	57,606	54,536
Other gains/(losses)				
Gain/(loss) on revaluation of investment property	4,715	1,776	4,715	1,776
Gain/(loss) on disposal of development property	-	1,344	-	1,344
Gain/(loss) on disposal of property, plant and equipment	51	(5,628)	51	(5,628)
Gain/(loss) in fair value of forestry assets	(950)	(517)	(950)	(517)
Gain/(loss) in fair value of derivative financial instruments classified at fair value through profit or loss	5,145	2,962	5,164	3,012
	8,961	(63)	8,980	(13)

2. Surplus from Operations continued

	Notes	Council		Group	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
(c) Employee benefits expense					
Salaries and wages		37,421	34,639	43,840	39,724
		37,421	34,639	43,840	39,724
(d) Depreciation and amortisation expense					
Depreciation of property, plant and equipment	10	43,047	39,548	51,175	48,770
Amortisation of intangible assets	12	2,643	2,469	2,974	2,794
		45,690	42,017	54,149	51,564
(e) Finance costs					
Interest on loans		5,777	5,086	7,987	7,981
		5,777	5,086	7,987	7,981
(f) Other expenses					
Increase/(decrease) in allowance for doubtful debts		21	284	21	284
Bad debts written off		102	166	102	166
Operating lease rental expenses:					
Minimum lease payments		2,151	1,936	2,151	1,936
Legal claims against Council		4,311	25,661	4,311	25,661
Operating expenses		86,187	93,185	93,207	99,029
		92,772	121,232	99,792	127,076

2. Surplus from Operations continued

	Council	
	2022	2021
For the financial year ended 30 June 2022	\$'000	\$'000
(g) Summary cost of services by group of activity (Council only)		
(i) Revenue*		
Local Democracy	254	955
Community	19,803	17,234
Economy	4,422	5,321
Environment	7,586	6,741
Roading and Parking	60,404	41,910
Water Supply	9,206	12,071
Stormwater	9,161	14,797
Wastewater	9,531	10,297
Regulatory	9,968	9,251
Waste Management	7,694	7,527
Other	5,748	7,024
Targeted rates	92,838	86,108
General rates	3,016	2,455
Internal rates	(1,097)	(899)
Total revenue	238,534	220,792
(ii) Expenditure*		
Local Democracy	4,677	7,112
Community	40,369	37,474
Economy	13,159	19,218
Environment	16,314	16,011
Roading and Parking	33,413	31,175
Water Supply	14,245	12,025
Stormwater	7,001	6,477
Wastewater	19,872	17,275
Regulatory	17,805	38,252
Waste Management	15,500	13,595
Other	402	5,259
Internal rates	(1,097)	(899)
Total operating expenditure	181,660	202,974

* Revenue and expenditure figures by activity include internal rates for Council owned properties

	Council	
	2022	2021
For the financial year ended 30 June 2022	\$'000	\$'000
(iii) Depreciation and amortisation expense		
Local Democracy	18	19
Community	5,503	5,042
Economy	7	8
Environment	-	-
Roading and Parking	18,577	17,211
Water Supply	6,010	5,317
Stormwater	5,260	4,676
Wastewater	7,964	7,464
Regulatory	90	66
Waste Management	293	216
Other	1,968	1,998
Total depreciation and amortisation expense	45,690	42,017

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 surplus or deficit

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Tax expense/(income) comprises:				
Current tax expense/(credit):				
Current year	-	-	1,403	2,134
Adjustments for prior years	-	-	-	-
	-	-	1,403	2,134
Deferred tax expense/(credit):				
Origination and reversal of temporary differences	-	-	(627)	66
Amortisation of tax component of derivatives	-	-	(8)	(49)
Adjustments for prior years	-	-	(27)	(32)
	-	-	(662)	(15)
Total tax expense/(income)	-	-	741	2,119
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	65,835	17,755	67,657	21,515
Income tax expense calculated at 28%	18,434	4,971	18,837	6,024
Non assessable income and expenses	(18,434)	(4,971)	(17,942)	(4,435)
Reversal of temporary difference	-	-	(146)	579
Amortisation of tax component of derivatives	-	-	(8)	(49)
Income tax expense/(credit)	-	-	741	2,119

The tax rate used in the above reconciliation is the corporate tax rate of 28% (2021: 28%) payable by New Zealand corporate entities on taxable profits under New Zealand law.

3. Income Taxes continued

(b) Income tax recognised directly in other comprehensive income

Deferred tax of (\$7,327,000) has been charged directly to other comprehensive income during the period, relating to the fair value movement in the interest rate swaps and foreign exchange forward contracts and property revaluations undertaken by QAC (2021: \$2,307,000).

(c) Current tax assets and liabilities

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current tax payable:				
Current tax payable	-	-	897	1,438

(d) Deferred tax balances comprise

Taxable and deductible temporary differences arising from the following:

	Opening balance \$'000	Charged to income \$'000	Group	
			Charged to other comprehensive income \$'000	Closing balance \$'000
2022				
Gross deferred tax asset/(liability):				
Property, plant and equipment	(11,999)	727	(6,905)	(18,177)
Intangible assets	(600)	17	-	(583)
Employee entitlements	116	30	-	146
Derivatives	169	-	(422)	(253)
Trade and other payables	-	35	-	35
Trade and other receivables	(507)	(152)	-	(659)
Gross deferred tax asset/(liability)	(12,821)	657	(7,327)	(19,491)

	Opening balance \$'000	Charged to income \$'000	Group	
			Charged to other comprehensive income \$'000	Closing balance \$'000
2021				
Gross deferred tax asset/(liability):				
Property, plant and equipment	(9,909)	-	(2,090)	(11,999)
Intangible assets	(387)	-	(213)	(600)
Employee entitlements	170	-	(54)	116
Derivatives	373	(204)	-	169
Trade and other payables	-	-	-	-
Trade and other receivables	(727)	170	50	(507)
Gross deferred tax asset/(liability)	(10,480)	(34)	(2,307)	(12,821)

3. Income taxes continued

(e) Imputation Credit Account Balances

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balance at beginning of year	589	589	24,004	22,296
Attached to dividends received	-	-	-	-
Taxation paid	-	-	1,968	1,708
Imputation credits on dividends paid	-	-	-	-
Refund of tax	-	-	-	-
Prior year adjustment	-	-	-	-
Balance at end of year	589	589	25,972	24,004
Imputation credits available directly and indirectly to Council through:				
Council	589	589	589	589
Subsidiaries	-	-	25,383	23,415
	589	589	25,972	24,004

4. Key Management Personnel Compensation

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<i>Councillors</i>				
Remuneration	627	636	627	636
Full-time equivalent members	15	15	15	15
<i>Senior Management Team, including Chief Executive</i>				
Remuneration	1,607	1,540	3,255	3,081
Full-time equivalent members	6	6	13	13
Directors' fees	-	-	253	273
	2,235	2,176	4,136	3,990

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

5. Remuneration of Auditors

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Audit fees for financial statement audit	209	205	282	270
Audit of long term plan	-	134	-	134
Audit fees for assurance and related services	8	7	35	34
	217	346	317	438

The auditor of Queenstown Lakes District Council and Queenstown Airport Corporation is Mike Hawken, for Deloitte Limited, on behalf of the Controller and Auditor-General.

6. Trade and Other Receivables

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
From non-exchange transactions				
Trade receivables (i)	7,456	3,895	7,456	3,895
Infringement receivables (i)	2,063	2,096	2,063	2,096
Rates receivables (i)	6,532	5,275	6,532	5,275
New Zealand Transport Agency	1,904	6,608	1,904	6,608
Other (i)	142	152	142	152
Allowance for doubtful debts (ii)	(1,883)	(1,851)	(1,883)	(1,851)
	16,214	16,175	16,214	16,175
From exchange transactions				
Trade receivables (i)	12,015	7,217	15,290	10,416
Other (i)	6,687	6,916	9,260	9,487
Allowance for doubtful debts (ii)	(1,349)	(1,119)	(1,605)	(1,438)
	17,353	13,014	22,945	18,465
	33,567	29,189	39,159	34,640

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

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

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

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade and other receivables (excluding rates)				
Current (0-30 days)	23,469	20,394	28,776	25,133
31-60 days *	1,425	1,477	1,649	1,790
61-90 days *	160	366	182	482
90 days + *	2,011	1,699	2,050	1,981
	27,065	23,935	32,657	29,386
Rates receivables				
Current (0-30 days)	2,276	1,924	2,276	1,924
31 days - 1 year *	2,726	2,064	2,726	2,064
1 year + *	1,500	1,266	1,500	1,266
	6,502	5,254	6,502	5,254
Total receivables	33,567	29,189	39,159	34,640

* Amounts are considered past due.

Disclosed in the financial statements as:

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current				
Exchange transactions	17,353	13,014	21,759	17,429
Non-exchange transactions	16,214	16,175	16,214	16,175
Non-current				
Exchange transactions	-	-	1,186	1,036
	33,567	29,189	39,159	34,640
(iii)				
Movement in the allowance for doubtful debts:				
Balance at beginning of year	(2,970)	(2,754)	(3,289)	(3,073)
Amounts written off during year	102	166	102	166
Amounts recovered during year	-	-	-	-
Additional allowance recognised in Statement of Financial Performance	(364)	(382)	(301)	(382)
Balance at end of year	(3,232)	(2,970)	(3,488)	(3,289)

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Group is exposed to credit risk arising from a small number of airlines in relation to outstanding landing fees. Regular monitoring of trade receivables is undertaken to ensure that the credit exposure remains within the Group's normal trading terms of trade.

For Council, the concentration of credit risk is limited due to the customer base being large and unrelated. The Council and Group believe no further credit provision is required in excess of the allowance for doubtful debts.

7. Other Financial Assets

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Other investments held	5,419	2,669	6,117	2,669
Advances to community organisations	959	959	959	959
Interest rate swaps (i)	853	-	853	-
	7,231	3,628	7,929	3,628
Represented by:				
Current	73	-	277	-
Non-current	7,158	3,628	7,856	3,628
	7,231	3,628	8,133	3,628

- (i) The Council holds four interest rate swap agreements, one for \$15M and three for \$10M, which are effective from 16 March 2015, 11 December 2018, 15 March 2019 and 17 May 2021 (2021: four interest rate swap agreements, one for \$15M and three for \$10M, which are effective from 16 March 2015, 11 December 2013, 11 December 2018 and 15 March 2019). The interest rate is fixed at 4.355%, 3.595%, 3.1875% and 2.584% respectively (2021: 4.355%, 3.595%, 3.1875% and 2.584% respectively).

8. Other Current Assets

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Prepayments	6,650	3,705	7,089	4,026
	6,650	3,705	7,089	4,026

9. Development Property

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Land	17,861	13,455	17,861	13,455
Work in progress	2,493	2,311	2,493	2,311
	20,354	15,766	20,354	15,766

The Council owned Lakeview site is being developed for future sale and lease arrangements following the decision to enter into a development agreement for the site. The development process is underway with further land parcels transferred from investment property to development property this financial year.

