

Annual Report

Rīpoata ā-tau

2020/21

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Section 01: Overview

Wāhaka 01: Whakarāpopototaka



Chief Executive's Report



Much of the 2020-2021 financial year has been dominated by the ongoing effects of the COVID-19 global pandemic. That is true for both the communities across our district and for the business of Council. The year commenced in July 2020 seeing a significant welfare support programme in place and a number of initiatives underway and imminent with a focus on community wellbeing and economic recovery.

Council began the year with a heavily redrafted 2020-2021 Annual Plan Budget, in response to the predicted impact of COVID-19 on our communities. This included limiting rates rises to an average 1.59% and undertaking a series of cost cutting exercises and project re-timings, while at the same time preserving levels of service and continuing to invest in key core infrastructure.

The final dividend payment for Queenstown Airport Corporation was cancelled for obvious reasons which further created a large revenue hole for the organisation. The organisation agreed to a pay freeze for the year which was a major contributor to the savings achieved and there was a corresponding reduction in overall planned staff numbers for the year. In addition, the Council has continued to offer rent relief to many of its business tenants across the district who lost significant income in the light of the decline in visitor numbers.

The start of the year saw the recently opened Kia Kaha Community Hub continuing to offer advice regarding immigration, repatriation, employment, finance, community welfare and wellbeing needs, and complementing existing services provided by Community Networks Wānaka. These sessions provided an important service for our local communities, employers, and workers from overseas who needed support through this extremely difficult time, and were heavily oversubscribed. I personally would like to extend my gratitude once again to everybody involved however large or small a part you played.

The impact of COVID-19 on our economy was forecast to be significant by Infometrics when they prepared an assessment at the beginning of the financial year. The report suggested international tourists could return gradually from 2021 but may take years to reach pre-COVID levels. The district's economic output (Gross Domestic Product) over the next year was shown to potentially drop by around 23% and over 7,000 jobs in the district could be lost. While these dire predictions were not achieved (though may yet with more recent lockdowns) the local economy has had a challenging time with significant levels of unpredictability, a lack of staff, and at times variable visitor numbers to the district. In contrast, house prices have remained high and the building sector is experiencing a demand-driven boom in activity.

The Mayor convened a short-term tourism recovery taskforce to help kick start the economy, and initiatives such as the ideas platform Torokiki quickly followed. The Council announced the establishment of the Regenerative Recovery Advisory Group bringing together a diverse range of contributors from across the community.

The advisory group contributed to the evolution and achievement of the Recovery Plan, which was guided by Vision Beyond 2050. Once again, the Council extends its thanks to the members of all the groups for the valuable contribution they made to assisting the district in its recovery.

The announcement of an \$85M contribution from the government's "Shovel Ready" COVID-19 recovery programme was a substantial boost to the transformation of Queenstown's town centre and enabling stage one of the proposed Queenstown Arterial. These projects will make a transformational change to the Queenstown Town Centre along with enabling the renewal of the centre's aging underground infrastructure at the same time. This contribution recognised the importance of providing the support our community needed, and continues to need, and investing in the future of our local economy. This was the first of the government's "Shovel Ready" funding announcements.

Council was also successful in securing a \$1.2M grant from government's Provincial Development Unit to renovate four community venues employing up to 80 people over several months to complete the work. The spring saw work undertaken at Arrowtown Athenaeum Hall, Lake Hayes Pavilion, Lake Wānaka Centre and Queenstown Memorial Hall, including painting, replacing flooring and windows, and upgrading heating and lighting. The work had been identified as required maintenance but prior to the funding announcement had been earmarked for the next ten-year plan cycle.

In late May 2021, Economic Development New Zealand (EDNZ) awarded the QLDC Recovery and Economic Development teams a Commendation in the Business Support Recovery Initiatives category at an awards ceremony held in Palmerston North. This recognition reflected that the previous year had been incredibly tough for our local business community and the positive benefit of a collaborative effort across a wide range of organisations working towards business recovery in the district.

In addition to this effort there has been significant work completed towards identifying and encouraging opportunities to diversify the district economy beyond its traditional focus on visitors and hospitality.

August 2020 saw Council establish an independent, multidisciplinary Climate Reference Group (CRG) to support the delivery of its Climate Action Plan, adopted in 2019. The role of the group is to identify key challenges, evaluate best practices, identify funding opportunities, and agree priority action areas at each annual review of the Climate Action Plan. The organisation is committed to meeting the goals of the Climate Action Plan and the insight and advice from the group continues to be a valuable perspective on Council activities and plans.

August was also the start of Council's journey towards a primarily electric vehicle fleet, as part of delivering on the Zero Carbon Communities | Parakore Hapori principle of Vision Beyond 2050. With a significant proportion of the fleet now switched to 100% EV, the Council is well on the way to meeting the target of mid-2022.

In October and November 2020, Council announced changes to kerbside collections and public bins. These changes meant we are more able to provide certainty that the materials put into public bins can be appropriately recycled by reducing the chances of cross-contamination and supporting our move towards zero waste. For kerbside collections, the change was to accept only plastics that could be recycled onshore in Aotearoa New Zealand. The change has been made to align with New Zealand's commitment to move away from hard-to-recycle plastics and to contribute towards better regulation of the international trade in plastic waste. These changes were supported by ongoing education campaigns helping the community know what goes in which bin so that we can journey faster to zero waste together.

In March 2021, Council launched its third annual round of applications for the Waste Minimisation Community Fund. This latest round saw strong contenders and ultimately nine successful applicants were the collective recipients of the \$60,000 fund.

The selected projects were initiatives from a variety of organisations, including community groups, charities, education facilities, and businesses. Projects included reducing construction landfill waste, reducing commercial food waste, reducing single-use plastics, waste education and workshops.

Finally for waste, a project (in partnership with Scope Resources Ltd) to improve air quality, reduce greenhouse gas emissions and reduce odour at Victoria Flats Landfill completed in June 2021. The landfill gas capture and destruction system will capture landfill gas, preventing methane from entering the atmosphere, and is aligned with the key outcomes of Council's Climate Action Plan.

The last financial year has been a busy time for Council's Community Services teams spanning sport and recreation, community venues, parks and reserves, and libraries. Work got underway on stage one of a landscape plan for Jardine Park on Kelvin Peninsula following the removal of a number of trees following a major storm.

Acknowledging the input from the community and Kelvin Peninsula Community Association, as well as Wakatipu High School and other community groups, the collaboration has delivered a community bike track, planting of native trees and shrubs, and installing irrigation. The end of the financial year also saw stage one of Te Kararo Queenstown Gardens Development Plan underway with the multi-stage project aiming to improve public safety and wayfinding in the area while retaining the passive recreation qualities of the gardens.

The Wānaka Lakefront Development has also made significant progress in the last 12 months. Stage Three of the plan began construction in February 2021, which will see the implementation of Te Ara Wānaka (a shared pathway) for pedestrians and cyclists along the Lakeside Esplanade, and a separate boardwalk along the lake's edge. Once finished, wide scale native planting will run from Bullock Creek through to the Marina, working to maintain the area's natural look while also providing an injection of native flora and fauna. This stage is due to complete in Spring 2021.

In March, Council also opened the renewed Rotary Playground on Wānaka's lakefront which includes an impressive list of new features, such as a swing set, spinning balance balls and balance steps, a trampoline and a concrete scooter track running around its edge.

Complementing the upgrades to venues mentioned earlier, construction began on the new Luggate Memorial Centre, notable as one of the first community buildings in New Zealand built to ultra-low energy 'Passive House' standards. Council was privileged to have Kāi Tahu gift the name 'Whare Mahana' for the new centre which means 'warm house', reflecting both its passive house credentials and its importance as a place to bring the community together.

Attracting big events to our sports venues continues to be one way our sport and recreation team aims to encourage locals to be "more active, more often". At the beginning of 2021, our cricket facilities in Frankton hosted England women's cricket team, the Bangladesh men's cricket team and both the Pakistan and West Indies men's teams.

February also saw the start of construction on the new multisport all-weather turf located at Queenstown Events Centre and used for football, futsal, and hockey.

In addition to the shovel-ready projects underway, 2020-2021 was a big year for infrastructure projects, especially in the three waters portfolio. Since September 2020, work has been ongoing across Queenstown CBD to install 870m of new wastewater pipe. The work is the next stage of the Recreation Ground Pump Station and Rising Main upgrade project laying a total of almost 3,000m of pipe from Man Street to Marine Parade, connecting to pipe recently installed across a portion of the Queenstown Gardens to Park Street. The new pump station at the Recreation Ground and pipeline will provide emergency storage, additional pumping capacity and provide more resilience to our wastewater network in Queenstown and reduce the likelihood of uncontrolled flows of wastewater into Lake Wakatipu.

In the Upper Clutha, work commenced in February on a major upgrade to Wānaka's wastewater infrastructure also providing emergency storage, additional

capacity and supporting improved resilience. Due for completion mid-2022, the new solution will see the construction of a new pump station, which will carry wastewater to the existing Albert Town Pump Station, a new rising main and gravity main from Beacon Point Road to Albert Town Pump Station via Lismore Street and SH84, and a new gravity main and an extension of the Waimana Place pressure main. The Council, in collaboration with a local developer, has also developed and installed a new long-term wastewater treatment facility to replace Cardrona's aging and under capacity system.

QLDC signed a memorandum of understanding with Central Government in 2020 and is participating in the exploration of future service delivery options. Regardless of the final service delivery model, the community will need 3 waters services whether this Council delivers them or not. Therefore these activities are reflected in the Financial Strategy and the 30 Year Infrastructure Strategy and assumed to be delivered within the Ten Year Plan.

Sealing of Ballantyne Road in Wānaka commenced in 2020 following extensive negotiation between Council and Waka Kotahi NZTA.

The \$6.4M upgrade seals 4km of the road, lowers speed through careful road design, improved drainage, sealed shoulders, and the relocation of 40 power poles. Work to address Ballantyne Road commenced in 2016 following a tragic fatality on the road.

In April 2021, the High Court published its decision in the judicial review of the Wānaka Airport lease. The lease with Queenstown Airport Corporation (QAC) was terminated by the decision and Council resumed management of Wānaka Airport albeit through QAC under an interim agreement. Wānaka remains a very busy and growing airport and Council is focused on ensuring its safe operating environment that continues to cater for a range of commercial and private users.

