

Full Council

9 October 2025

Report for Agenda Item | Rīpoata moto e Rāraki take [1]

Department: Assurance, Finance & Risk

Title | Taitara: Annual Report 2024-2025

Purpose of the Report | Te Take mō te Pūroko


The purpose of this report is to recommend that Queenstown Lakes District Council (QLDC) adopts the draft Annual Report for the year ended 30 June 2025 pursuant to sections 98 and 99 of the Local Government Act 2002.

Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the contents of this report;
2. **Adopt** the draft Annual Report for the year ended 30 June 2025 pursuant to sections 98 and 99 of the Local Government Act 2002, as recommended by the Audit, Finance and Risk Committee (Attachment A).

Prepared by:



Name: Caleb Dawson- Swale
Title: Business Planning Manager

26 September 2025

Reviewed and Authorised by:



Name: Katherine Harbrow
Title: Assurance, Finance and Risk General
Manager

26 September 2025

Context | Horopaki

1. Sections 98 and 99 of the Local Government Act 2002 require Council to prepare its Annual Report for the year ended 30 June 2025 in accordance with the information required by Part 3 of Schedule 10 of the same Act.
2. Under the Local Government Act 2002 (LGA 2002) Section 98 (3), local authorities must adopt their Annual Report within four months of the end of the public sector financial year.
3. The draft Annual Report will have been considered at the meeting of the Audit, Finance and Risk Committee (“the Committee”) on 2 October 2025.
4. The auditors attended this meeting and briefed the Committee on the audit process for the draft Annual Report 2024-2025.
5. This draft Annual Report is produced pursuant to the requirements of the Local Government Act 2002. The purposes of an annual report as per section 98 (2) are:
 - a. to compare the actual activities and actual performance of the local authority in the year with the intended activities and the intended level of performance as set out in respect of the year in the Long-Term Plan and the Annual Plan; and
 - b. to promote the local authority’s accountability to the community for the decisions made throughout the year by the local authority.
6. A copy of the draft Annual Report 2024-2025 has been circulated to all Elected Members and the Council’s auditors (Deloitte) have issued the audit opinion on the report. This means that in the opinion of the auditors, the financial statements fairly reflect the financial performance and position of the Council and Group for the year ended 30 June 2025.

Financial Summary

7. The introductory information in Section One provides a summary of the main financial results and the major achievements over the financial year. The key features are:
 - a. QLDC recorded an operating surplus of \$53.6M for the year, compared to a budgeted operating surplus of \$55.8M and an actual surplus of \$95.4M for the previous financial year
 - b. This surplus was largely due to the increase in vested assets revenue (these are mainly assets contributed to the Council by property developers as part of their development work). For the current year vested assets amounted to \$52.9M, compared to the budget of \$30.2M and an actual figure of \$113.1M the previous year. The \$52.9M Vested Asset Revenue includes \$25.3M of Vested Assets from prior financial years as disclosed in Note 35 of the Annual Report for a Prior Years Correction.

- c. Overall, total revenue of \$323.6M was above budget by 3.1%, or \$9.6M (refer to comments above). Actual operating expenditure was \$271.1M (above budget by 4.2% or \$11.1M).
8. The following major items contributed to the favourable operating revenue variance of \$9.6M:
 - a. Vested assets (refer to paragraph.9 above).
 - b. This is partially offset by development contributions which were \$22.6M below budget at \$16.7M for the year. This development contributions revenue stream depends on the timing of the completion and size of developments in the district.
 - c. Dividend income from Queenstown Airport Corporation was \$5.2M above budget.
9. The following major items contributed to the unfavourable operating expenditure variance of \$9.7M:
 - a. Infrastructure maintenance expenditure was \$7.6M above budget. This amount is due to \$2.5M higher roading maintenance costs, \$0.7M higher water supply maintenance costs and \$4.5M higher wastewater maintenance costs.
 - b. Depreciation expense (non-cash) was above budget by \$3.4M mainly due to increased vested assets.

Audit Outcome

10. The Council is advised to receive the external audit report and draft Annual Report 2024-2025 in line with the committee's Terms of Reference.
11. QLDC has received a clean audit result with no qualifications. There were two emphases of matter, these are noted in Attachment B.
12. Key topics addressed in the audit are noted in Attachment B and included the below:
 - Property, Plant and Equipment Valuation
 - Statement of Service Performance
 - Revenue Recognition - Rates
 - Group Audit
 - Management Override of Controls
 - Office of the Auditor General Audit Brief

Analysis and Advice | Tatāritaka me kā Tohutohu

13. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.

14. **Option 1** Adopt the draft Annual Report 2024-2025.

Advantages:

- Adopting the draft Annual Report 2024-2025 enables Council to meet its obligations to report on its performance and ensures accountability to the community for the decisions made throughout the year in line with the requirements set out in the Local Government Act 2002.

Disadvantages:

- This option does not allow for any substantive changes to be made to the final report if required.

15. **Option 2:** Do not adopt the draft Annual Report 2024-2025.

Advantages:

- This option would allow for substantive changes to be made to the draft Annual Report 2024-2025, if requested by Council.

Disadvantages:

- This option would inhibit the draft Annual Report 2024-2025 from being adopted and Council to meet its reporting obligations to the community.

16. This report recommends **Option 1** for addressing the matter because it enables Council to meet its obligations to report on its performance and ensures accountability to the community for the decisions made throughout the year in line with the requirements set out in the Local Government Act 2002.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi i kā Whakaaro Hiraka

17. This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because the adoption of the draft Annual Report is an important element of Council's accountability to the community for the decisions made throughout the year.

18. The persons who are affected by or interested in this matter are residents/ratepayers of the Queenstown Lakes District community.

19. The Council has consulted with the residents/ratepayers of the Queenstown Lakes district community as part of its 2024-2034 Long Term Plan process.

Māori Consultation | Iwi Rūnaka

20. The Council consulted with Te Ao Marama and Aukaha on behalf of Mana Whenua as part of its 2024-2034 Long Term Plan process.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

21. This matter relates to the Regulatory/Legal/Compliance risk category. It is associated with RISK10030 Audit of annual report or long-term plan identifies non-compliance/corrective actions within the QLDC Risk Register. This risk has been assessed as having a low residual risk rating.

22. The approval of the recommended option will allow Council to avoid the risk. This shall be achieved by adopting the report within the timeframes as set out in the Local Government Act 2002.

Financial Implications | Kā Riteka ā-Pūtea

23. The Annual Report provides the main mechanism for reporting back to the community on the year's financial results and on organisational performance. It does not create any financial implications for Council in and of itself.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

24. The following Council policies, strategies and bylaws were considered:

- 2024-2034 Long Term Plan
- 2025-2026 Annual Plan

25. The recommended option is consistent with the principles set out in the named plans.

26. This matter is not specifically included in the Long Term Plan/Annual Plan but reports on how the Council has performed against its intentions in financial year 2024-2025 as set out in the 2024-2034 Long Term Plan.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

27. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

28. The recommended option:

- Is consistent with Council's plans and policies
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of Council or transfer the ownership or control of a strategic asset to or from Council.

Attachments | Kā Tāpirihaka

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| A | Draft Annual Report 2024-2025 |
| B | Deloitte Report to the Audit Finance and Risk Committee |
| C | Draft Representation Letter |

Attachment A circulated separately.