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Land				
Balance at beginning of year	13,455	11,266	13,455	11,266
Land Acquired	4,406	-	4,406	-
Reclassified from investment property	-	2,189	-	2,189
Balance at end of year	17,861	13,455	17,861	13,455

10. Property, Plant and Equipment

	Council 2022											
	Cost/ valuation	Additions	Disposals/ write offs	Transfers	Revaluations	Cost/ valuation	Accumulated depreciation and impairment charges	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Accumulated depreciation reversed on disposal	Accumulated depreciation and impairment charges	Carrying amount
	1-Jul-21					30-Jun-22	1-Jul-21				30-Jun-22	30-Jun-22
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Operational assets												
At cost												
Land ⁽ⁱ⁾	116,878	3,495	-	-	-	120,373	-	-	-	-	-	120,373
Buildings	98,380	5,729	-	-	-	104,109	(22,087)	-	(2,257)	-	(24,345)	79,764
Building improvements	63,129	9,362	-	-	-	72,491	(29,278)	-	(2,725)	-	(32,003)	40,488
Plant and machinery	14,798	2,871	-	-	-	17,669	(8,849)	-	(937)	-	(9,786)	7,883
Motor vehicles	232	46	-	-	-	278	(187)	-	(15)	-	(202)	77
Furniture and office equipment	8,428	290	-	-	-	8,718	(5,648)	-	(439)	-	(6,087)	2,631
Computer equipment	5,085	425	-	-	-	5,510	(4,026)	-	(375)	-	(4,401)	1,110
Library books	5,230	315	-	-	-	5,545	(4,232)	-	(116)	-	(4,348)	1,197
Total operational assets	312,160	22,533	-	-	-	334,693	(74,307)	-	(6,865)	-	(81,172)	253,521
Campground assets												
At fair value												
Land ^(vi)	29,400	-	-	-	4,600	34,000	-	-	-	-	-	34,000
Buildings ^(vi)	10,325	247	-	-	975	11,547	-	-	-	-	-	11,547
Total campground assets	39,725	247	-	-	5,575	45,547	-	-	-	-	-	45,547
Airport assets												
At fair value												
Land ⁽ⁱ⁾	5,250	-	-	-	-	5,250	-	-	-	-	-	5,250
Airport runway ⁽ⁱ⁾	6,685	-	-	-	-	6,685	-	-	-	-	-	6,685
Total airport assets	11,935	-	-	-	-	11,935	-	-	-	-	-	11,935
Infrastructural assets												
At fair value												
Water supply ⁽ⁱⁱ⁾	284,036	30,041	-	-	67,076	381,154	(198)	6,051	(5,932)	-	(79)	381,075
Sewerage ⁽ⁱⁱ⁾	395,122	32,889	-	-	87,806	515,817	(220)	7,180	(7,826)	-	(866)	514,951
Stormwater ⁽ⁱⁱ⁾	299,207	17,122	-	-	38,570	354,899	(181)	5,132	(5,045)	-	(94)	354,805
Roading ⁽ⁱⁱⁱ⁾	842,151	79,548	-	-	94,656	1,016,356	(16,047)	31,326	(17,380)	-	(2,100)	1,014,255
Total infrastructural assets	1,820,517	159,600	-	-	288,108	2,268,225	(16,646)	49,690	(36,182)	-	(3,139)	2,265,086
Total Council property, plant and equipment	2,184,337	182,380	-	-	293,683	2,660,401	(90,953)	49,690	(43,047)	-	(84,311)	2,576,089

(i), (ii), (iii), (vi) refer to explanatory notes on page 138.

10. Property, Plant and Equipment

	Group 2022											
	Cost/ valuation 1-Jul-21	Additions	Disposals/ write offs	Transfers	Revaluations	Cost/ valuation 30-Jun-22	Accumulated depreciation and impairment charges 1-Jul-21	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Accumulated depreciation reversed on disposal	Accumulated depreciation and impairment charges 30-Jun-22	Carrying amount 30-Jun-22
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Operational assets												
At cost												
Land ⁽ⁱ⁾	116,878	3,495	-	-	-	120,373	-	-	-	-	-	120,373
Buildings	98,380	5,729	-	-	-	104,109	(22,087)	-	(2,257)	-	(24,345)	79,764
Building improvements	63,129	9,362	-	-	-	72,491	(29,278)	-	(2,725)	-	(32,003)	40,488
Plant and machinery	60,824	2,871	-	-	-	63,695	(28,094)	-	(937)	-	(29,031)	34,664
Motor vehicles	232	46	-	-	-	278	(187)	-	(15)	-	(202)	77
Furniture and office equipment	8,428	290	-	-	-	8,718	(5,648)	-	(439)	-	(6,087)	2,631
Computer equipment	5,085	425	-	-	-	5,510	(4,026)	-	(375)	-	(4,401)	1,110
Library books	5,230	315	-	-	-	5,545	(4,232)	-	(116)	-	(4,348)	1,197
Total operational assets	358,186	22,533	-	-	-	380,719	(93,552)	-	(6,865)	-	(100,416)	280,303
Campground assets												
At fair value												
Land ^(vi)	29,400	-	-	-	4,600	34,000	-	-	-	-	-	34,000
Buildings ^(vi)	10,325	247	-	-	975	11,547	-	-	-	-	-	11,547
Total campground assets	39,725	-	-	-	5,575	45,547	-	-	-	-	-	45,547
Airport assets												
At fair value												
Land ^{(i), (iv)}	262,354	-	-	-	40,079	302,433	-	-	-	-	-	302,433
Land Improvements ^(iv)	125	-	-	-	248	373	(125)	-	(159)	-	(284)	89
Buildings ^{(iv), (v)}	77,733	9,385	-	-	17,320	104,438	(11,554)	-	(3,245)	-	(14,799)	89,639
Airport runways, Taxiways & Aprons ^{(i), (iv)}	65,029	1,344	-	-	-	66,373	(9,656)	-	(1,878)	-	(11,534)	54,839
Roading and carparking ^{(iv), (v)}	1,112	210	(243)	-	3,689	4,768	(1,112)	-	(2,846)	-	(3,958)	810
Total airport assets	406,353	10,939	(243)	-	61,336	478,385	(22,447)	-	(8,128)	-	-	447,810
Infrastructural assets												
At fair value												
Water supply ⁽ⁱⁱ⁾	284,036	30,041	-	-	67,076	381,154	(198)	6,051	(5,932)	-	(79)	381,075
Sewerage ⁽ⁱⁱ⁾	395,122	32,889	-	-	87,806	515,817	(220)	7,180	(7,826)	-	(866)	514,951
Stormwater ⁽ⁱⁱ⁾	299,207	17,122	-	-	38,570	354,899	(181)	5,132	(5,045)	-	(94)	354,805
Roading ⁽ⁱⁱ⁾	842,151	79,548	-	-	94,656	1,016,356	(16,047)	31,326	(17,380)	-	(2,100)	1,014,255
Total infrastructural assets	1,820,517	159,600	-	-	288,108	2,268,225	(16,646)	49,690	(36,182)	-	(3,139)	2,265,086
Total Council property, plant and equipment	2,624,780	193,072	(243)	-	355,019	3,172,876	(132,645)	49,690	(51,175)	-	(103,555)	3,038,745

(i), (ii), (iii), (vi) refer to explanatory notes on page 138.

10. Property, Plant and Equipment

	Council 2021												
	Cost/ valuation 1-Jul-20 \$'000s	Additions \$'000s	Disposals/ write offs \$'000s	Transfers \$'000s	Revaluations \$'000s	Cost/ valuation 30-Jun-21 \$'000s	Accumulated depreciation and impairment charges	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Accumulated depreciation reversed on disposal	Adjust Accumulated depreciation and impairment charges	Accumulated depreciation and impairment charges	Carrying amount
							1-Jul-20 \$'000s	30-Jun-21 \$'000s	1-Jul-20 \$'000s	30-Jun-21 \$'000s	1-Jul-20 \$'000s	30-Jun-21 \$'000s	30-Jun-21 \$'000s
Operational assets													
At cost													
Land ⁽ⁱ⁾	102,330	14,548	-	-	-	116,878	-	-	-	-	-	-	116,878
Buildings	97,421	959	-	-	-	98,380	(19,864)	-	(2,185)	-	(38)	(22,087)	76,293
Building improvements	51,747	11,453	-	(71)	-	63,129	(26,574)	-	(2,432)	-	(273)	(29,278)	33,851
Plant and machinery	12,940	1,859	-	-	-	14,798	(8,017)	-	(813)	-	(19)	(8,849)	5,949
Motor vehicles	289	3	(60)	-	-	232	(225)	-	(12)	51	(1)	(187)	45
Furniture and office equipment	7,633	794	-	-	-	8,428	(5,149)	-	(387)	-	(112)	(5,648)	2,780
Computer equipment	4,529	556	-	-	-	5,085	(3,727)	-	(299)	-	-	(4,026)	1,059
Library books	4,995	234	-	-	-	5,230	(4,148)	-	(84)	-	-	(4,232)	998
Total operational assets	281,885	30,406	(60)	-	-	312,160	(67,703)	-	(6,212)	51	(443)	(74,307)	237,853
Campground assets													
At fair value													
Land ^(vi)	32,000	-	-	(2,625)	25	29,400	-	-	-	-	-	-	29,400
Buildings ^(vi)	11,600	-	-	-	(1,275)	10,325	-	-	-	-	-	-	10,325
Total campground assets	43,600	-	-	(2,625)	(1,250)	39,725	-	-	-	-	-	-	39,725
Airport assets													
At fair value													
Land ⁽ⁱ⁾	5,250	-	-	-	-	5,250	-	-	-	-	-	-	5,250
Airport runway ⁽ⁱ⁾	6,685	-	-	-	-	6,685	-	-	-	-	-	-	6,685
Total airport assets	11,935	-	-	-	-	11,935	-	-	-	-	-	-	11,935
Infrastructural assets													
At fair value													
Water supply ⁽ⁱⁱ⁾	263,596	18,530	(1,569)	(132)	3,611	284,036	(5,057)	10,090	(5,290)	59	-	(198)	283,838
Sewerage ⁽ⁱⁱ⁾	354,555	36,869	(3,098)	(34)	6,830	395,122	(7,326)	14,440	(7,449)	114	-	(220)	394,902
Stormwater ⁽ⁱⁱ⁾	278,523	19,410	(1,164)	(422)	2,861	299,207	(4,224)	8,577	(4,553)	19	-	(181)	299,026
Roading ⁽ⁱⁱⁱ⁾	797,182	44,969	-	-	-	842,151	(3)	-	(16,044)	-	-	(16,047)	826,104
Total infrastructural assets	1,693,857	119,777	(5,831)	(588)	13,301	1,820,517	(16,610)	33,107	(33,336)	192	-	(16,647)	1,803,870
Total Council property, plant and equipment	2,031,277	150,183	(5,891)	(3,284)	12,051	2,184,337	(84,313)	33,107	(39,548)	243	(443)	(90,953)	2,093,383

(i), (ii), (iii), (vi) refer to explanatory notes on page 138.