The work programme for Council continues at pace, and in June the Council adopted its 2021-2031 Ten Year Plan with its largest ever capital investment programme of \$1.67 billion. Council received 504 submissions from individuals, groups, and organisations across the district during the March-April consultation period, and 82 people chose to address Councillors at hearings held in Wānaka and Queenstown.

These submissions helped shape a number of changes to the plan such as accelerating active travel networks for Wānaka, bringing the design and construction of the 'Wānaka Pool to School Active Travel' route to Year 2 (\$2M) and Year 3 (\$3M), additional resources to focus on climate action and adaptation, access to community facilities in Wānaka and Te Pūhahi Ladies Mile, and assisting in the development of an Arts and Culture Hub in Remarkables Park.

A significant percentage – approximately 75% – of that proposed plan was founded on a need to invest in three waters across the district, and roading and transport options. Given the quantum of investment required, Council focused on ensuring we take every opportunity to optimise investment by seeking external funding; for example through Waka Kotahi NZTA, the government's Shovel Ready programme, NZ UP, Tourism Infrastructure Funding, and the Housing Infrastructure Funding. This has enabled significant investment throughout the district seeing a majority of that work in the first five years with capital expenditure at \$274.91M in the Wānaka Ward (35.9%) and \$570.56M in Queenstown-Wakatipu and Arrowtown Wards (64.1%).

Council faces a number of ongoing claims for what are generally called “Leaky Buildings”, relating to weathertightness and building defects. Each year the Council makes a financial allocation to address such claims: this year an additional \$22M was added to this provision following further work performed in assessing the claims in the current year.

Unfortunately, Council is very often the only party left standing against such claims over time but nevertheless vigorously defends its position in relation to these claims.

Claims are dealt with on a case-by-case basis and a financial provision is established to recognise Council’s best estimate of the expected future cash-flows to defend/settle these claims. The nature of the liability means there are significant inherent uncertainties in estimating the likely costs that will be incurred in the future, including the liability borne by other parties.

It is common for there to be significant variation between the claims made, and Council’s assessment of risk and liability. Accordingly, Council continues to make prudent provisioning for such costs.

Council has not disclosed details of the amounts claimed, nor has there been disclosure of individual amounts provided for, as doing so could prejudice the Council position in defending these claims. While Council uses borrowings in the first instance to meet the cost of settlements, these are ultimately funded through rates, which may result in greater-than-planned rates increases.

Planning policy has taken a number of significant steps in the last 12 months, initially with the adoption of recommendations on Stages 3 and 3b of the District Plan review in March. Stage 3 and 3b introduced a number of changes to the Operative District Plan (ODP), including a new General Industrial and Service Zone; a Settlements Zone for Rural Townships; a review of the Rural Visitor Zone, Three Parks Special Zone and rezoning of the Ballantyne Road oxidation pond site for active sports and recreation; Wāhi Tūpuna (sites of significance to Iwi) provisions; design guidelines for Residential and Business Mixed Use Zone; changes to plan provisions in Queenstown Bay and a suite of minor variations arising from previous decisions.

The process involved 542 submissions, 8,690 submission points and 20 days of hearings in Queenstown and Wānaka before an Independent Hearing Panel. These decisions are now subject to appeals.

The other major planning milestone was the final stages of the district’s first Spatial Plan. The Grow Well Whaiora Partnership, a new Urban Growth Partnership between Central Government, Kāi Tahu and QLDC, worked together over three years to develop the plan setting out a vision and framework for how and where our district will grow, in this case out to 2050. Community engagement played a key part in the process of shaping the plan from day one, with feedback from the March-April consultation resulting in changes to the draft plan prior to adoption. The plan was finally adopted in July 2021 and will be reviewed again for adoption in 2024. Its ongoing implementation will be overseen by a governance group comprising Ministers of the Crown, Council, the Otago Regional Council and Kāi Tahu.

Around the Council Chambers, we farewelled Queenstown-Wakatipu Councillor John MacDonald in March 2021 after four and a half years on Council, on personal health grounds and the Council thanks John for his time as a valued member of Council and his long time service to the community. This led to a by-election and in June Councillor Esther Whitehead was successfully elected in the Queenstown-Wakatipu Ward.

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*

QLDC financial results at a glance 2020/21

STATEMENT OF FINANCIAL PERFORMANCE

QLDC recorded a surplus of \$17.8M for the year. This is well down from the \$51.4M surplus recorded last year and the budget of \$31.6M. The main reasons for the lower surplus against budget, which is not profit, are related to an increase in loss provision to defend and resolve a number of building related legal claims against the Council.

Revenue was above estimate by 20.6% or \$37.8M and expenditure was over by 27.7% or \$44.1M. The increase in revenue reflects better than expected levels of activity for the financial year. Overall, the impact of COVID-19 was less than expected on both revenue and expenditure for the year.

The following major items contributed to this variance:

- > Increased vested asset income of \$30.9M 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.

- > An increase in development contribution income of \$2.1M which is related to the level of development activity within the district. This income can only be used to fund growth related capital expenditure.
- > There was also an increase for grants and subsidies which created a favourable variance of \$0.9M.

The surplus includes the following:

- > \$4.2M of net unrealised gains as a result of the revaluation of investment property, interest rate swaps and forestry assets as at 30 June 2021. This is offset by \$4.3M net of loss on disposal of council assets.

Operating expenditure was \$44.1M (27.7%) over budget for the year ended 30 June 2021. Most of this negative variance (\$22M) is due to an increase in loss provision to defend and resolve a number of building related legal claims against the Council. The major remaining operational cost variances are as follows:

- > Depreciation and amortisation expense higher than budget by \$6.8M, largely as a result of updated valuations for infrastructure assets for both 3 waters assets (2019 and 2021) and roading assets (2020).
- > Interest expense for the year is \$2.1M less than budget. This is a result of the timing of some capital works and lower than expected interest rates.
- > Costs for road maintenance were \$2.2M above budget for the year, mainly as a result of emergency work along with internal time allocations (both partially offset by increased subsidy).
- > There was \$12.4M of costs originally included within capital budgets which have been transferred to operational costs as they cannot be capitalised. This included \$8.5M Lakeview Development site clearance (demolition and asbestos removal), \$0.7M preliminary costs for analysis of various parking options, \$0.6M Lakes District Museum grant funding and \$0.4M for responsible camping initiatives (100% funded by MBIE).

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 in both 2021 and 2020, these are summarised below:

- > Increase in infrastructure value: \$134.5M with 3 Waters asset values increasing by \$46.5M. Offsetting this, capital expenditure was \$105.3M which is below estimate by \$89.0M for the year ended 30 June 2021.

2020 Increase in infrastructure value: \$262.5M with Roding asset values increasing by \$184.5M.

- > Lower than forecast capital expenditure in the last five years, as well as the sale of the Scurr Heights land in 2016 and the prepayment for the Wānaka Airport lease in 2018, results in borrowings that are \$115.5M below forecast. Total debt as at 30 June 2021 is \$161.9M compared to a forecast of \$277.4M.

STATEMENT OF CHANGES IN EQUITY

Accumulated differences between actual and budgeted net surpluses as described above for 2021 and 2020, as well as the impact of infrastructure asset revaluations, prior investment property revaluations and reduced borrowings, has resulted in an equity variance of \$263M 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 \$91.3M below estimate and consequently, net borrowings were around \$85.7M less than expected. Cashflows from operating activities were in line with budget as a result of a COVID-19 revised budget.

Financial strategy

The Financial Strategy must show prudent financial management by the Council and act as a guide when making large funding decisions. It also outlines how the Council will tell the story about projects, so that the community can understand the implication of big decisions on things like rates, debt and investments. The strategy is contained in full in Volume 2 (pp 8-21) of the 2018 Ten Year Plan www.qldc.govt.nz.

The Council's Financial Strategy is aimed at responding to the needs of our district today and into the future in a responsible and affordable way. It is important that the costs of providing facilities with long lives are shared between today's ratepayers and those in the future. It is also critical that an alternative funding mechanism to support the continued investment in tourism-related infrastructure is agreed with Central Government. It is unreasonable to expect local ratepayers to fund tourism-related infrastructure where it can be demonstrated that the main beneficiaries are visitors to the district, the wider region and New Zealand as a whole.

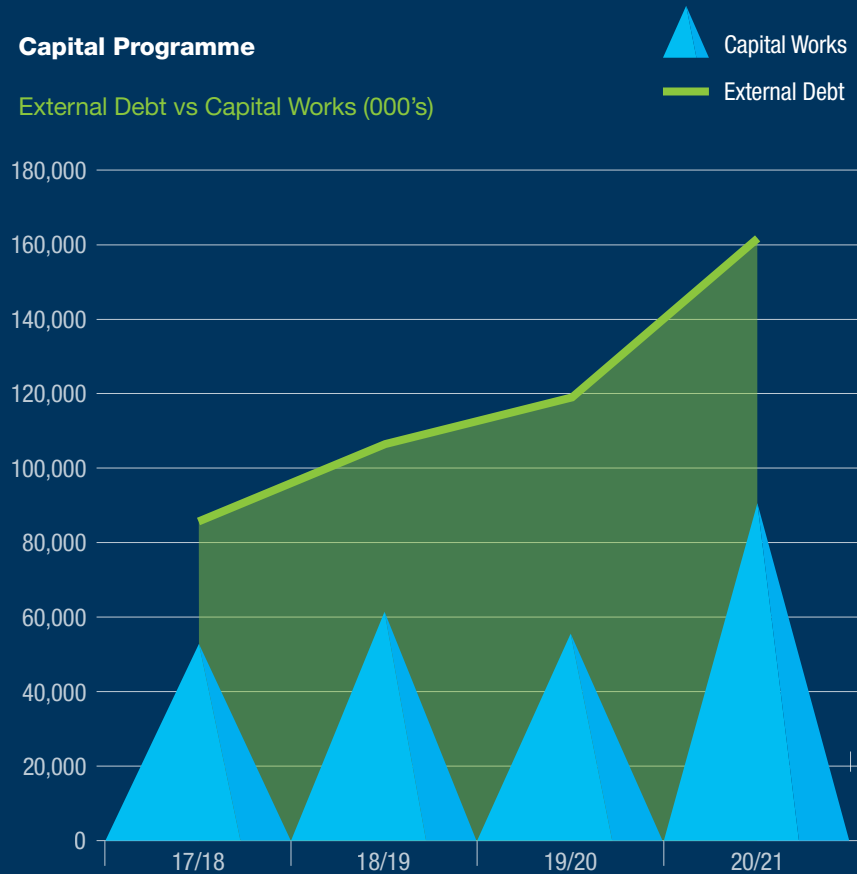
If this aim is successfully realised, the following outcomes should be achieved:

- > a prioritised capital programme, delivering the 'right' projects ahead of growth so that development is supported in the appropriate areas;
- > rates increases (subject to changes in growth forecasts) are set at maximum of 10.8% gross (7% net) per annum for the first three years and 9.0% gross (5.5% net) per annum for years four to ten;
- > debt levels maintained at affordable levels (i.e. within borrowing limits);
- > debt levels at the end of the ten year period have stabilised and sufficient headroom exists to provide financing flexibility for future councils; and
- > excellent service continued to be provided within financial constraints.