10. Property, Plant and Equipment

	Cost/ valuation 1-Jul-20 \$'000s	Additions \$'000s	Transfers \$'000s	Disposals/ write offs	Revaluation	Group 2021							Carrying amount 30-Jun-21 \$'000s
						Cost/ valuation 30-Jun-21 \$'000s	Accumulated depreciation and impairment charges 1-Jul-20 \$'000s	Accumulated depreciation and impairment charges reversed \$'000s	Adjust Accumulated depreciation and impairment charges \$'000s	Depreciation expense \$'000s	Accumulated depreciation reversed on disposal \$'000s	Accumulated depreciation and impairment charges 30-Jun-21 \$'000s	
Operational assets													
At cost													
Land ⁽ⁱ⁾	102,330	14,548	-	-	-	116,878	-	-	-	-	-	-	116,878
Buildings	97,421	959	-	-	-	98,380	(19,864)	-	(38)	(2,185)	-	(22,087)	76,293
Building improvements	51,747	11,453	(71)	-	-	63,129	(26,574)	-	(273)	(2,432)	-	(29,278)	33,851
Plant and machinery	57,726	2,934	-	(509)	674	60,824	(24,081)	-	(19)	(3,994)	-	(28,094)	32,730
Motor vehicles	289	3	-	(60)	-	232	(225)	-	(1)	(12)	51	(187)	45
Furniture and office equipment	7,633	794	-	-	-	8,428	(5,149)	-	(112)	(387)	-	(5,648)	2,780
Computer equipment	4,529	556	-	-	-	5,085	(3,727)	-	-	(299)	-	(4,026)	1,059
Library books	4,995	234	-	-	-	5,230	(4,148)	-	-	(84)	-	(4,232)	998
Total operational assets	326,671	31,481	(71)	(569)	674	358,186	(83,767)	-	(443)	(9,393)	51	(93,552)	264,634
Campground assets													
At fair value													
Land ^(vi)	32,000	-	(2,625)	-	25	29,400	-	-	-	-	-	-	29,400
Buildings ^(vi)	11,600	-	-	-	(1,275)	10,325	-	-	-	-	-	-	10,325
Total campground assets	43,600	-	(2,625)	-	(1,250)	39,725	-	-	-	-	-	-	39,725
Airport assets													
At fair value													
Land ^{(i), (iv)}	236,289	(760)	-	-	26,823	262,352	-	-	-	-	-	-	262,352
Land improvements ^(iv)	125	-	-	-	-	125	(125)	-	-	-	-	(125)	-
Buildings ^{(iv), (v)}	68,369	1,519	-	(609)	8,454	77,733	(8,441)	-	-	(3,113)	-	(11,554)	66,179
Airport runways, Taxiways & Aprons ^{(i), (iv)}	67,811	437	-	(1,919)	(1,300)	65,029	(6,728)	-	-	(2,928)	-	(9,656)	55,373
Roading and carparking ^{(iv), (v)}	1,112	-	-	-	-	1,112	(1,112)	-	-	-	-	(1,112)	-
Total airport assets	373,706	1,196	-	(2,528)	33,977	406,351	(16,406)	-	-	(6,041)	-	(22,447)	383,904
Infrastructural assets													
At fair value													
Water supply ⁽ⁱ⁾	263,596	18,530	(132)	(1,569)	3,611	284,036	(5,057)	10,090	-	(5,290)	59	(198)	283,838
Sewerage ⁽ⁱ⁾	354,555	36,869	(34)	(3,098)	6,830	395,122	(7,326)	14,440	-	(7,449)	114	(220)	394,902
Stormwater ⁽ⁱ⁾	278,523	19,410	(422)	(1,164)	2,861	299,207	(4,224)	8,577	-	(4,553)	19	(181)	299,026
Roading ⁽ⁱⁱ⁾	797,182	44,969	-	-	-	842,151	(3)	-	-	(16,044)	-	(16,047)	826,104
Total infrastructural assets	1,693,857	119,777	(588)	(5,831)	13,301	1,820,517	(16,610)	33,107	-	(33,336)	192	(16,647)	1,803,870
Total property, plant and equipment	2,437,834	152,454	(3,284)	(8,928)	46,702	2,624,779	(116,783)	33,107	(443)	(48,770)	243	(132,645)	2,492,133

(i), (ii), (iii), (iv), (v), (vi) refer to explanatory notes on page 138.

10. Property, Plant and Equipment continued

Explanatory notes

- (i) Wanaka airport land, including the runway, was leased to QAC by QLDC from 1 April 2018 to 21 April 2021. These assets were reclassified from land at cost to airport assets.
- (ii) Sewer, stormwater and water supply assets are stated at valuation which is optimised depreciated replacement cost value as at 30 June 2022 by WSP Opus New Zealand Limited, independent valuers. The valuation is determined using asset information from 30 June 2021 with additions subsequent to 1 July 2021 at cost.
- (iii) Roading assets are stated at valuation which is optimised depreciated replacement cost value as at 30 June 2022 by WSP Opus New Zealand Limited, independent valuers. Additions subsequent to 1 July 2021 are at cost.
- (iv) The runways, taxiways and aprons category was not revalued at 30 June 2022. Beca Valuations Limited (Beca), registered valuers undertook a review of the value of the runways, taxiways and aprons values and concluded that that value had not moved materially from 30 June 2021.
- (v) Land, buildings, roading and car parking were independently valued by JLL, registered valuers, as at 30 June 2022.
- (vi) Campground assets are strategic assets and have been reclassified from Investment Property as at 1 July 2016 and are stated at fair value using the income capitalisation approach. The valuation was performed by Quotable Value Limited and were revalued as at 30 June 2022.

Methods and significant assumptions from the three waters valuation

The Three Waters Valuation, performed by WSP Opus New Zealand Limited, compares the quantum and value outcome with the valuation undertaken for the period ending 30 June 2022 using accepted accounting and valuation standards. This valuation provides an updated network and facility gross replacement cost (GRC), an updated depreciated replacement cost (DRC) and the current annual depreciation (AD) for QLDC Three Waters assets as at 30 June 2022. Capital additions and vested additions for 2021/22 were valued separately and therefore excluded. Unit rates were reviewed and updated using recent construction schedules and average cost data. Overall the replacement costs for Three Waters assets at QLDC have increased by 24.9% since the 2021 valuation.

Asset

Terminal and fire rescue buildings
Runways, taxiways and aprons
Land, roading and carparking
Ground leases and commercial buildings

Valuation Approach

Optimised depreciated replacement cost
Optimised depreciated replacement cost
Market value
Market value

Assets under construction

The following asset classes include expenditure for assets in the course of construction at 30 June:

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Land	-	-	-	(760)
Buildings	10,398	4,957	12,018	7,277
Building Improvements	6,380	6,231	6,380	6,231
Plant and equipment	-	19	1,130	1,855
Computer equipment	-	-	-	-
Furniture and office equipment	-	-	-	-
Library books	-	-	-	-
Airport runway	-	-	541	93
Water supply	47,598	24,016	47,598	24,016
Sewerage	23,951	37,306	23,951	37,306
Stormwater	9,237	5,361	9,237	5,361
Roading & carparking	85,202	35,039	85,202	35,039
Foreshore Structures	93	162	93	162
	182,858	113,091	186,149	116,580

11. Forestry Assets

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balance at beginning of year	950	1,467	950	1,467
Recognise value of asset on transfer to Council	-	-	-	-
Movement from harvesting	(533)	(569)	(533)	(569)
Gains/(losses) arising from changes in fair value less estimated point of sales costs	(417)	52	(417)	52
Balance at end of year	-	950	-	950

During 2018/19 Council purchased the remaining 25% in the Lakes Combined Afforestation Committee; it now owns 100% of 172.5 hectares of Douglas Fir forest which are at varying stages of maturity ranging from 21 to 32 years of age.

50.4 Ha of forest has been harvested during the period (2021: 28.1 Ha).

Independent registered valuers, Venture Forestry limited, have valued forestry assets at \$NIL (2021: \$949,842). Liquidation value valuation method was used.

Financial risk management strategies

The Group is exposed to financial risks arising from changes in timber prices. The Group commenced an early harvest of the forest during 2019/20 following consultation with the community. The intention of the early harvest is to manage the impact of wilding pines in the local vicinity.

12. Intangible Assets

Finite life intangible assets

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Gross carrying amount				
Balance at beginning of year	13,857	11,782	20,043	18,817
Additions	1,755	1,462	2,012	1,462
Transfer to property, plant and equipment	-	613	-	613
Disposals	-	-	-	(849)
Balance at end of year	15,612	13,857	22,055	20,043
Accumulated amortisation & impairment				
Balance at beginning of year	8,868	6,399	11,520	8,726
Amortisation expense (i)	2,643	2,469	2,974	2,794
Impairment	-	-	1,336	-
Transfer to property, plant and equipment	-	-	-	-
Disposals	-	-	-	-
Balance at end of year	11,511	8,868	15,830	11,520
Net book value	4,101	4,989	6,225	8,523

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

The gross carrying amount of \$22,055,000 for the Group comprises:

- The finite life intangible asset of \$15,612,000 represents costs incurred by the Queenstown Lakes District Council for computer software. These costs are being amortised on a straight line basis at 33%.
- The finite life intangible asset of \$6,442,000 represents costs incurred by the Queenstown Airport Corporation Limited in relation to district planning processes for extension of noise boundaries and amendments to flight fans. These costs will be amortised on a straight line basis over 6-9 years and 15 years respectively from the date they are completed and ready to use.

13. Investment Property

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balance at beginning of year	47,335	56,000	47,335	56,000
Disposals	(1,110)	-	(1,110)	-
Transfer to development property	-	(2,189)	-	(2,189)
Transfer to land reserves	-	(8,252)	-	(8,252)
Net gain/(loss) from fair value adjustments	4,715	1,776	4,715	1,776
Balance at end of year	50,940	47,335	50,940	47,335

The fair value of the Council's investment property at 30 June 2022 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 Quotable Value Limited not related to the Group. The fair value of investment property is calculated on the basis of market value. Market value is determined by reference to comparable sales. The valuations include adjustments to observable data for similar properties to take into account property-specific attributes.

Quotable Value Limited is an experienced valuation firm with extensive market knowledge in the types of investment properties owned by the Council.

14. Trade and Other Payables

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade payables (i)	30,346	39,816	30,989	26,407
Other accrued charges	8,724	5,879	10,045	6,430
Deposits and bonds (ii)	22,025	6,219	22,025	6,219
	61,095	51,914	63,059	39,056

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

- (ii) Increase in balance due to MBIE deposits held for tourism community funding.

15. Borrowings

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At amortised cost				
Bank borrowings (secured) (ii), (iii)	6,000	-	71,000	82,000
Bonds (secured) (ii), (v)	289,871	155,009	289,871	155,009
Other borrowings (iv)	7,758	6,914	7,758	6,914
	303,629	161,923	368,629	243,923
Disclosed in the financial statements as:				
Current (i)	87,785	25,005	102,785	25,005
Non-current	215,844	136,918	265,844	218,918
	303,629	161,923	368,629	243,923

- (i) Short term facilities will be rolled over in the next period.
- (ii) Council borrowings are secured through a debenture trust deed over rates, as well as security stock certificates of \$229.1M (2020: \$229.1M). \$6M of bank borrowings were drawn down by Council as at 30 June 2022 (2021: nil).
- (iii) Queenstown Airport Corporation Ltd (QAC) loans of \$65.0M (2021: \$82.0M) are secured by a first debenture charge over QAC assets and also a registered first mortgage over all QAC property.
- (iv) The Council has 3 interest free loans from the Housing Infrastructure Fund through the Crown which are repayable within 10 years. The fair value of the balance outstanding at 30 June 2022 was \$7.76M (2021: \$6.91M).
- (v) Bonds - New Zealand Local Government Funding Agency.

During the 2014/15 year there was one bond issue of \$10M with a maturity date of 15/5/2023 and an interest rate of 5.44%.

During the 2015/16 year there were two bond issues of \$5M and \$10M with maturity dates of 16/9/2020 and 16/9/2025 and interest rates of 2.87% and 3.04% respectively.

During the 2016/17 year there was one bond issue of \$10M with a maturity date of 15/3/2026 and an interest rate of 2.92%.

During the 2017/18 year there was one bond issue of \$10M with a maturity date of 16/7/2018 and an interest rate of 2.12%.

During the 2018/19 year there were four bond issues of \$10M and one of \$20M with maturity dates of 5/2/2019, 8/8/2024, 15/4/2023, 15/4/2024 and 18/10/2019 and interest rates of 2.03%, 2.51%, 1.93%, 2.17%, and 1.88% respectively.

During the 2019/20 year there was one bond issue of \$10M with maturity date of 15/4/2025 and interest rate of 1.04% .

During the 2020/21 year there were six bond issues of \$10M with the following maturity dates and interest rates 17/5/2026 (1.06%), 15/4/2027 (1.02%), 15/4/2027 (0.86%), 15/4/2028 (1.18%), 15/5/2028 (1.97%) and 15/5/2028 (1.98%). \$20M of bonds also matured on 15th May 2021.

During the 2021/22 year there were nine bond issues of \$10M with the following maturity dates and interest rates 15/4/2027 (1.78%), 20/4/2029 (2.068%), 15/4/2023 (2.16%), 15/4/2024 (2.163%), 15/4/2025 (2.13%), 20/4/2029 (2.39%), 15/4/2025 (2.90%), 15/4/2026 (3.59%) and 20/4/2029 (2.664%); one bond issue of \$20M with a maturity date of 15/4/26 (2.34%).

Queenstown Lakes District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. It has a current credit rating from both Standard and Poors and Fitch rating agencies of AA+.

NZLGFA shareholders consist of the New Zealand Government (20%) and 30 local authority shareholders (80%). The New Zealand Government shareholding is fully paid. The uncalled capital of local authority shareholders is \$20M and this is available in the event that an imminent default is identified. Also, together with the shareholders and guarantors, the Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2022, NZLGFA had borrowings totalling \$15,789M (2021: \$13,604M).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- we are not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

16. Other Financial Liabilities

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Interest rate swaps (i), (ii)	-	4,162	-	4,759
Foreign exchange forward contracts (iii)	-	-	-	6
	-	4,162	-	4,765
Disclosed in the financial statements as:				
Current	-	1,382	-	1,388
Non-current	-	2,780	-	3,377
	-	4,162	-	4,765

- (i) The Council holds four interest rate swap agreements, one for \$15M and three for \$10M, which are effective from 16 March 2015, 11 December 2018, 15 March 2019 and 17 May 2021 (2021: four interest rate swap agreements, one for \$15M and three for \$10M, which are effective from 16 March 2015, 11 December 2013, 11 December 2018 and 15 March 2019). The interest rate is fixed at 4.355%, 3.595%, 3.1875% and 2.584% respectively (2021: 4.355%, 3.595%, 3.1875% and 2.584% respectively).
- (ii) QAC holds four interest rate swap agreements, one for \$15M (which is effective from 16 March 2015), \$10M (effective from 11 December 2018), \$10M (effective from 15 March 2019), and \$10M (effective from 17 May 2021). (2021: two interest rate swap agreements, one for \$10M, which is effective from 15 June 2016 and one for \$8M, which is effective from 29 March 2019). The interest rates range from 2.214%-3.188% (2021: 2.008%-2.623%).

QAC designated the interest rate swaps as effective hedges in accordance with PBE IPSAS 29. The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges is recognised in other comprehensive revenue and expense and accumulated as a separate component of equity in the hedging reserve. All financial liabilities are recognised at amortised cost except interest rate swaps which are recognised at fair value through surplus or deficit.

- (iii) The notional principal amounts of outstanding forward foreign exchange contracts held by QAC were \$276k (2021: \$6k).

17. Other Liabilities

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Income in advance (i)	6,472	8,051	6,472	8,051
Rates in advance	873	783	873	783
Other provisions (ii)	1,164	38,700	1,164	38,700
	8,509	47,534	8,509	47,534
Disclosed in the financial statements as:				
Current	8,509	47,534	8,509	47,534
Non-current	-	-	-	-
	8,509	47,534	8,509	47,534

- (i) Income in advance consists of lease income in advance, grants in advance and initial fees received for resource and building consents representing amounts for services yet to be completed.

17. Other Liabilities (continued)

(ii) Building Related Claims Provision

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Opening balance	38,700	16,700	38,700	16,700
Increased provision	(36)	22,000	(36)	22,000
Amounts utilised	(37,500)	-	(37,500)	-
Closing balance	1,164	38,700	1,164	38,700

Background

The Building Related Claims Provision represents the Council's best estimate of the liability relating to the settlement of claims arising from alleged building defects, including weathertightness issues, where the Council has been joined as a party to the claims.

A provision has been recognised for the potential net settlement of all known claims where the Council is able to reliably measure its liability.

Estimation

The Council has provided for the expected future costs of reported claims where the Council is able to reliably measure its liability. Claims are dealt with on a case by case basis and a provision is established to recognise Council's best estimate of the expected future cash-flows to settle these claims. The nature of the liability means there are significant inherent uncertainties in estimating the likely costs that will be incurred as a result of the outcome of future court proceedings. The provision includes consideration of third party contributions where this is probable. Where Council is not able to reliably measure its expected future cash-flows a provision is not recognised, but additional information is provided regarding such contingent liabilities.

The significant assumptions used in the calculation of the building related claim provision are as follows:

Amount claimed

Represents the expected amount claimed by the owner.

Settlement amount

Represents the expected amount of awarded settlement, with reference to actual amounts for claims already settled where possible. The settlement amount considers where possible, the detailed claim made by the owner, the attribution or cause of loss, and an assessment of the cost of remediation.

Amount expected to be paid by Council

Represents the amount expected to be paid by Council out of any awarded settlement. This will consider the Council's view of individual claims including the likelihood of that claim being successful and the amount Council reasonably expects to be liable for. It also considers other defendants to the claim and their ability to contribute to any claim liability found in favour of the owner. Furthermore, the Council also considers third party insurance arrangements to the extent these are available. Where significant the determination of the estimated liability considers the impact of the timing of cashflows.

It is common for there to be significant variation in the amounts claimed by owners and the amounts assessed by Council in determining an estimated settlement. In some case further work is necessary for Council to assess the claim in more detail. At 30 June 2022 Council has a significant claim which it has been unable to reliably determine a liability provision. This is because there is insufficient information at this time to evaluate possible or likely outcomes. The Council awaits further submissions of evidence and experts assessment in order to determine a reliable estimate of Councils liability, if any. Council has disclosed details of the amounts claimed and it believes the initial claim submission is grossly overstated. Council intends to rigorously defend the claim.

Funding of Building Related claims

Council uses borrowings in the first instance to meet the cost of settlements. The borrowings are funded and ultimately repaid through rates, which may result in unforeseen rates increases.

18. Employee Entitlements

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Accrued salary and wages	1,263	1,040	1,810	1,279
Annual leave	2,053	1,800	2,630	2,259
	3,316	2,840	4,440	3,538
Disclosed in the financial statements as:				
Current	3,316	2,840	4,440	3,538
Non-current	-	-	-	-

19. Reserves

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revaluation reserve (a)	1,489,155	1,141,708	1,707,605	1,319,327
Operating reserves (b)	27,901	30,987	27,901	30,987
Capital reserves (c)	16,483	19,961	16,483	19,961
Cash flow hedge reserve (d)	-	-	487	(341)
	1,533,539	1,192,656	1,752,476	1,369,934

This note contains the portion of reserves attributable to Council. Refer to note 21 for the movement of reserves at a Group level that are attributable to the non-controlling interest.

(a) Revaluation reserve

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balance at beginning of year	1,141,708	1,095,290	1,319,327	1,248,644
Revaluation of roading assets	125,982	-	125,982	-
Revaluation of sewerage assets	94,986	21,268	94,986	21,268
Revaluation of water supply assets	73,127	13,702	73,127	13,702
Revaluation of stormwater assets	43,702	11,439	43,702	11,439
Revaluation of campground assets	5,575	(1,250)	5,575	(1,250)
Revaluation of airport assets, net of deferred tax	-	-	40,830	24,265
Transferred from/(to) accumulated surplus:				
Revaluation of forestry assets	-	(517)	-	(517)
Revaluation of investment property	4,074	1,776	4,074	1,776
Balance at end of year	1,489,155	1,141,708	1,707,605	1,319,327

The revaluation reserve arises on the revaluation of Council infrastructural assets, investment property, shares, and QAC land, building, runway, and roading and carparking assets.

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Individual reserve balances are as follows:				
Investment property	75,473	71,400	75,473	71,400
Campground assets	36,528	30,953	36,528	30,953
Forestry Assets	(120)	(120)	(120)	(120)
Roading	543,737	417,754	543,737	417,754
Sewerage	318,399	223,413	318,399	223,413
Water supply	244,413	171,286	244,413	171,286
Stormwater	260,535	216,832	260,535	216,832
Airport assets	10,190	10,190	228,640	187,809
	1,489,155	1,141,708	1,707,605	1,319,327

(b) Operating reserves

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balance at beginning of year	30,987	28,615	30,987	28,615
Transferred from/(to) accumulated surplus:				
Contributions	19,158	17,391	19,158	17,391
Disbursements	(22,244)	(15,019)	(22,244)	(15,019)
Balance at end of year	27,901	30,987	27,901	30,987

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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balance at beginning of year	19,961	22,818	19,961	22,818
Transferred from/(to) accumulated surplus:				
Contributions	15,962	14,688	15,962	14,688
Disbursements	(19,440)	(17,545)	(19,440)	(17,545)
Balance at end of year	16,483	19,961	16,483	19,961

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.