REPORTING BACK ON FINANCIAL STRATEGY

Capital Programme

External Debt vs Capital Works (000's)

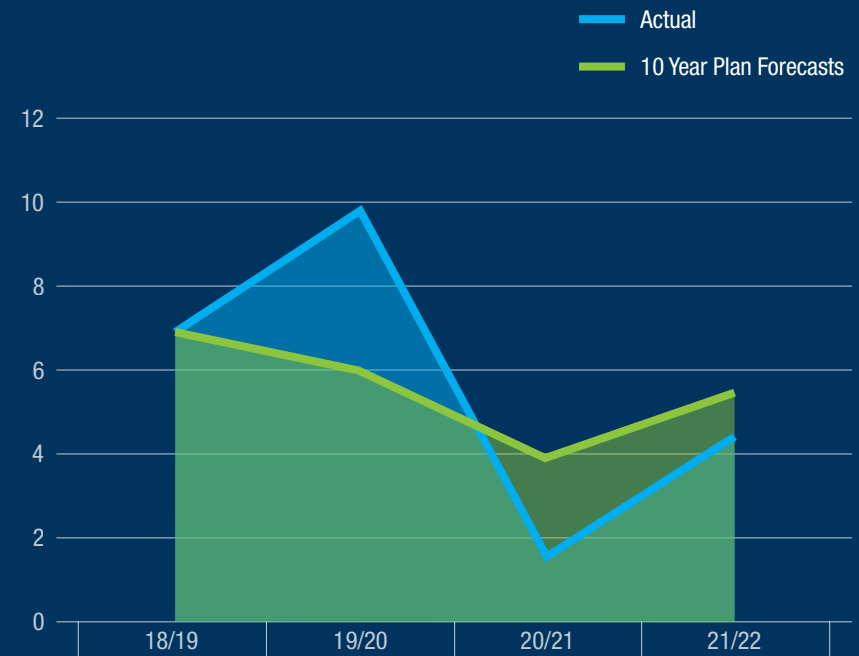


The graph above shows that the actual spend on capital projects has increased significantly for the last year compared to the previous three. The result for 2020-21 is a distinct improvement but is still some \$104.3M short of the original 2018 Ten Year Plan budget for 2020-21. This is due to primarily to the deliberate re-programming of the 3 Waters capital programme and delays in the approval process for major transport improvements in Queenstown.

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 2021-22 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)

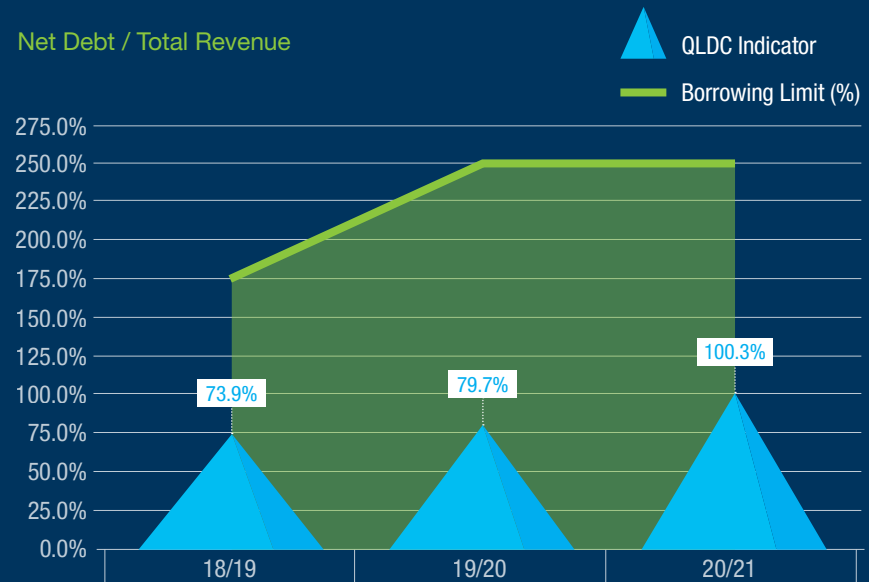
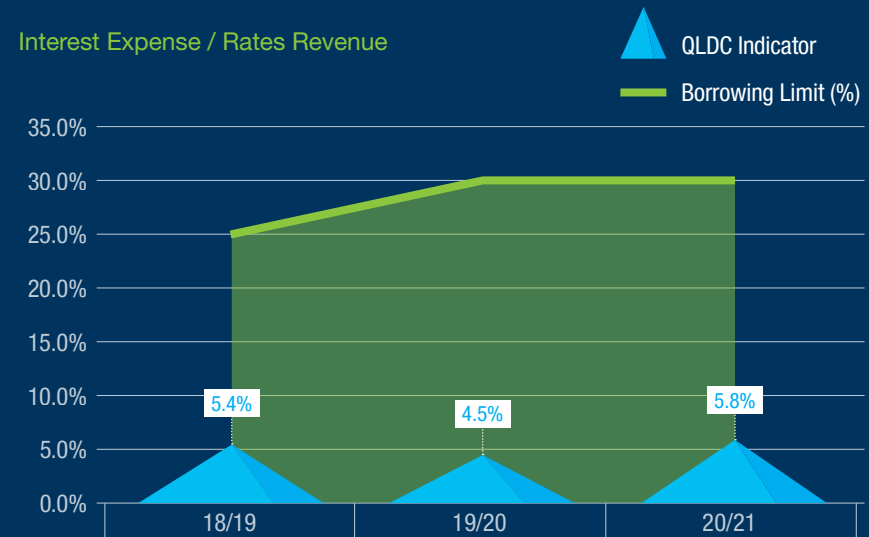


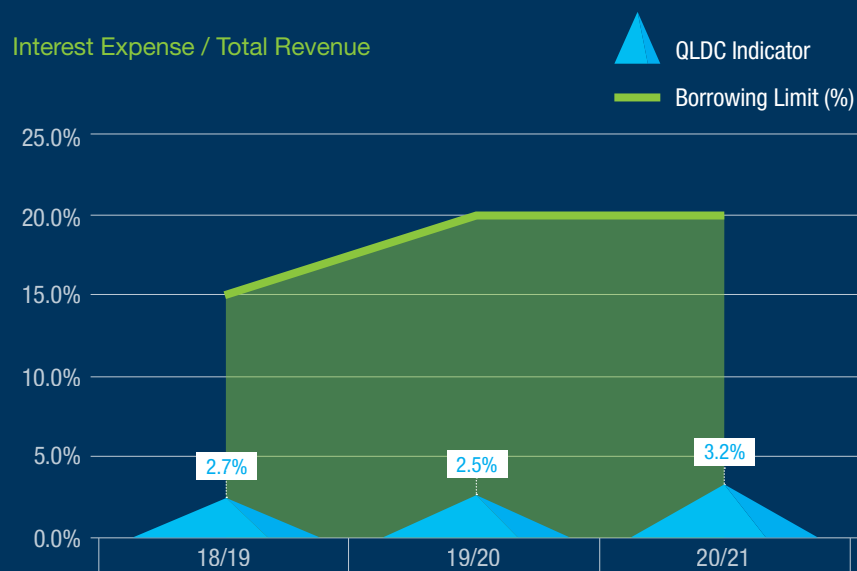
DEBT LEVELS

In order to deliver the large capital programme included in the 2018-28 and 2021-31 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 2021 was \$161.9M; this is \$43.1M more than June 2020 and \$192.7M less than the amount forecast in the 2018 Ten Year Plan. This is largely due to the re-programming of the 3 Waters capital programme and the delay in the approval process for major transport improvements in Queenstown.

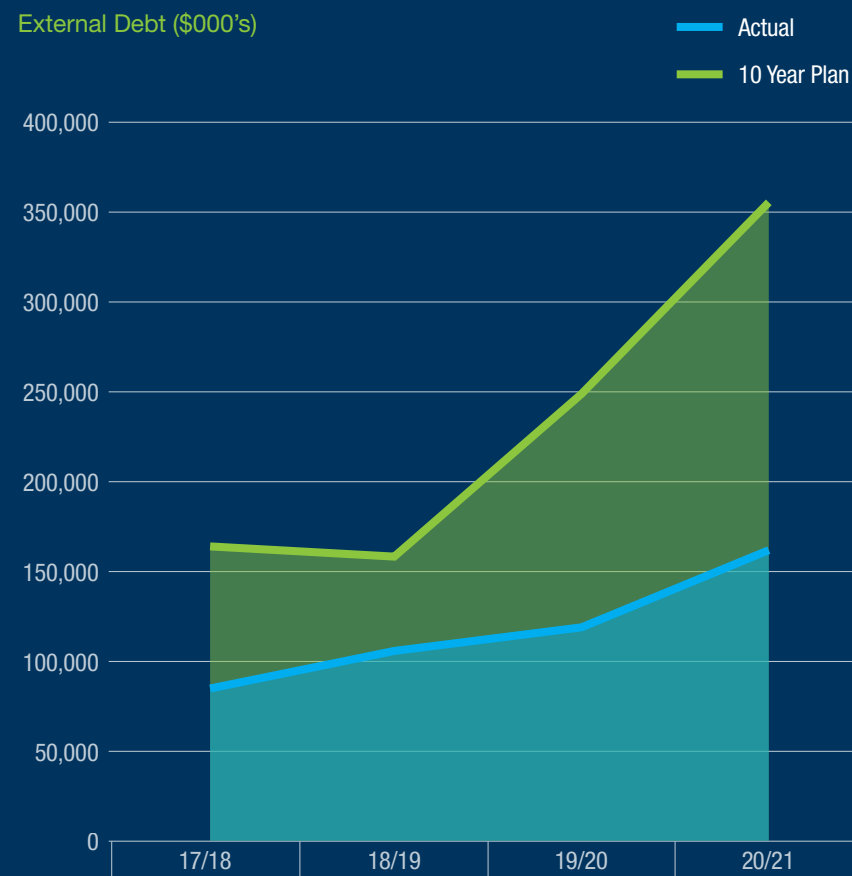
The actual and proposed levels of debt are now within all of the Council's borrowing limits:

LGFA Borrowing Limits (%)	Actual 2018/19	Actual 2019/20	Actual 2020/21	Forecast 2020/21
Interest Expense/ Rates < 30%	5.4%	4.5%	5.8%	16.9%
Interest Expense/ Total Revenue < 20%	2.7%	2.5%	3.2%	7.5%
Net Debt/Total Revenue < 250%	73.9%	79.7%	100.3%	180.6%





The following graph shows the forecasted debt levels compared to actual debt levels up to 2020-21. As can be seen, actual debt levels are significantly reduced. The actual external debt at 30 June 2021 was \$161.9M and is \$192.7M less than the amount forecast in the 2018 Ten Year Plan.