(d) Cash flow hedge reserve

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balance at beginning of year	-	-	(341)	(829)
Gain/(loss) recognised on cash flow hedges:				
Interest rate swaps	-	-	1,331	551
Forward foreign exchange contracts	-	-	(203)	(5)
Realised losses transferred to Statement of Financial Performance	-	-	15	95
Income tax related to gains/losses recognised in other comprehensive income	-	-	(316)	(153)
Balance at end of year	-	-	487	(341)

19. Reserves continued

(e) Reserve funds held for a specific purpose

	Opening Balance 1 July 2021 \$'000	Deposits \$'000	Withdrawals \$'000	Closing Balance 30 June 2022 \$'000
Development funds				
These arise from development and financial contributions levied by the Council for capital works and are intended to contribute to the growth related capital expenditure for roading, water supply, sewerage, stormwater, reserve land and improvements, and community facilities	30,987	19,158	22,244	27,901
Asset renewal funds				
The Council sets aside funding to meet the renewal of its infrastructural and operating assets to ensure the continued ability to provide services.	1,662	14,801	13,729	2,734
Transport improvement fund				
Funds set aside to subsidise public transport and the development of public transport infrastructure.	1,687	-	964	723
Asset sale reserves				
Proceeds from asset sales which are used to fund the portion of capital expenditure attributable to increased level of service for roading, water supply, sewerage, stormwater, reserve land and improvements, and community facilities.	10,355	-	1,703	8,652
Arrowtown endowment land reserve				
Proceeds from assets sales from Arrowtown endowment land.	-	1,161	-	1,161
Trust funds				
Funds held on behalf of various community organisations.	17	-	-	17
Queenstown Airport dividend reserve				
Unallocated portion of dividends received from QAC.	3,044	-	3,044	(0)
Lakes Leisure reserve				
Funds transferred from Lakes Leisure at dis-establishment that are to be used to fund charitable purposes in line with the company's constitution.	3,196	-	-	3,196
Total Council reserve funds	50,948	35,120	41,684	44,384
QAC cash flow hedge reserve	(341)	1,346	519	487
Total Council reserve funds	50,607	36,466	42,203	44,870

20. Accumulated Funds

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balance at beginning of year	744,379	727,397	808,036	789,822
Net surplus	65,835	17,755	66,647	18,987
Transfers from/(to) reserves:				
Revaluation reserve	(4,074)	(1,258)	(4,074)	(1,258)
Operating reserves	3,086	(2,372)	3,086	(2,372)
Capital reserves	3,478	2,857	3,478	2,857
Balance at end of year	812,704	744,379	877,172	808,036

21. Non-Controlling Interest

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balance at beginning of year	-	-	82,072	73,398
Share of surplus for year	-	-	269	410
Dividends paid	-	-	-	-
Share of other comprehensive income	-	-	13,878	8,264
Balance at end of year	-	-	96,220	82,072

22. Commitments for Expenditure

(a) Capital expenditure commitments

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Queenstown Lakes District Council (i)	171,571	43,496	171,571	43,496
Queenstown Airport Corporation Limited	1,576	6,867	1,576	6,867
Balance at end of year	173,147	50,363	173,147	50,363

- (i) There are a number of significant construction contracts progressing through the end of year process including Ka Hunui a Tahuna (Whakatipu Transport Programme Alliance) with over \$80M in contract commitments across Queenstown Arterial, Street Upgrades and Lakeview Development. Our 3 waters programme is also in a significant construction phase with a number of projects in implementation in 23/24 including Project Pure, Project Shotover, Cardrona new Water Supply Scheme, Western Wanaka Water Supply Levels of Service Improvements, Project Shotover, Kingston HIF 3 Waters and Beacon Pt new Reservoir.

Capital expenditure commitments for QAC are for the acquisition of Property, Plant and Equipment.

(b) Lease commitments

No finance lease liabilities exist. Non-cancellable operating lease commitments are disclosed in note 24 to the financial statements.

23. Contingent Liabilities and Contingent Assets

Council

(a) Legal claims

At 30 June 2022 Council continues to evaluate a significant building defect claim for which it has been unable to reliably determine a liability position. Council is in the process of evaluating the claim made (which has been amended several times) and the evidence that has been served in support. The claim by the Plaintiff is presently alleged to be for \$158M. The claim comprises a number of unique and interrelated defect claims. The Council, in conjunction with its independent experts, is in the process of evaluating the claim submissions, including an evaluation of the alleged defects, any remedial solution required, the cost of remediation as well as determining liability for the defects. The Council maintains its view the claim is grossly overstated. Until the independent expert evaluation of the claim submissions is complete Council is not in a position to evaluate a range of possible or likely outcomes. The legal case will be heard in the High Court and is set down for 20 weeks from February 2023. Council intends to vigorously defend the claim.

(b) Guarantees

Queenstown Lakes District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+. See note 15 (iv) for further details.

Queenstown Airport Corporation Limited

(c) Noise mitigation

The Company has implemented a programme of works to assist homeowners living in the inner and mid noise boundaries to mitigate the effects of aircraft sound exposure. Offers for noise mitigation have been extended to homeowners in line with the projected annual aircraft noise contours for calendar years 2021 and 2022.

Inner Noise Mitigation

Prior to 30 June 2020, the Company had made inner noise mitigation offers to 39 properties (7 are owned by the Company), at a total cost of \$1,838,000. Aircraft noise at Queenstown Airport has decreased as a result of the reduced aircraft movement levels due to the impacts of COVID-19. Projected Annual Aircraft Noise Contours for calendar years 2021 and 2022 have not identified any Inner Noise properties eligible for works. There are no capital commitments at reporting date.

Mid Noise Mitigation

Prior to 30 June 2020 the Company had made a commitment to provide noise mitigation works (mechanical ventilation) to 131 properties. As at 30 June 2022, 25 homeowners had replied and requested to proceed with design prior to determining whether to accept the offers.

Lot 6

During the year ending 30 June 2021 the Company made a compensation payment of \$18.34 million for land acquired under the Public Works Act 1981 (PWA) and known as 'Lot 6'. In October 2021 the previous owner, Remarkables Park Ltd (RPL), indicated that it would seek additional compensation under the PWA. As at 6 October 2022, the Company has not received a valid claim for further compensation.

24. Leases

(a) Leasing arrangements

Operating leases relate to the rental of office and computer equipment, motor vehicles and office buildings. 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Not longer than 1 year	1,876	1,707	1,876	1,707
Longer than 1 year and not longer than 5 years	3,858	3,136	3,858	3,136
Longer than 5 years	-	116	-	116
Balance at end of year	5,734	4,959	5,734	4,959

(c) Non-cancellable operating lease receipts

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Not longer than 1 year	4,113	2,488	15,280	12,854
Longer than 1 year and not longer than 5 years	12,923	7,270	24,634	21,575
Longer than 5 years	25,790	19,558	29,943	24,502
Balance at end of year	42,825	29,317	69,856	58,932

A key assumption for our operating lease receipts is that the lease income which is linked to turnover, continues to grow at inflation.

One of our operating leases is in process of renewal and so the final terms and conditions might differ to the amounts included in the note for non-cancellable operating lease receipts above.

25. Investment in Council Controlled Organisations (CCO's)

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Queenstown Airport Corporation Limited	5,412	5,412	-	-
	5,412	5,412	-	-

	Ownership interest			Principal activity of the entity
	Country of incorporation	2022 %	2021 %	
Council				
Queenstown Lakes District Council (QLDC) (i)	NZ			
CCO's:				
Queenstown Airport Corporation Limited (QAC) (ii)	NZ	75.01%	75.01%	Airport operator
Queenstown Events Centre Trust (iii)	NZ	N/A	N/A	Charitable trust

(i) Queenstown Lakes District Council is the head entity within the consolidated group. QLDC holds the Group's interest in the other CCO's detailed above.

(ii) No dividends were paid during the 2021/22 financial year.

(iii) Not trading

All entities in the Group have 30 June balance dates.

There are no significant restrictions on the ability of CCO's to transfer funds to QLDC in the form of cash distributions or to repay loans or advances.

26. Subsequent Events

Queenstown Airport Corporation Ltd (QAC)

The QAC directors resolved on 16 August 2022 that the final dividend for the year ended 30 June 2022 would be \$1,354,347 (2021: \$nil). This dividend for the year ended 30 June 2022 was paid on the 30th of August 2022.

There were no other significant events after balance date.

27. Related Party Disclosures

(a) Council

The Council (QLDC) 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 25 to the financial statements.

(c) Transactions with related parties

Transactions involving the Group

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

	Group	
	2022 \$'000	2021 \$'000
The following transactions took place between QLDC and related parties:		
Queenstown Airport Corporation Limited *		
Payment of rates on its property	433	460
Resource consent costs and collection fees	10	24
Wanaka Airport settlement	-	(14,733)
Frankton Golf Club lease	(44)	(44)
Parking infringement services	(10)	(8)
Glenorchy Airstrip Maintenance	(9)	-
RAT Tests	(8)	-
Balances owed (to) / from at 30 June were:		
Owed (to)/from Queenstown Airport Corporation Ltd (i)	(7)	(14,732)
Wanaka Airport Limited		
Nasa Rent	66	-
Rates	2	-
Management Fee	(360)	-
NASA Launch Pad	(51)	-
Credit Card Charges	(8)	-
Windemere Grazing	(3)	-
Balances owed (to) / from at 30 June were:		
Owed (to)/from Wanaka Airport Limited	13	-

*There are no Councillors in Queenstown Lakes District Council who own shares in Auckland International Airport which has a non-controlling interest in Queenstown Airport Corporation Ltd.

The following transactions took place between Queenstown Airport Corporation

and related parties:

Auckland International Airport Ltd		
- Rescue fire training	48	-
- Director fees	40	50
Balances owed (to) / from at 30 June were:		
Owed (to)/from Auckland International Airport Limited (AIAL)	13	-

Other transactions involving related parties

- QLDC's netball courts and six holes of the Frankton golf course are located on QAC land to the north west of the runway. Revenue from this arrangement amounted to \$44,000 (2021: \$44,000).
- Queenstown Airport Corporation receives services from Auckland International Airport Ltd for which no consideration is paid.

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 the preparation of consolidated financial statements of the Group.

28. Notes to the Statement of Cash Flows

Council		Group	
2022	2021	2022	2021
\$'000	\$'000	\$'000	\$'000

(a) Reconciliation of cash and cash equivalents

For the purposes of the Statement of Cash Flows, 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. As required under the Construction Contracts Act 2002, cash includes retentions of \$1,058,462 (2021: \$790,022) for Council and \$1,377,613 (2021: \$915,333) for Group held on trust which are payable by the Council/Group respectively on completion of contractual obligations by third parties. Cash also includes \$17.9M of funds held on behalf of the Ministry of Business Innovation and Employment for distribution. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash and cash equivalents	18,402	1,007	20,202	6,072
Bank overdraft	-	-	-	-
	18,402	1,007	20,202	6,072

(b) Borrowings - facilities

Details of the amounts drawn down on the available borrowing facility are as follows:

Amount used	304,023	162,179	369,023	244,179
Amount unused	91,077	77,921	166,077	135,921
	395,100	240,100	535,100	380,100

28. Notes to the Statement of Cash Flows continued

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
(c) Reconciliation of surplus/(deficit) for the period to net cash flows from operating activities				
Surplus for the year	65,835	17,755	66,916	19,396
Add/(less) non-cash items:				
Depreciation and amortisation	45,690	42,017	54,149	51,564
Loss provision	4,311	22,000	4,311	22,000
Vested assets	(28,147)	(41,971)	(28,147)	(41,971)
(Gain)/loss on sale of property, plant & equipment	(51)	5,628	(51)	5,628
(Gain)/loss on revaluation of forestry investment	950	517	950	517
(Gain)/loss on revaluation of investment property	(4,715)	(1,776)	(4,715)	(1,776)
(Gain)/loss on sale of development property	-	(1,344)	-	(1,344)
Net change in fair value of derivative financial instruments	(5,145)	(2,962)	(5,164)	(3,012)
Other	-	-	1,541	679
	78,728	39,864	89,790	51,681
Movement in working capital:				
Trade and other receivables	(4,380)	(6,847)	(4,441)	7,886
Inventories	(1)	20	(1)	20
Current tax refundable/payable	-	-	(1,214)	(421)
Other current assets	(2,950)	(1,427)	(3,068)	(1,238)
Trade and other payables	9,206	27,258	9,082	9,511
Employee entitlements	476	167	903	(138)
Other financial liabilities	(43,356)	(8,155)	(43,356)	(8,063)
	(41,005)	11,016	(42,095)	7,557
Movement in items treated as investing activities	(51)	(3,637)	(51)	(3,637)
Net cash inflow from operating activities	37,672	47,243	47,644	55,601

29. Remuneration (Council Only)

During the year to 30 June 2022, the total remuneration and value of other non-financial benefits received by or payable to the Elected Representatives, Chief Executive, and staff of the Council were as follows:

	Council	
	2022	2021
	\$	\$
Elected Representatives		
Council		
Jim Boulton - Mayor	130,818	129,150
Calum McLeod - Deputy Mayor - Wanaka Ward/Wanaka Community Board	49,441	67,596
John MacDonald - Councillor Whakatipu/Committee Chair	-	35,379
Penny Clark - Councillor Whakatipu/Committee Chair	46,922	45,599
Val Miller - Councillor Whakatipu	39,948	39,368
Craig Ferguson - Councillor Whakatipu	46,277	45,599
Heath Copland - Councillor Arrowtown ¹	40,599	38,965
Niki Gladding - Councillor Whakatipu	40,167	39,365
Glyn Lewers - Councillor Whakatipu	39,949	39,365
Niamh Shaw - Councillor Wanaka/Wanaka Community Board	43,077	39,365
Quentin Smith - Councillor Wanaka/Wanaka Community Board	48,520	54,419
Esther Whitehead - Councillor Whakatipu	40,199	1,732
Wanaka Community Board		
Edward Taylor - Board Member/Deputy Chair	12,159	11,979
Judith Battson - Board Member	12,159	11,979
Barry Bruce - Board Chair	24,318	23,959
Chris Hadfield - Board Member	12,559	12,379

¹ Remuneration includes \$560 for attending District Plan hearings on behalf of QLDC.

Chief Executive

For the year ended 30 June 2022, the total annual cost including fringe benefit tax to QLDC of the remuneration package being received by the Chief Executive appointed under Section 42 of the Local Government Act 2002 is calculated at \$365,755 (2021: \$347,166).

Employee staffing levels and remuneration

The number of employees employed by Queenstown Lakes District Council at 30 June 2022 was 580 (30 June 2021: 529). The number of full-time employees and full time equivalents of all the other employees as at 30 June 2022 was 340 and 141 respectively (30 June 2021: 315 and 137).

The number of employees in Queenstown Lakes District Council classified in bands as per the total received or receivable annual remuneration, including any non-financial benefits received or receivable is:

	2022
< \$60,000	347
\$60,001 to \$80,000	71
\$80,001 to \$100,000	61
\$100,001 to \$120,000	48
\$120,001 to \$140,000	25
\$140,001 to \$160,000	13
\$160,001 to \$180,000	6
\$180,001 to \$240,000	5
\$240,001 to \$380,000	4
Total number of employees	580
	2021
< \$60,000	280
\$60,001 to \$80,000	101
\$80,001 to \$100,000	58
\$100,001 to \$120,000	42
\$120,001 to \$140,000	19
\$140,001 to \$160,000	18
\$160,001 to \$220,000	6
\$220,001 to \$360,000	5
Total number of employees	529

30. Severance Payments

For the year ended 30 June 2022 QLDC made no severance payments to employees (2021: Two)

31. Emissions Trading Scheme

Forestry

QLDC is part of the Emissions Trading Scheme (ETS) for its pre-1990 forests (mandatory participation). Under the ETS, QLDC is allocated New Zealand Units (NZUs). An initial free allocation of NZUs is provided in relation to pre-1990 forests.

Landfill

QLDC owns a landfill site which is operated by Scope Resources Ltd. Under the ETS, QLDC is required to acquire and surrender emission units to account for the direct greenhouse gas emissions associated with its landfill site.

	Pre-1990 Forest	Landfill	Total
2022			
Productive area (hectares)	296	n/a	296
Opening balance	-	94,212	94,212
NZUs purchased during the year	-	64,222	64,222
NZUs allocated/transferred internally during the year	-	-	-
NZUs transferred to Scope Resources Ltd during the year	-	(61,686)	(61,686)
NZUs on hand at balance date	-	96,748	96,748

32. Explanation of Major Variances against Budget

Statement of Financial Performance

QLDC recorded a surplus of \$65.8M for the year. This is well up from the \$17.8M surplus recorded last year, although down on the budget of \$72.9M. The main reasons for the lower surplus against budget, which is not profit, are related mainly to decreased revenue to budget and an increase in legal costs associated with building related claims against the Council.

Revenue was below estimate by 4.6% or \$11.6M and expenditure was over by 1.2% or \$2.1M. Offsetting this was \$9.0M of net unrealised gains as a result of positive valuation movements for investment property and interest rate swaps as at 30 June 2022.

The following major items contributed to the revenue variance:

- Fewer visitors due to COVID-19 saw lower operating revenue against budget (\$5.5M) particularly in turnover based rents, parking fees, infringements and refuse charges
Increase in vested asset income of \$8.5M for the year; this non-cash income reflects the value of assets passed to Council as a result of continued high levels of development activity in the district
- There was also an increase for development contributions which created a favourable variance of \$5.8M.

Operating expenditure was \$2.1M (1.2%) over budget for the year ended 30 June 2022.

The major remaining operational cost variances are as follows:

- Employee Benefits Expense was \$2.3M below budget as there were a number of staff vacancies
- Depreciation and amortisation expense higher than budget by \$2.8M, largely as a result of updated valuations for infrastructure assets for both 3 waters assets and roading assets
- Interest expense for the year is \$1.8M less than budget. This is a result of the timing of some capital works and lower than expected interest rates
- Other expenses \$3.5M above budget. The main variances was a \$2.9M increase for legal costs associated with weather tightness, with a \$0.03M decrease in the leaky building loss provision. Offsetting this, commissioner costs are down by \$1.1M due to the timing of district plan hearings, which are behind original estimates.

Statement of Financial Position

The main variances relate to the difference in expected asset values for the year and reduced borrowings. The following items contributed to this variance:

- Large movements in infrastructure values as a result of infrastructure revaluations, these are summarised below:
- 2022 Increase in infrastructure value: \$337.8M with 3 Waters asset values increasing by \$211.8M, and Roothing asset values increasing by \$126.0M. Offsetting this, overall capital expenditure was \$160.4M which is below estimate by \$86.9M for the year ended 30 June 2022
- Borrowings are \$38.7M below forecast. Total debt as at 30 June 2022 is \$303.6M compared to a forecast of \$342.4M largely as a result of deferrals of capital expenditure.

Statement of Changes in Equity

Accumulated differences between actual and budgeted net surpluses as described above, as well as the impact of infrastructure asset revaluations and reduced borrowings, has resulted in an equity variance of \$465.0M above forecast.

Statement of Cash Flows

The budget variations explained above also contribute to budget variations in the Statement of Cash Flows, particularly cash flows from investing and financing activities. Cash payments for the purchase of property, plant and equipment (i.e. capital expenditure) were \$88.7M below estimate and consequently, net borrowings were around \$25.8M less than expected. Cashflows from operating activities were \$42.0M below budget mainly due to fewer receipts from customers as a result of a COVID-19 reduced revenues and an increase in debtors.

33. Financial Instruments

(a) Capital management

For the purpose of the Group's capital management, the Group's capital is its equity, including accumulated comprehensive revenue and expenses and all equity reserves attributable to the Council. Equity is represented by net assets.

QLDC manages the Group's capital largely as a by-product of managing its revenue, expenses, assets, liabilities and general financial dealings. The Local Government Act 2002 requires the Council to manage its revenue, expenses, assets, liabilities and general financial dealings in a manner that promotes the current and future interests of the community. In addition, the Local Government (Financial Reporting and Prudence) Regulation 2014 sets out a number of benchmarks for assessing whether the Council is managing its revenue, expenses, assets and liabilities prudently.

The primary objective of the Group's capital management is to achieve intergenerational equity which is a principle promoted in the Local Government Act 2002 and applied by the Council. Intergenerational equity requires the Council to spread the funding of the cost of its assets over the current and future generations of ratepayers, such that:

- ▶ Current ratepayers are required to meet the cost of using the assets, but not the full cost of long term assets that will benefit ratepayers in future generations; and
- ▶ Ratepayers in future generations are not required to meet the costs of deferred asset renewals and maintenance.

In order to achieve this overall objective, the Council has in place asset management plans for major classes of assets, detailing renewals and programmed maintenance.

An additional objective of capital management is to ensure that the expenditure needs identified in the Council's Long-term Plan and Annual Plan are met in the manner set out in these plans. The Local Government Act 2002 requires the Council to make adequate and effective provision in its Long-term Plan and in its Annual Plan to meet the expenditure needs identified in those plans. The factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities are set out in the Local Government Act 2002. The sources and levels of funding are set out in the funding and financial policies in the Council's Long-term Plan.

The Council monitors actual expenditure incurred against the Long-term Plan and Annual Plan.

QLDC obtained a credit rating from Fitch Ratings in December 2017 in order to facilitate additional debt funding ahead of the 2018-28 Long-term Plan and beyond. The credit rating is reviewed on an annual basis and has been maintained since that time.

No other changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2022 and 2021.

(b) Significant accounting policies

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

(c) Categories of financial instruments

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial assets				
Cash and cash equivalents (AC)	18,402	1,007	20,202	6,072
Trade and other receivables (AC)	33,567	29,189	39,159	33,604
Other financial assets (AC)	959	959	959	959
Other financial assets (FVTSD)	853	-	853	-
Other financial assets (AFS)	5,419	2,669	6,117	2,669
Financial liabilities				
Trade and other payables (AC)	61,095	51,914	63,059	39,056
Borrowings (AC)	303,629	161,923	368,629	243,923
Other financial liabilities (FVTSD)	-	4,162	-	4,765

AC = Amortised cost; FVTSD = Fair value through surplus or deficit; AFS = Available for sale

(d) Financial risk management objectives

QLDC 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 in the following table 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.

33. Financial Instruments continued

(e) Interest rate risk continued

The impact to surplus for the year and total equity as a result of a 50 basis point increase in interest rates is as follows (note that (-) represents a loss in the table below):

	Note	Council				Group			
		2022		2021		2022		2021	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		+50 bps	+50 bps	+50 bps	+50 bps	+50 bps	+50 bps	+50 bps	+50 bps
Financial Liabilities									
Borrowings	(i)	(625)	(625)	(250)	(250)	(950)	(950)	(660)	(660)
		(625)	(625)	(250)	(250)	(950)	(950)	(660)	(660)

A 50 bps decrease would have the opposite effect in the table above.

(i) Secured loans

QLDC has floating rate debt with a principal amount totalling \$125m (2021: \$50m)
QAC has floating rate debt with a principal amount totalling \$23m (2021: \$23m)

(f) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

For QLDC 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, 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.

QLDC is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 15 (iv).