Borrowing will have to increase in order to deliver the future capital programme but the Council will ensure that the projects continue to be rigorously prioritised.

CAPITAL WORKS 2020/21

Notable infrastructure projects that have been substantially advanced or completed during the 2020/21 financial year:

<i>Project</i>	<i>Cost at Year End 2021 (\$)</i>
Recreation Ground new WW Pump Station	12,645,776
Lakeview Development Site Clearance	6,510,020
Queenstown Street Upgrades – CIP	6,022,515
Ballantyne Road Reseal	5,094,257
Qtn Town Centre Arterials – CIP Stage 1	3,801,311
Willow Place WWPS Rising Main upgrade	3,491,357
Shotover Country Rising Main (bridge)	3,137,765
Wānaka – Minor Improvements	2,903,084
Cardrona new Wastewater Pipeline	2,624,676
CROWN RANGE SPR – Sealed rd resurfacing	1,944,736
Wānaka Lakefront Development Plan	1,881,395
Bennetts Bluff Safety Improvements	1,770,887
Reform Stimulus Delivery Plan (3W)	1,765,203
Wastewater – Renewals – Queenstown	1,758,324
Lakeview Storm Water upgrade	1,732,380
Artificial Turf Programme	1,590,244
Qtn Arterial – Balance of Route (TR)	1,560,598
Project Shotover WWTP upgrade	1,322,975
Ladies Mile HIF Stormwater new scheme	1,224,830
Project Pure WWTP upgrade	1,191,126
Quail Rise new Reservoir	1,176,936
North Wānaka new WW conveyance scheme	1,111,812
Beacon Point new Reservoir	1,106,258
WAKATIPU – Unsealed road metalling	1,056,960
Crown Range SPR – Minor Improvements	1,046,827

Carry-forward projects totalling \$45.06M were approved by the Council in September for completion in 2021-22 and 2022-23. Projects in excess of \$500k are as follows:

<i>Project</i>	<i>Budget deferred at Year End 2021 (\$)</i>
Reform Stimulus Delivery Plan (3W)	3,570,797
Beacon Point new Reservoir	3,497,770
North Wānaka new WW conveyance scheme	3,474,847
Wānaka Lakefront Development Plan	2,697,757
Lucas Place Road Rehab	1,753,245
Ballantyne Road Reseal	1,751,609
Hanley's Farm new Reservoir (Coneburn)	1,680,286
Shotover Country WS new WTP	1,578,864
Lucas Place SW upgrades existing pipes	1,509,685
Queenstown Street Upgrades – CIP	1,477,485
Lakeview Development	1,378,879
Qtn Town Centre Arterials – CIP Stage 1	1,198,689
Kawarau Place duplicate SW pipeline	1,138,829
Beacon Point new Water Treatment Plant	1,029,594
Wakatipu Active Travel Network	1,011,548
Artificial Turf Programme	1,009,757
Alpha Series SW bypass	980,338
Coronet Forest Revegetation	884,295
Luggate Hall Replacement	864,608
Willow Place WWPS Rising Main upgrade	749,881
Hanley Frm PS & Ris/Fall mains (Coneburn)	733,568
Arterial – Balance of Route (TR)	695,793
Healthy Homes	666,550
Recreation Ground new WW Pump Station	613,122
Wānaka Library Building	611,296
Queenstown Gardens Development Plan	605,922
Marine Parade WWPS upgrades	583,806
516 Ladies Mile Community Centre	562,081

Fact file

PROJECTIONS

Growth and population assumptions

To assist with future planning, the Council has spent considerable time and effort developing comprehensive growth projections. These have been estimated using the best information available which includes forecasts at the district, ward and census area unit level.

Projections have been developed for:

- > The resident population;
- > The number of visitors (day visitors, visitors in private residences and those in commercial accommodation);
- > The number of occupied and unoccupied dwellings that will be required in the future; and
- > The number of visitor units that will be required in the future.

This information is analysed to compare numbers on an average day and on a peak day.

Because growth continues to be district-wide, our projections include all of our communities, urban, rural, large and small. The projections are based on a 'business as usual' model and do not assume any capacity constraints currently.

USUALLY RESIDENT POPULATION

Usually Resident Population	2021	2031	2041	2051
Wānaka Ward	13,644	18,718	24,082	28,244
Wakatipu/Arrowtown Wards	27,102	34,794	42,924	49,233
Whole District	40,746	53,512	67,006	77,477

AVERAGE DAY POPULATION

Source: QLDC Projections to 2053, July 2020

Average Day Population	2021	2031	2041	2051
Wānaka Ward	15,932	26,772	33,824	39,705
Wakatipu/Arrowtown Wards	34,619	58,600	69,692	79,037
Whole District	50,552	85,372	103,515	118,742

The **average day population** for the district is expected to increase from an estimated 50,552 people in 2021 to an estimated 85,372 in 2031. This is a growth rate of 5.4% per annum. This consists of residents and visitors of all types.

Of the **average day population**, around 81% is the usually resident population. Approximately 67% of these residents will live in the Queenstown-Wakatipu Ward and Arrowtown Ward, and the remainder in the Wānaka Ward.

PEAK DAY POPULATION

Source: QLDC Projections to 2053, July 2020

Peak Day Population	2021	2031	2041	2051
Wānaka Ward	33,140	49,033	61,672	72,248
Wakatipu/Arrowtown Wards	69,209	95,749	115,136	131,467
Whole District	102,348	144,782	176,808	203,716

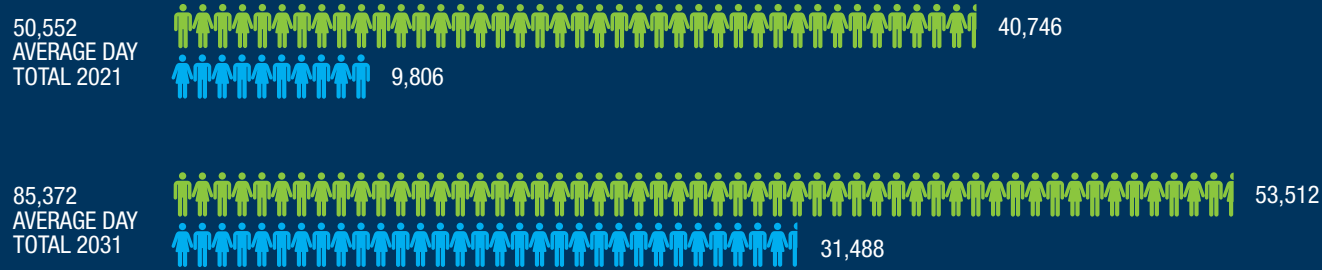
The **peak day population** for the district is expected to increase from an estimated 102,348 people in 2021 to an estimated 144,782 in 2031. This is a growth rate of 3.5% per annum. This consists of residents and visitors of all types.

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.

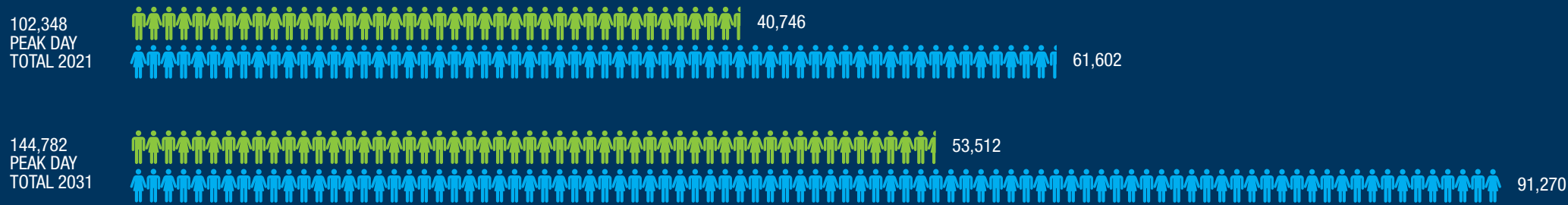
USUALLY RESIDENT POPULATION

TOTAL VISITOR

AVERAGE DAY POPULATION



PEAK DAY POPULATION



Delegated responsibilities as at 30 June 2021

COUNCIL COMMITTEES

Appeals
Subcommittee

Audit, Finance and Risk
Committee

Chief Executive
Performance Review
Committee

Community and Services
Committee

District Licensing
Committee

Dog Control
Committee

Elected Members Code
of Conduct Committee

Governance
Subcommittee

Infrastructure
Committee

Planning & Strategy
Committee

Traffic and Parking
Subcommittee

COUNCILLORS

MAYOR



Jim Boulton

ARROWTOWN WARD



Heath Copland

QUEENSTOWN-WAKATIPU WARD



Penny Clark



Craig (Ferg) Ferguson



Niki Gladding

Calum Macleod
Deputy Mayor

WĀNAKA WARD

John MacDonald
(resigned March 2021)Esther Whitehead
(elected 30 June 2021)

Valerie Miller



Glyn Lewers



Niamh Shaw



Quentin Smith

WĀNAKA COMMUNITY BOARD

CHAIR



Barry Bruce

DEPUTY CHAIR



Ed Taylor



Calum Macleod



Chris Hadfield



Niamh Shaw



Quentin Smith



Jude Battson

MANAGEMENT GROUP

CHIEF EXECUTIVE



Mike Theelen

GENERAL MANAGERS

Meaghan Miller
GM, Corporate
ServicesStewart Burns
GM, Finance, Legal
and RegulatoryPeter Hansby
GM, Property and
InfrastructureTony Avery
GM, Planning and
DevelopmentThunes Cloete
GM, Community
Services

Contact us



COUNCIL OFFICES

QUEENSTOWN

10 Gorge Road
Private Bag 50072,
Queenstown

WĀNAKA

47 Ardmore Street
Wānaka



QUEENSTOWN

03 441 0499

WĀNAKA

03 443 0024

KINGSTON

Email and we will call you



EMAIL

services@qldc.govt.nz



WEBSITE

www.qldc.govt.nz



TWITTER

@QueenstownLakes



FACEBOOK

@QLDCinfo



INSTAGRAM

@queenstownlakes

QUEENSTOWN AIRPORT CORPORATION LIMITED*

Terminal Building, Queenstown
Airport
PO Box 64, Queenstown

Phone: 03 442 3505

** A Council-controlled trading organisation*

AUDITORS

Deloitte Limited on behalf of the
office of the Auditor General

Dunedin

SISTER CITIES

Aspen, Colorado, USA
(Queenstown)

Hangzhou, China

Governance report

ROLE OF COUNCIL

The 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 promoting 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 the provisions of section 42 of the Local Government Act 2002. The Chief Executive has in turn appointed divisional managers to manage the Council's significant activities.