The Group is exposed to credit risk arising from a small number of airlines comprising the majority amount of the Queenstown Airport Limited trade receivables. Regular monitoring of trade receivables is undertaken to ensure that the credit exposure remains within the Group's normal trading terms of trade.

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

	Maximum credit risk	
	2022	2021
	\$'000	\$'000
Council		
Financial assets and other credit exposures	65,578	33,824
Group		
Financial assets and other credit exposures	73,180	43,304

(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.

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 15 (iv).

(h) Fair value of financial instruments

The Council and directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

Fair value measurements recognised in the Statement of Financial Performance.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

	Total	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
2022				
Council				
Financial assets				
Other investments	5,419	-	-	5,419
Financial liabilities				
Derivatives	-	-	-	-
Group				
Financial assets				
Other investments	6,117	-	-	6,117
Financial liabilities				
Derivatives	-	-	-	-
	Total	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
2021				
Council				
Financial assets				
Other investments	2,669	-	-	2,669
Financial liabilities				
Derivatives	4,162	-	4,162	-
Group				
Financial assets				
Other investments	2,669	-	-	2,669
Financial liabilities				
Derivatives	4,765	-	4,765	-

33. Financial Instruments continued

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

	Weighted average effective interest rate %	Carrying amount \$'000	Undiscounted contractual cash flows \$'000	Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	5+ years \$'000
Council 2022									
Financial liabilities									
Trade and other payables	-	61,095	61,095	61,095	-	-	-	-	-
Borrowings	2.61%	304,023	327,168	92,779	27,179	45,849	67,088	32,542	61,731
		365,118	388,263	153,874	27,179	45,849	67,088	32,542	61,731
Council 2021									
Financial liabilities									
Trade and other payables	-	51,914	51,914	51,914	-	-	-	-	-
Borrowings	2.25%	162,306	176,067	28,494	24,935	13,960	25,262	32,130	51,285
		214,220	227,981	80,408	24,935	13,960	25,262	32,130	51,285
Group 2022									
Financial liabilities									
Trade and other payables	-	63,059	63,059	63,059	-	-	-	-	-
Borrowings	2.79%	369,023	398,518	111,108	70,739	55,310	67,088	32,542	61,731
		432,082	461,577	174,167	70,739	55,310	67,088	32,542	61,731
Group 2021									
Financial liabilities									
Trade and other payables	-	39,056	39,056	39,056	-	-	-	-	-
Borrowings	1.79%	244,306	260,061	29,221	55,623	57,454	34,348	32,130	51,285
		283,362	299,117	68,277	55,623	57,454	34,348	32,130	51,285

34. Queenstown Airport Corporation

	QAC	
	2022	2021
	\$'000	\$'000
Queenstown Airport Corporation Limited		
Revenue	26,810	27,759
Operating Expenditure	12,823	10,661
EBITDA	13,986	17,098
Interest Expense	2,210	2,895
Depreciation and Amortisation	8,459	9,638
Profit Before Tax	1,822	3,761
Net Profit After Tax	1,082	1,642
Dividends Paid	-	-
Total Assets	473,521	427,877
Total Liabilities	88,485	99,459
Shareholders Funds	385,035	328,418
Operating Cash Flow	9,972	8,357
Closing Debt	65,000	82,000

Annual report disclosure statement for the year ended 30 June 2022



What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

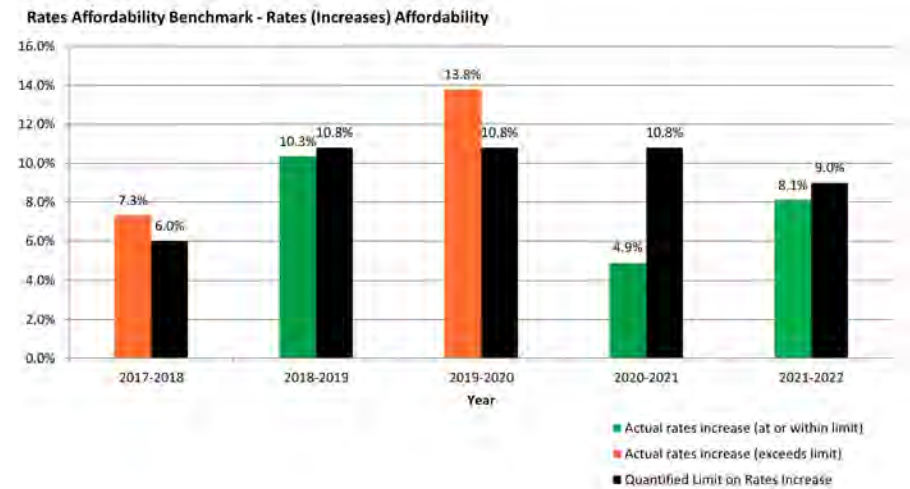
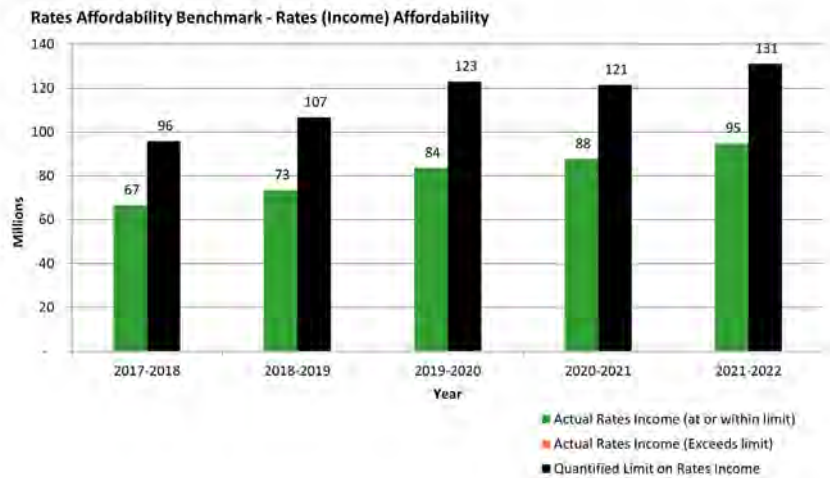
RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if—

- > its actual rates income equals or is less than each quantified limit on rates; and
- > its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability - The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is that rates income will not exceed 55% of total revenue.

Rates (increases) affordability - The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is that rates increases set at a maximum of 9.0% per annum (subject to changes in growth).

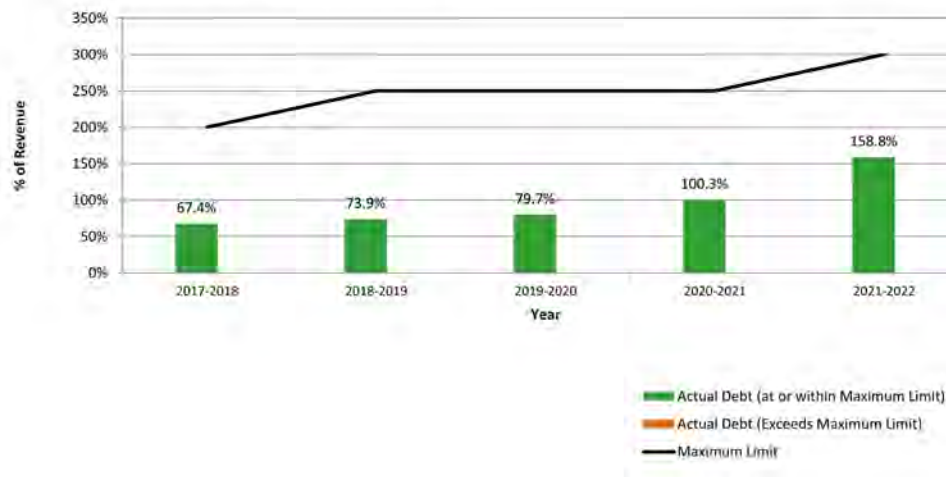


DEBT AFFORDABILITY BENCHMARKS

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graphs compare the council’s actual borrowing with the quantified limits on borrowing stated in the financial strategy included in the council’s long-term plan. The quantified limit is that the debt to revenue ratio will be under 300% for 2021/22; 295% for 22/23; 290% for 2023/24; 285% for 2024/25 and 280% thereafter.

Debt Affordability Benchmark (Debt/Total Revenue)

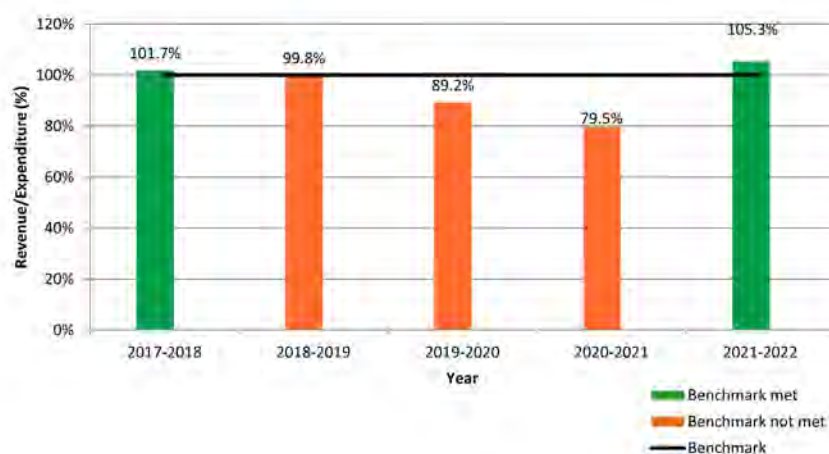


BALANCED BUDGET BENCHMARK

The following graph displays the council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets this benchmark if its revenue equals or is greater than its operating expenses.

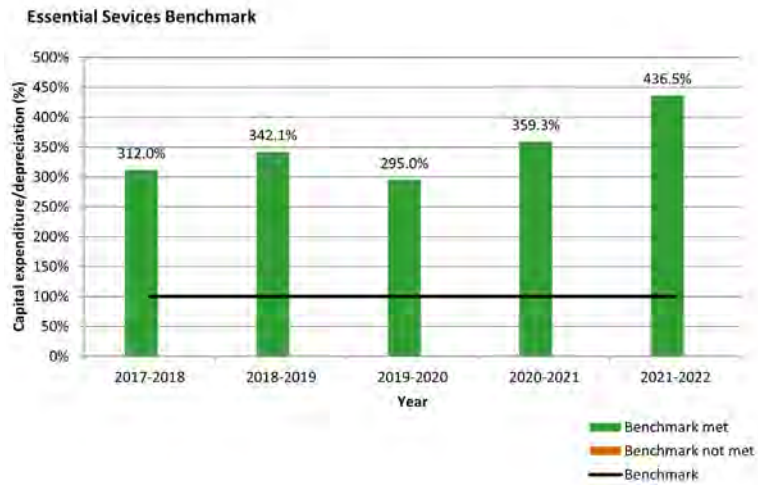
Balanced Budget Benchmark



ESSENTIAL SERVICES BENCHMARK

The following graph displays the council’s capital expenditure on network services as a proportion of depreciation on network services.