COUNCIL COMMITTEES

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

The Council committees include:

- > Audit, Finance and Risk Committee
- > Planning and Strategy Committee
- > Infrastructure Committee
- > Community and Services Committee

- > Appeals Subcommittee
- > Traffic and Parking Subcommittee
- > District Licensing Committee
- > Chief Executive Performance Review Committee
- > Governance Subcommittee
- > Elected Members Code of 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 is QLDC's only Community Board.

AUDIT

The Council uses external auditors to evaluate compliance with the 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 the Queenstown Lakes District Council (QLDC) is the clear division between the role of elected members and that of management. The Council concentrates on setting policy and strategy, while management is concerned with implementing policy and strategy and monitoring these approaches. While many of the Council's functions have been delegated, the overall responsibility for maintaining effective systems of internal control ultimately rests with the Council. Internal control includes the policies, systems and procedures established to provide measurable assurance that specific objectives of the Council will be achieved. Both Council and management have indicated their responsibility with their signing of the Statement of Compliance and Responsibility on page 25 of this report.

RISK MANAGEMENT

The Council established an Audit and Risk Committee in November 2013 and adopted a new Risk Management Framework in 2019. This updated framework 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. The importance of this cultural development is key to supporting Council navigate the highly complex and dynamic risk context facing all New Zealand Local Government councils.

LEGISLATIVE COMPLIANCE

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

RELATIONSHIP WITH MĀORI

Maintaining and cultivating our relationship with Māori is an important consideration for Council. In addition to ensuring that the Māori perspective and needs are reflected through effective partnership, we believe it is important to demonstrate our commitment to tākata whenua and their community values, issues and aspirations as they relate to economic, social, cultural and environmental well-being.

As a Council, our district is part of the Kāi Tahu Iwi, straddling both the Murihiku and Ōtākou rohe. This position requires that we develop relationships with both Te Ao Marama and Aukaha representing local rūnaka; partnerships that we

value and continue to nurture. At a practical level we seek input from both organisations into important planning, policy, cultural and environmental matters. In the last year, we have continued our focus on staff development to develop a greater understanding of the treaty and our obligations as local government.

This is now a standard part of the induction for all new employees. This programme has been revised and the content includes more relevance of Kāi Tahu tikaka and history and this updated programme is delivered in partnership with rūnaka.

Staff continued to be encouraged in the use of Te Reo in both spoken and written Council communications, a development that is supported by Te Reo language programmes being offered for staff. Many formal meetings now include the use of karakia or mihihihi, and resources are available for staff that wish to develop their use of Te Reo further.

The 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 our district. This is supported by an action plan for all areas of the organisation to increase competency and capability in this important aspect of Council's work.

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 2021 fairly present the financial position and operations of Queenstown Lakes District Council and Group.



JIM BOULT

Mayor
28 October 2021



MIKE THEELEN

Chief Executive
28 October 2021



Section 02: Statement of service performance

Wāhaka 2: Te tauākī ā kā ratoka kaunihera



COVID-19 update

As outlined in the 2019-20 Annual Report, QLDC has demonstrated its ability to coordinate an effective response to a civil defence emergency throughout the COVID-19 pandemic. This ongoing health emergency has had a profound global and national impact. While the effects of the pandemic have been felt across all New Zealand, the Queenstown Lakes district has been disproportionately impacted in terms of transmission rates, social hardship and economic fallout.

Whilst the vast majority of the CDEM response was reported in the 2019-20 financial year, the recovery initiatives have continued through most of 2020-21.

RECOVERY

QLDC activated its Recovery team in March 2020 in conjunction with the EOC and work began immediately to address the emerging, complex and uncertain impacts the crisis was having on our community and economy. A virtual team was created, which remained through to March 2021 when all recovery initiatives were transitioned back into the work programmes of function areas with the organisation. Recovery has become a critical part of the context within which QLDC now works, most notably in the economic development and community partnerships teams.

Effective operation within this 'new normal' requires:

- > Planning for the social and economic recovery of the district in pursuit of Vision Beyond 2050.
- > Implementation of key initiatives via a network of key partners, groups and leaders.
- > Supporting a network of collaboration between government, charities, businesses, community groups and the public.
- > Ensuring the flow of reliable information and data.
- > Building a strong relationship with the EOC to ensure consistency of approach, evolution and consistency.
- > Managing key stakeholders and key risks.
- > Ensuring the flow of funding and resources to deliver important initiatives.
- > Monitoring, evaluating and reporting on progress.

Achievements have included:

- > Development of collaborative relationships with key partners – including iwi, community, funders and government.
- > Jobs Fairs and resilience building initiatives.
- > Summer Series of community events.
- > The Mayoral Taskforce for Tourism and Short-term Recovery (advisory group).
- > The Regenerative Recovery Advisory Group (community-led).
- > Advocacy to central government and service providers on various matters of importance to our communities i.e. energy, welfare support, immigration etc.
- > Securing \$20M for diversification initiatives in the district.
- > Coordinating the Kia Kaha Queenstown Lakes Community Hub.

- > Founding partner of the Central Lakes Mental Wellbeing Recovery Group and Te Hau Toka Southern Wellbeing Group.
- > Progressing ideas posted through the Torokiki ideas platform.
- > Developing the foundations of a Diversification Plan (to be finalised 2021-22).
- > Building a partnership with the RTOs and MBIE to scope the Destination Management Plan.
- > Delivered a community talent retention initiative – Te Kakau.
- > Launched the ‘Home for Healthier Business’ team-builder attraction initiative.

RESURGENCE

As the latest August 2021 Alert Level 4 lockdown has demonstrated, the risk of a COVID-19 resurgence across the country remains high. The QLDC Emergency Operations Centre and Recovery teams recognise this reality and are ready and prepared to respond to any local resurgence. This response capacity is built upon the experience and learnings of the past 18 months which has helped forge strong partnerships across the public services, health, social services, emergency services, lifelines, business sectors and community associations. This network of agencies and organisations has demonstrated a strong ability to come together under stressful circumstances to work collaboratively to support the needs of the community.

The development of these partnerships and relationships will continue through the various QLDC work programmes associated with emergency management, community development and economic development. This collective effort will help ensure that the district, community and organisation is ready and prepared to cope with any future COVID-19 resurgence or major emergency event.

Strategic focus areas

SPATIAL PLAN

This year, significant work has been undertaken to create and finalise the first Spatial Plan for the district. This has been delivered in partnership with central government and Kāi Tahu and is the product of nearly three years' work. Grow Well Whaiora is the name of the partnership.

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 action 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.

The Spatial Plan sets out a vision and framework for how and where the district will grow, in this case out to 2050. It is the first holistically designed “whole of district” Spatial Plan in New Zealand, ensuing that future growth happens in the right place and is supported by the right infrastructure, whether that's pipes in the ground, ways of getting around, access to schools, healthcare or other community facilities.

The plan was adopted by Council at the July 2021 Council meeting and is due to be endorsed by Government on the 22 September 2021. The next phase of work is of delivering on the plan for the Queenstown Lakes community.

ECONOMIC DIVERSIFICATION

Before COVID-19, the district was the least diversified district in the country, being highly dependent upon the visitor economy and tourism-related incomes. This creates an inherent lack of resilience for businesses, workers and the community alike.

The Spatial Plan outlines the need for an Economic Diversification Plan but this was not the first time that diversification has been identified as a key challenge. ‘Our economy is strong and diverse’ is one of the aspirations in the Beyond 2050 vision, and the need to reduce reliance on tourism has been echoed in a number of other strategies at both a regional and local level.

The COVID-19 outbreak has highlighted the vulnerability of the tourism industry, and the need to avoid having almost all our economic eggs in the tourism basket when the next disruption to the visitor industry occurs.

However, it has also demonstrated what can be achieved through collaboration, investment and partnership with the private sector. This provides a strong foundation for initiatives and helps to create an ecosystem that supports diversification.

The Recovery programme and central government funding enabled a number of key diversification interventions to get underway and these will be coming to fruition over the next few years. Economic Diversification will be a 15 – 20 year journey.

Over the past year, the Regenerative Recovery Advisory Group met regularly to discuss the strategic challenges of diversification. Their final report summarised many key points of the discussion and they provided a great forum to test strategic direction. It is clear that effective diversification will also be regenerative, finding the right solution, for the right people, in the right place for the benefit of the environment.

During 2021-22 a comprehensive Economic Diversification Plan will be compiled to define short, medium and long-term objectives for the programme of work.

DESTINATION MANAGEMENT

Destination management is traditionally a tool used in developing tourism locations to focus upon product development, marketing, resource management and visitor infrastructure. In many respects, QLDC and the Regional Tourism Organisations have been taking this approach for a long time, but COVID-19 and central government funding has presented the opportunity to adopt a highly collaborative and aligned approach. The development of the Destination Management Plan is an output of both the Spatial Plan and meets the aspirations of the Climate Action Plan to become the 'most sustainable tourism destination'.

QLDC has been working in partnership with Lake Wānaka Tourism and Destination Queenstown to develop a scope for a bold new approach to destination management. The plan that is currently in creation will be working toward Regenerative Tourism by 2030 and aims to create a movement that improves the tourism industry and its social capital. The communities of the district and their aspirations need to be at the centre of the work, which has involved a significant programme of community co-design and industry engagement.

The Destination Management Plan will be being finalised with the RTOs, central government and iwi partners during 2021-22.

CLIMATE ACTION PLAN

During 2020-21 year significant progress has been made in delivering actions within the Climate Action Plan (CAP). In spite of the disruptions of COVID-19, the Climate Reference Group was established, forming an expert advisory body to help shape the organisation's work in the climate action space and to help prioritise activity within the CAP. Over the course of the year, several key data sources have been created, including an Emissions Reduction Roadmap, a Sequestration Plan and a district-wide Emissions Profile has been prepared in partnership with the Otago Regional Council. Within QLDC, we are moving towards having a better understanding of the emissions associated with our decisions, projects and services through the use of the Ebench carbon and energy management software.

The climate action team is also highly focussed on three major adaptation projects that are underway with our partners, relating to the Mt Iron Wildfire Reduction Project, the Glenorchy Flood Risk Project and the Gorge Road Natural Hazards Project. The Climate Action Plan is currently being reviewed and will be considered as part of the Annual Plan Process.

A unique place.
An inspiring future.

He Wāhi Tūhāhā.
He Āmua Whakaohoho.

VISION BEYOND 2050





Thriving people | Whakapuāwai Hapori

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

Ours is the most accessible, barrier-free district in Aotearoa New Zealand for all people

People of all ages are able to seek a future here

Everyone can find a healthy home in a place they choose to be

Our environments and services promote and support health, activity and wellbeing for all

Our doors and minds are open; everybody is warmly welcomed



Embracing the Māori world | Whakatinana i te ao Māori

Ours is a district that honours Te Tiriti o Waitangi and champions equality for all our people.

We celebrate the unique history of our rohe and Aotearoa New Zealand

Our kōrero is strong in both Te Reo and English

Our diverse, multicultural past and present strengthens our district's future

Our Māori ancestry and European heritage are both reflected and enrich our lives



Opportunities for all | He ōhaka taurikura

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

Our economy is strong and diverse with sustainable and inclusive growth

Ours is a place that works hard and thinks big, where workers and entrepreneurs flourish and inequality is reduced

Technology enables us to connect locally, regionally and globally



Breathtaking creativity | Whakaohoho Auahataka

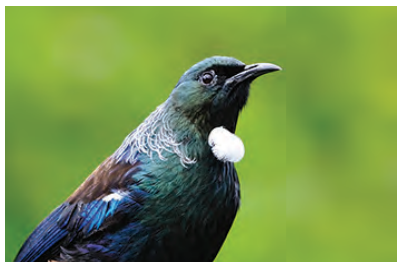
Surrounded by the endless inspiration of our landscapes, ours is a place that nurtures the arts, culture and the spirit of invention.

Our breath-taking landscapes and diverse people attract strong talent and create space for reflection

Free-thinking innovation and locally distinct arts make our place a byword for brilliance

Artists and art lovers unite in both dedicated spaces and beyond the boundaries of venues and facilities

Our economy supports arts, culture and heritage industries



Deafening dawn chorus | Waraki

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

We are all kaitiaki of our protected and restored incredible environment, flora and fauna

Our waterways and lakes are drinkable

Our people and visitors respect the privilege of accessing our rivers, lakes and mountains

We set the standard for combating biodiversity loss



Zero carbon communities | Parakore hapori

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

Our homes and buildings take the best ideas from the world, but use sustainable, locally-sourced materials

Our public transport is the cleanest, greenest, innovative choice for district-wide connectivity

Active travel is an integral part of an accessible and safe network for all of our people

Zero waste is just something that we do here



Disaster-defying resilience | He Hapori Aumangea

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

Our communities are resilient to disasters and adapting to a changing global climate

Our people stand tall through any challenge, caring for whānau, neighbours and visitors alike

Our infrastructure is as resilient as our people

Recovery empowers our people to quickly find a new normal



Pride in sharing our places | Kia noho taahi tātou kātoa

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

Our lives are enhanced by measuring wealth in wellbeing as well as dollars

Our welcome is warm and genuine, and visitors respect what is expected of them

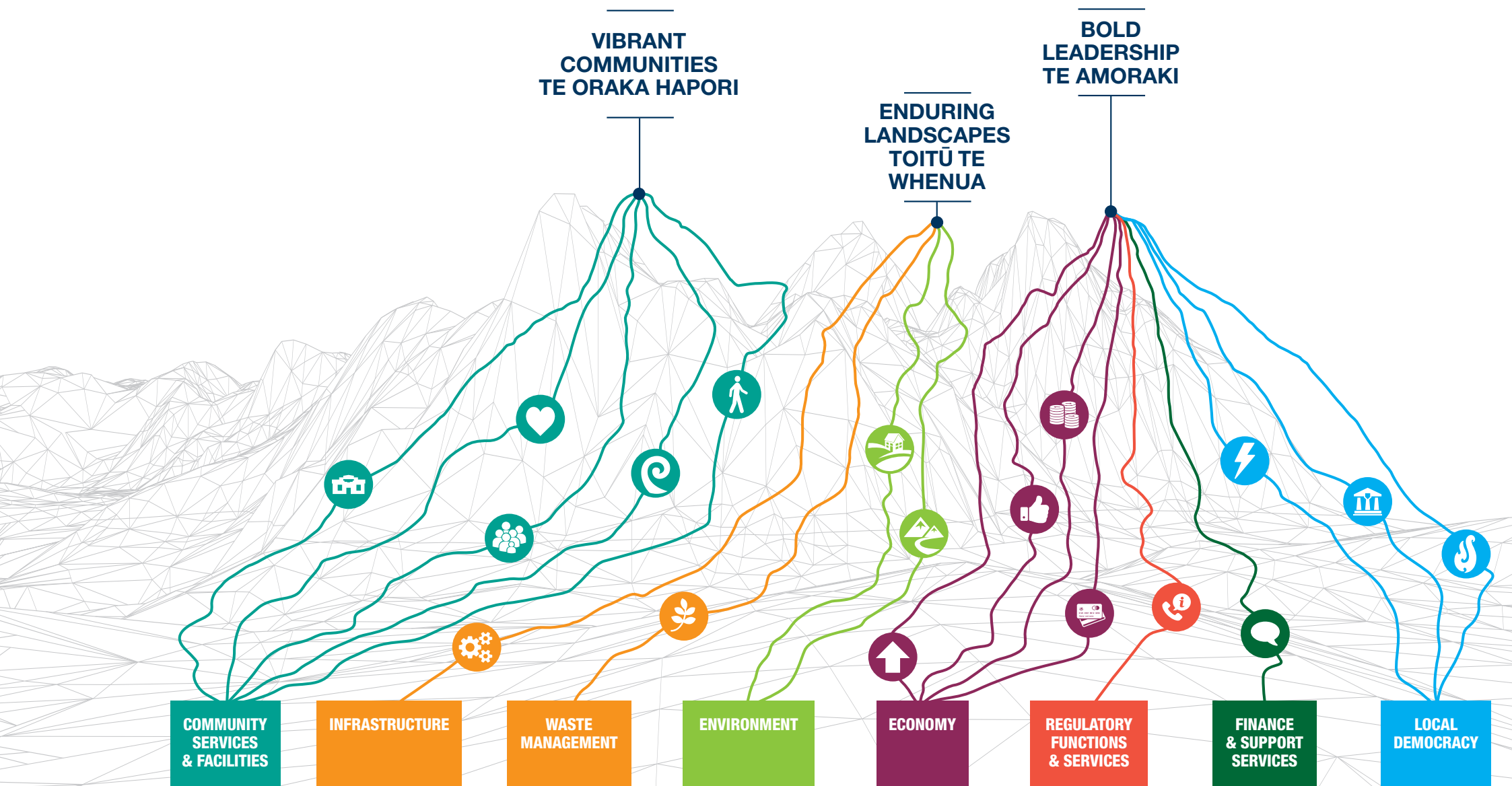
Our everyday experiences are enriched by focusing on shared values not volume

We are the place the rest of the world cannot be

Vision, community outcomes and activities








QLDC'S VISION





OUR COMMUNITY OUTCOMES



COMMUNITY SERVICES & FACILITIES

-  Efficient and effective community facilities
-  Communities have a good standard of living and wellbeing
-  Communities are inclusive for all
-  Strong cultural landscape that inspires, preserves and celebrates our heritage, arts and culture
-  Appropriate public access

INFRASTRUCTURE AND WASTE MANAGEMENT

-  Efficient and effective infrastructure
-  Environmental sustainability and low impact living is highly valued


ENVIRONMENT

-  Quality built environments that meet local needs and respect the local character
-  World class landscapes are protected


ECONOMY

-  Sustainable growth management
-  Partnering for success
-  Investing strategically
-  Enabling diversification