The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



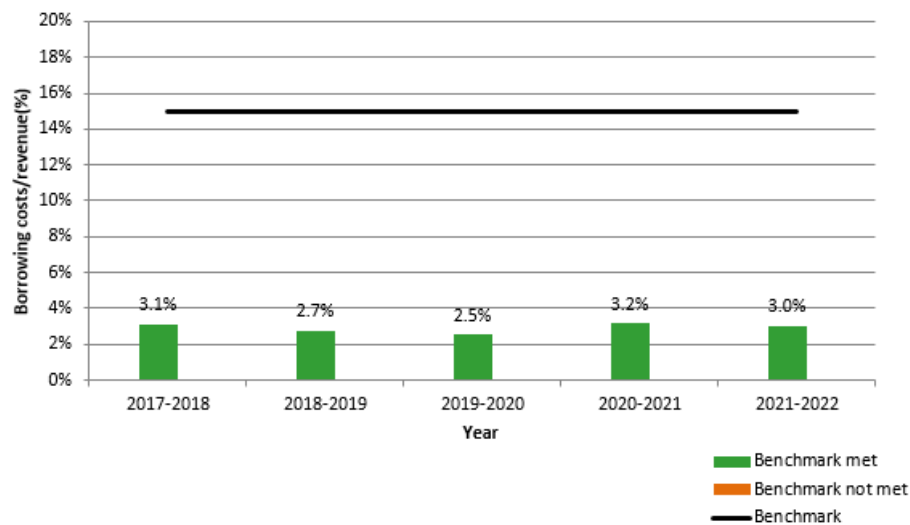
DEBT SERVICING BENCHMARK

The following graphs compares the council's actual debt servicing with the quantified limits on borrowing stated in the financial strategy included in the council's long-term plan.

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.

Debt Servicing Benchmark (Interest/Total revenue)

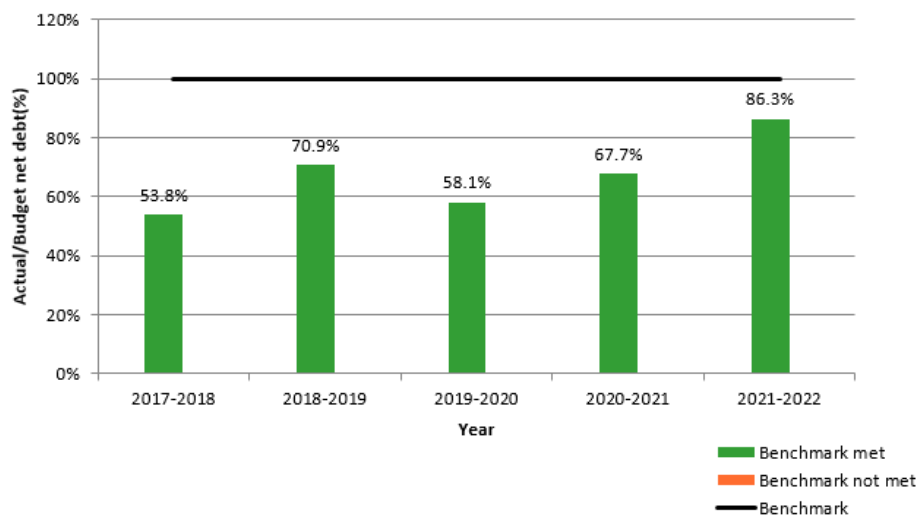


DEBT CONTROL BENCHMARK

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

Debt Control Benchmark

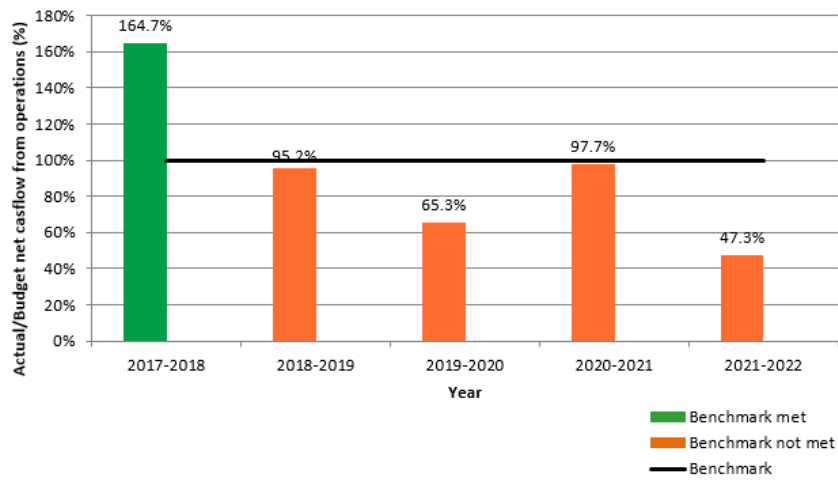


OPERATIONS CONTROL BENCHMARK

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

Operations Control Benchmark



**ADDITIONAL INFORMATION
OR COMMENT**

Council has met all but three of the benchmarks for the past five years.

The reason for the breach in the “Operations control benchmark” for the past three years is a result of less than budgeted receipts from customers due to COVID-19 impacts offset with a reduction in finance costs and a higher dividend from QAC in 2020 only. In 2018-19 the favourable receipt of dividends and interest has been offset by a lag in receipt of non-exchange debtors. In 2018-19, 2019-20 and 2020-21 Council failed to meet the “Balanced budget benchmark” this relates to unbudgeted expenditure for the year in relation to the defence and resolution of legal claims. The “Rates affordability benchmark” relating to the percentage increase for rates was breached in 2017-18 and 2019-20. The incoming Council agreed to a higher than forecast increase in rates in order to increase resources to deal with growth proactively in the district.

CORE ASSETS DISCLOSURE

		Closing Book Value 30-Jun-22 \$000's	Additions constructed by Council \$000's	Additions transferred to Council \$000's	Estimated replacement cost \$000's
Water Supply	Treatment plants and facilities	50,053	441	-	91,367
Water Supply	Other assets (such as reticulation systems)	283,424	960	5,058	383,748
Sewerage	Treatment plants and facilities	93,982	16,885	10,955	152,443
Sewerage	Other assets (such as reticulation systems)	397,016	13,661	4,743	544,004
Stormwater Drainage		345,569	4,288	8,958	480,687
Roads & Footpaths		929,052	22,701	6,684	1,127,949

Note: There are no flood protection or control works.

* *excluding assets under construction*

RATING BASE INFORMATION

Rating units within the district or region of the local authority at the end of the preceding financial year:

- > Rating base information as at 30 June 2021
- > The number of rating units 30,229
- > The total land value of rating units 20,194,410,100
- > The total capital value of rating units 36,380,905,200

INSURANCE ON ASSETS

Buildings, Plant & Equipment

The Council has a total asset value for insurance purposes of \$485,494,960. This is made up of \$298,309,830 for Property and Plant and \$187,185,130 under the Three Waters Assets noted below. The insurance is based on full Replacement Value. We have a Fire Loss limit of \$45,000,000 Flood is defined as loss, damage, interruption or interference arising from the unundation of normally dry land by water escaping or released from the confines of Lake Whakatipu. The Council carries the first \$10,000 of any loss for Fire and Perils and \$250,000 for flood damages. The Natural Disaster excess is 2.5% of the sum insured minimum \$2,500 and/or for Pre-1935 Risks 10% of the Material Damage site sum insured, minimum \$10,000 for Natural Disaster losses. This applies to the combined Material Damage and Business Interruption loss.

Three Waters Asset – Buildings/Plant & Equipment

The Council has a total asset value for insurance purposes of \$187,185,130. This is made up of Replacement Value \$172,168,086 and Indemnity Value \$15,017,044. The Council carries the first \$10,000 of any loss for Fire and Perils, and to \$250,000 for flood damages. The Natural Disaster excess is 2.5% of the sum insured minimum \$2,500 and/or for Pre-1935 Risks 10% of the Material Damage site sum insured, minimum \$10,000 for Natural Disaster losses. This applies to the combined Material Damage and Business Interruption loss.

Forestry

The Coronet Forest is insured for Fire to the value of \$2,506,376, with an Aggregate Limit of Liability of \$3,078,752. The Council carries an excess that is percentage of the sum of the Block Declared Value. Renewal of Standing Timber Insurance Policy with effect 01/05/2022 – 01/05/2023.

Vehicles

The Council has a total asset value for insurance purposes for vehicles of \$4,044,501. All vehicles are insured for Market Value with Replacement Value for vehicles which are less than 12 months old. The cover includes all glass claims. The Council carries an excess of 1% of the vehicle value minimum \$1,000 for own vehicles and nil excess for damage to third party damage. The Limit for Third Party damage is \$20,000,000. Nil Excess applies to windscreen and window glass.

Natural Catastrophe for Infrastructure – Shared Services

The Council has a total asset value for insurance purposes of \$1,175,610,519. The Council has Physical loss and Business Interruption cover for their Infrastructure caused by a Natural Catastrophe Event including Earthquake, Natural Landslip, Flood, Tsunami, Tornado, Windstorm, Volcanic Eruption, Hydrothermal & Geothermal Activity and Subterranean Fire. The Limit of Liability is NZD300,000,000 combined limit for an event involving more than one Council for any one loss or series of losses arising out of any one event. The Limit of Liability for Queenstown Lakes District Council is NZD190,000,000 each and every loss The Deductible is NZD1,000,000 each and every Loss.

Aviation

Uses Insured: Business and/or commercial uses including continuation flying and the following special uses:

- > Aerial Surveying / Photography / Spotting
- > Sub-Limit for Invasion of Privacy – \$5,000
- > Sub-Limit for Noise Liability – \$5,000
- > Geographical Limit: New Zealand and 200 kilometres from New Zealand main land mass

Hall Hirers Liability

- > Business of insured: Hall Hirers of Queenstown Lakes District Council Properties
- > The insured is extended to include Community and Sporting groups, Individuals and the like who use and hire properties operated or owned by the insured.
- > Limit of liability: \$10,000,000 any one occurrence
- > Excess: \$1,000 on any one occurrence

Auditor's report



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF QUEENSTOWN LAKES DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of Queenstown Lakes District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Mike Hawken, using the staff and resources of Deloitte Limited, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 6 October 2022. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 102 to 155:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2022;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 98, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Annual plan;
- the Statement of Service Performance on pages 23 to 94
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2022, including:

- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 37 to 85, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 37 to 85, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 156 to 161, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Emphasis of Matter

Without modifying our opinion, we draw attention to the following disclosure:

The Government's three waters reform programme announcement

The three waters reform note on page 121, which outlines that, in June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that the District Council will no longer deliver three waters services or own the assets required to deliver these services. The bill is currently before Parliament and as such, the impacts of the proposed reforms are currently unclear. Additional legislation is expected later in 2022 that will provide detail on the transfer of assets and liabilities to the water service entities.

Building Related Contingent Liability

Note 23(a) of page 146 of the financial statements outlines the Councils contingent liability disclosure for building related claims. As outlined in the note disclosure Council is unable to reliably determine a liability provision in relation to the building related claim.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "*Responsibilities of the auditor for the audited information*" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's Long-term and Annual plans.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Statement of Service Performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 22, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of assurance services relating to reporting under trust deed, a registry audit, and a regulatory disclosure audit, that are consistent with our role as auditor. Other than these engagements we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



Mike Hawken
for Deloitte Limited
On behalf of the Auditor-General
Dunedin, New Zealand