REGULATORY FUNCTIONS & SERVICES

-  A responsive organisation

FINANCE & SUPPORT SERVICES

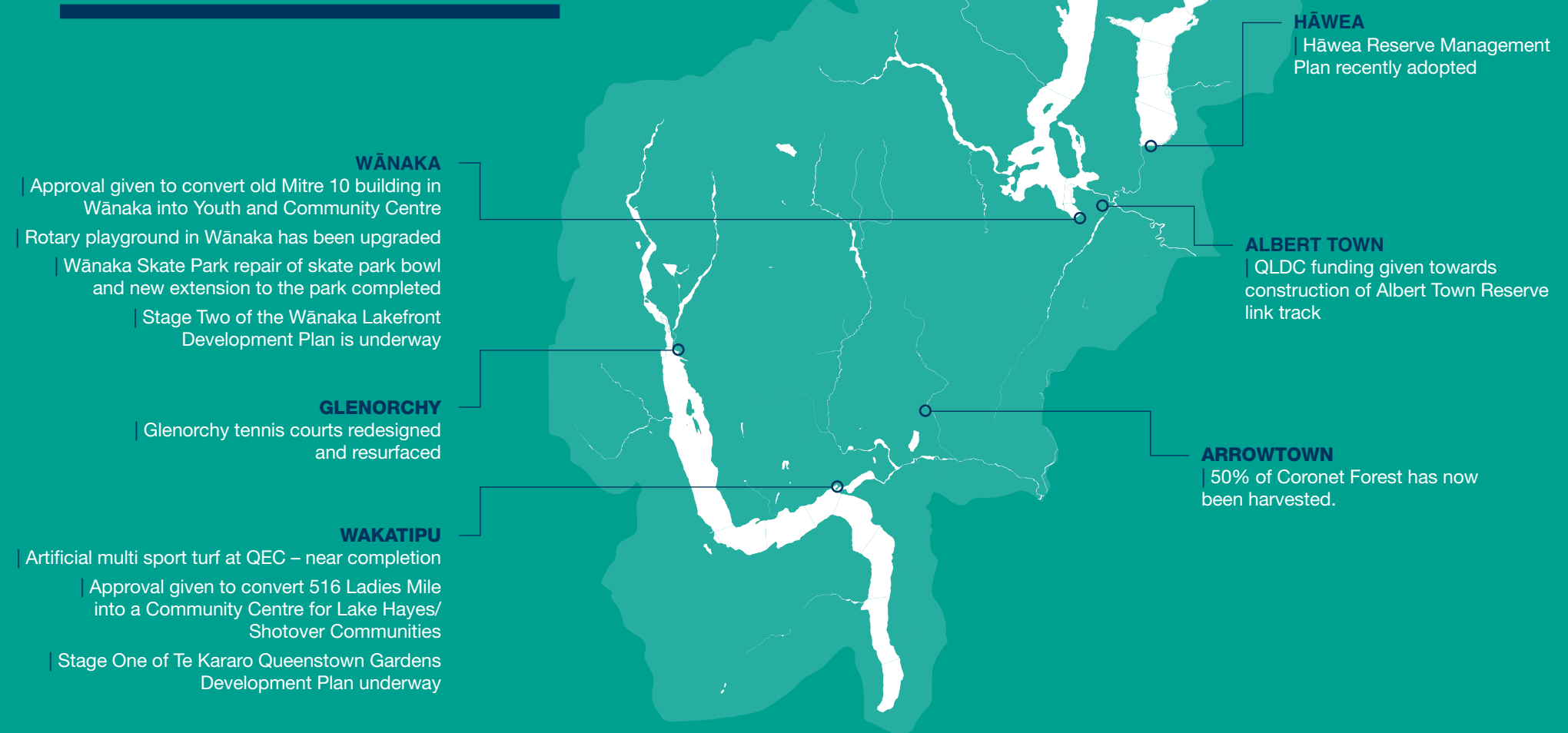
-  An organisation that consults effectively and makes sound decisions

LOCAL DEMOCRACY

-  Communities are resilient and prepared for civil defence emergency events
-  An organisation that demonstrates leadership
-  An organisation that considers the district's partnership with Mana Whenua

Vibrant communities

Te oraka hapori



Community services and facilities



Efficient and effective community facilities



Communities have a good standard of living and wellbeing



Communities are inclusive for all



Strong cultural landscape that inspires, preserves and celebrates our heritage, arts and culture



Appropriate public access



About community services and facilities

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 access to all 15 branches across both districts and online services through the library website.

QLDC is responsible for over 2,300 ha of parks and reserves, including Premier Parks such as Queenstown Gardens, Marine Parade, Wānaka Station Park. It provides playgrounds, facilitates activities, and maintains a network of walking and cycle trails. Our staff are the custodians of the Queenstown Gardens and all amenity horticulture work within the Queenstown, Arrowtown and Wānaka CBDs.

QLDC owns three forests: Ben Lomond Reserve, Queenstown Hill Reserve, and Coronet Forest. Ben Lomond and Queenstown Hill are managed as recreational forests. The Coronet forest is a significant seed source of wildings, in 2017 QLDC voted unanimously to adopt a recommendation to harvest the Forest early, the harvest is now 50% complete.

QLDC's venues and facilities provide a range of sport, recreation, and aquatic facilities throughout the district. While some of these venues are large, multi-purpose recreational facilities, the focus of our local community facilities is to support our community with

activities and events. The Sport and Recreation team delivers a wide range of programmes and activities from fitness centres, including group fitness classes, holiday programmes and learn to swim classes at its pools.

There are 81 public toilets throughout the district. New public toilets are fitted with usage counters to enable continuous improvement and to ensure all public toilets are clean, accessible, and conveniently located.

The QLDC manages 12 cemeteries, many of which are of historical significance.

QLDC owns, manages, and maintains 20 social housing units: nine one-bedroom elderly person's flats, five residential houses, and six residential apartments.

QLDC funds community groups and activities through in-kind support and grants. Further community funding is approved through the Ten Year Plan/Annual Plan consultation process for one-off amounts towards specific projects and activities. Most of the groups supported are either set up as trusts or registered incorporated societies. Council staff also help community groups to access support from other funders.

PROGRESS AGAINST THE TEN YEAR PLAN 2018-2028

Sport and Recreation

- > The Artificial Multi Sport Turf at the Queenstown Events Centre will be completed at the end of August 2021.
- > Approval has been given to convert the property at 516 Ladies Mile into a Community Centre for the Lake Hayes/ Shotover Communities.
- > Approval has been given to pursue a lease for a new Community Centre for sports groups in Wānaka.
- > The Queenstown Events Centre hosted 3 international cricket teams (West Indies/Pakistan, English Women) over the summer of 20/21 in preparation for their tests against New Zealand.

Libraries

Library post COVID-19 lending initiatives

- > MyBookBag is a new Contactless Service that allows you to borrow books safely and conveniently.
- > Improved process and promotion of using self-checkout kiosks for library items.
- > Hold fees for Senior Borrowers discontinued.
- > Twice renewals of library items introduced.
- > Increased borrowing limits from 20 to 50 items across all borrower categories.

2020-2030 QLDC Library Strategy implementation

- > Increased online resources to support community learning, including language, reference and recreational platforms and apps freely available via the library website.
- > Increased e-Resource collections and lending of audio and books to support digital inclusion and 24/7 access to libraries online. There were 60,000 e-Items borrowed in 2020/21, a 27.5% increase of e-Lending compared to the previous year.
- > Working with local iwi to ensure spaces and services reflect our unique culture and heritage. This includes an increased Mana Whenua collection, signage and Te Reo classes.
- > A literacy and language focus inspires the imagination through the power of story. Story telling sessions learning about celebrations such as Matariki, local legends, local authors, and local heroes all feature in this programme.
- > The 'Reading for pleasure' initiative includes reading challenges, published reviews and identifying like-authors for recommendations.
- > 430,398 hard copy items were borrowed in 2020/21, a 25% increase compared to the previous year.
- > Increased outreach to schools, retirement villages, groups, local organisations.

New Zealand Libraries Partnership Programme initiatives

- > Three new fixed term roles created to roll out the NZLPP criteria to support community wellbeing.
- > Community digital inclusion focus continuing:
 - Partnership with Southern REAP to offer digital classes for seniors and adults.
 - Digital drop-in sessions at libraries (including rural libraries).
 - Increased technology access – video conferencing, virtual tools and iPads.
- > NZLPP sponsorship provided free wifi and internet access in libraries.
- > Improved collections, particularly local history and increased children's programmes and resources.

Parks and Reserves

- > The Coronet Forest harvest began in January 2020, 50% of the forest has now been harvested.

- > The tracks and trails network community profile continues to grow, with the volume of users increasing. The diversity of users is evident with greater numbers of commuters as well as recreational users.
- > With assistance from the Tourism and Infrastructure Fund (TIF), QLDC has installed twelve new toilets over the last two years (Kingston Domain, Kingston SH6, Glenorchy skate park, Luggage Red Bridge, Albert Town, John's Creek, Lake Hayes rowing club, Glenorchy Town, Bennett's Bluff, Peter Fraser Park, Bendemeer Bay, Queenstown Hill, Wānaka Lake Front). Under this program we have been able to renovate and relocate three Norski toilets to Willow Bay in Hāwea, Widgeon place reserve behind Lake Hayes Estate and Beacon Point in Wānaka.
- > The Parks and Reserves team have recently updated the QLDC's Open Spaces Strategy.

- > The Hāwea Reserve Management plan was recently adopted, and a new bore will be installed at this site in 2021.

- > The Reserve Management Plan for Lake Hayes Estate, Shotover Country and Bridesdale (LHESCB) reserves is to be adopted in 2021.
- > The Rotary playground in Wānaka has been upgraded, the finished product has improved accessibility and has a variety of play, which is situated in a popular part of Wānaka's lakefront. The renewal project also involved the placement of new bench seats and picnic tables around the existing BBQ and shelter.
- > The Frankton Beach has been enhanced with landscaping. Two BBQ's shelters, additional seating for lake users to enjoy.
- > The Frankton Playground in the Frankton Domain has been upgraded and the new play equipment is suitable for a wide group of users. The play space now contains equipment which is accessible for people with limited mobility.
- > The Marina Drive playground has been upgraded and it now contains new equipment's and playground surface.

Tucked away high on Marina Drive, this playground offers amazing views of Queenstown Lakes and the surrounding mountains.

- > Stage One of Te Kararo Queenstown Gardens Development Plan started in June 2021, this is stage one of multi-stage project aiming to improve public safety and wayfinding in the area while retaining the passive recreation qualities of the Gardens. This Development aims to enhance Te Kararo Queenstown Gardens' connection with the Queenstown town centre, improving both accessibility and how people get around the area, and introducing several features which weave the cultural values of mana whenua into the space.
- > QLDC committed funding towards the junior bike track at Bremner Bay.
- > Wānaka Tracks Development – QLDC contributed funding towards the construction of the Albert Town Reserve link track from the Hāwea River to the Albert Town Bridge and the route from Templeton Street to the Cardrona River Track.

- > Williams Street tennis court in Sunshine Bay was in disrepair for some years and has now been completely redesigned and resurfaced.
- > The Glenorchy Tennis courts have also been redesigned and resurfaced and continue to be a multi-use site for tennis and netball users.
- > Wanaka Skate Park – QLDC repair of the 18-year-old skate park bowl as well as a new ‘stage three’ extension to the park, which will increase its footprint by 424m². It has 17 features including a ‘mellow bank’, ‘two stair’, ‘down rail’, ‘quarter pipe’, ‘banked hip’ and more. The park is as much a community hub as it is a sporting facility: There was an urgent need to extend the park’s footprint to reduce congestion as it is a highly used recreational facility.
- > A new carpark and toilet have been constructed off Kerry Drive for Queenstown Hill recreational users; this site contains a new TIF funded Exeloo toilet.
- > Stage Three of the Wanaka Lakefront Development Plan runs from Bullock Creek through to the Wānaka Marina, and will be completed early September 2021, this project includes the implementation of several features, including:
 - o Restoration and development of native vegetation – large scale planting to maintain the lakefront’s rugged, wild landscape.
 - o Te Ara Wānaka – a shared pathway for pedestrians and cyclists that connects Wānaka’s Town Centre with the Marina.
 - o A boardwalk running along the lake’s edge.
 - o Informative signage – highlights of the area’s significance to Kāi Tahu, and details of native plant and animal life found nearby.
 - o Improved land use – improvement of lawn areas to allow for recreation activities.
- > Stage Two of the Wānaka Lakefront Development Plan, the area of lakefront running from the Wānaka-Mt Aspiring Road Carpark through to Dungarvon Street and the Wānaka Town Centre. Planning is nearly complete, and construction will start on this stage early in 2022.
 - > Pest program, a total of 1,497 goats were removed from the Fernhill, Ben Lomond, Queenstown Hill, and Gorge Rd area. A rabbit operation was carried out in Widgeon Place reserve in Lake Hayes Estate.
 - > Successful noxious weed control was carried out in the Matakauri Wetlands. Fences have been installed to keep goats out of two key locations in the wetlands, which will be planted by the community this spring.
 - > The Queenstown Lakes District Council’s cemeteries database system has recently received an overhaul and upgrade to one of the leading cemeteries operational software available: the Byondpro system by OpusXenta.

In addition to providing improved recordkeeping capabilities, this update has allowed us to digitise a good portion of the interment process including integration of an online interment booking form and the start of comprehensive GIS mapping for our twelve district cemeteries.

This mapping will integrate and communicate directly with the Byondpro software to show up-to-date interment records for each mapped cemetery down to individual plot level, as well as plot availability, again making the interment process easier for the community and connecting them more efficiently to our cemeteries information.

Lastly, these developments should allow us to more accurately assess future planning needs such as cemeteries’ capacity, and to carry out improved strategic planning activities.

 - > During September – December 2020 QLDC carried out rockfall mitigation removing hazards near the Skyline gondola cableway (outside of their easement area) above central Queenstown. This removal has provided rockfall protection to users of the reserve in this location.

HOW MUCH IT COST

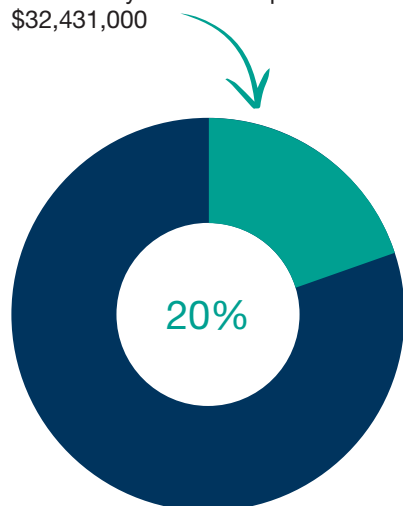
Breakdown of service cost



AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Council operating expenditure
of \$161,856,000 (excluding
depreciation)

Community Services expenditure of
\$32,431,000



Community Services & Facilities	2020 LTP \$000	2021 LTP \$000	2021 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	2,248	2,178	1,781
Targeted rates	20,294	23,128	24,303
Subsidies & grants for operating expenditure	327	343	1,346
Fees & charges	9,289	6,010	9,696
Interest and dividends from investments	–	–	–
Fuel tax, fines, infringement fees & other receipts	3,104	3,121	2,068
Total sources of operating funding	35,262	34,780	39,194
Applications of operating funding			
Payments to staff and suppliers	25,943	23,232	28,592
Finance costs	2,138	2,694	1,592
Internal charges applied	4,158	4,518	2,247
Other operating funding applications	–	–	–
Total applications of operating funding	32,239	30,444	32,431
Surplus/(deficit) of operating funding	3,023	4,336	6,763
Sources of capital funding			
Subsidies & grants for capital expenditure	25,943	23,232	423
Development and financial contributions	2,138	2,694	3,105
Increase/(decrease) in debt	4,158	4,518	2,705
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	32,239	30,444	–
Other dedicated capital funding	3,023	4,336	–
Total sources of capital funding	2,648	12,423	6,233
Applications of capital funding			
Capital expenditure			
– to meet additional demand	3,098	4,319	2,027
– to replace existing assets	4,746	2,976	5,904
– to improve the level of service	8,247	11,018	3,931
Increase/(decrease) in reserves	(645)	(570)	1,133
Increase/(decrease) of investments	–	–	–
Total applications of capital funding	15,446	17,743	12,996
Surplus/(deficit) of capital funding	(3,023)	(4,336)	(6,763)
Funding balance	–	–	–

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
Coronet forest harvest income deferred (\$4.1M) which is offset with the expenditure being deferred \$3.5M. Interest costs \$1M less than budget. \$2.2M favourable in internal charges.	Wānaka Lakefront Development Plan \$1.9M, \$1.6M Artificial Turf, \$0.6M Luggate hall replacement.	Two new courts added to current stadium \$3.8M budget with spend of \$NIL as was deferred. Wakatipu Library Service \$3.8M with \$21k spend as was also deferred.

Summary of internal borrowings				
Activity	30 June 2021 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	10,243	291	1,505	139

Case study – Rotary Playground, Wānaka Lakefront

Queenstown Lakes District Council (QLDC) has completed its renewal of the Rotary Playground on Wānaka's lakefront, with the area opening mid-March for all members of the public.

The playground is located west of McDougall Street and has an impressive list of new features, including a swing set, spinning balance balls and balance steps, a trampoline and even a concrete scooter track running around its edge.

QLDC General Manager Community Services Thunes Cloete, said he was thrilled with the work undertaken to upgrade the playground, and that the finished product was a great improvement in accessibility and the variety of play it allowed for.

The renewal project also involved the placement of new bench seats and picnic tables around the existing BBQ and shelter, making it the perfect spot for families with young children to enjoy the playground, the lakefront and the view.

QLDC's budget for the renewal project was \$350,000.



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPI: Percentage of capital works completed annually, including renewals, against the annual budget adopted by the Council for community facilities

Year	Result	Target	Commentary
2020-21	71.4%	>80%	The results is less than target due to significant deferrals including two new courts added to current stadium and Wakatipu library services which construction was budgeted in 2020/21 and these are currently in the design phase.
2019-20	36%		
2018-19	132%		

KPI: Percentage of residents who have attended or performed in arts and cultural events or groups in the district

Year	Result	Target	Commentary
2020-21	41%	>70%	Year on year results from the December 2020 Quality of Life survey showed that the number of respondents participating in arts and cultural events has decreased over time. Notably, there has been a 14% decrease this year with just 41% of respondents reporting that they have participated in cultural events, compared with 55% in 2019. This did not achieve the target set to be above 70%.
2019-20	55%		
2018-19	66%		

KPI: Percentage of residents and ratepayers who rate their quality of life as average or better, based on a series of quality of life indicators.

Year	Result	Target	Commentary
2020-21	97%	>70%	As per the December 2020 Quality of Life survey, 97% of respondents rated their quality of life as either average, good or extremely good. Year on year findings showed that for the most part, quality of life ratings have remained somewhat consistent since 2018. This year, the number of respondents who rated their overall quality of life as good (49%) or extremely good (32%) increased by 1%.
2019-20	97%		
2018-19	96%		

KPI: Active sport and recreation participants per capita (based on usual resident population).

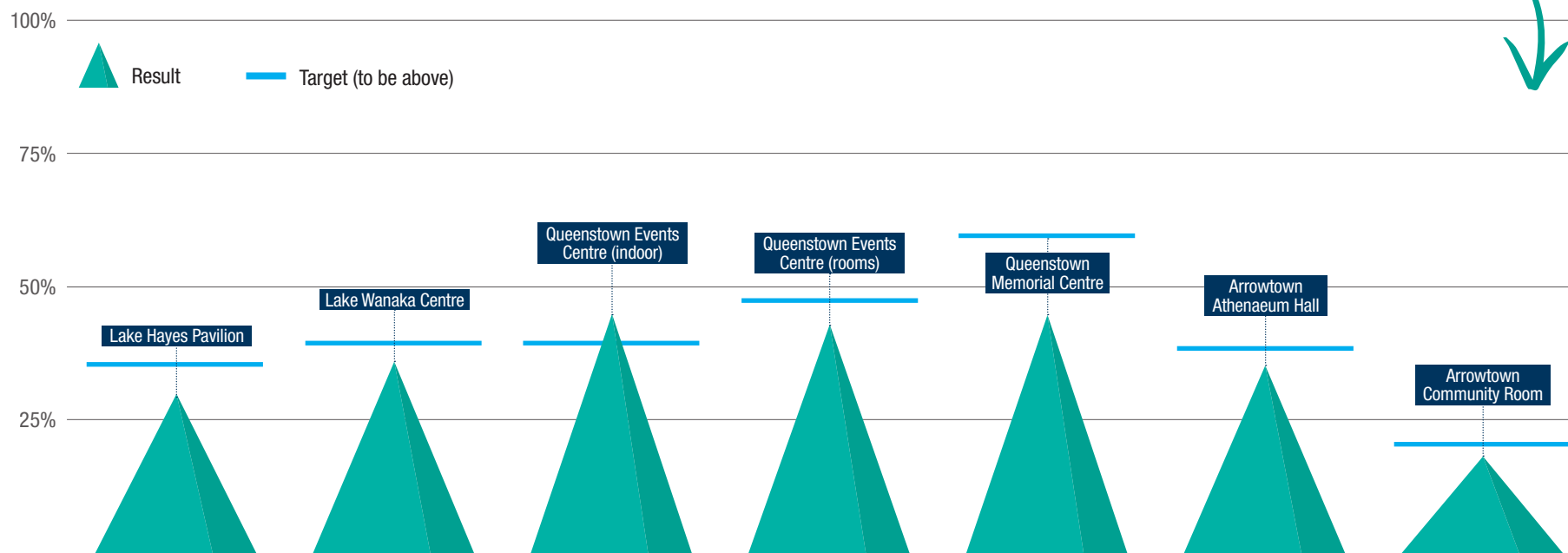
Year	Result	Target	Commentary
2020-21	35,325	>34,464	There have been 35,325 active sport and recreation participants per capita year to date. The target is to maintain/improve and this shows that results are higher than in both 2018-19 and 2019-20 reporting years. The Sport and Recreation team undertook post-COVID-19 analysis, estimating a 20% decrease in participation across all programmes, admissions and memberships. However 2020-21 results show that this has not eventuated in all areas. While the pool admissions and golf numbers have significantly increased, the gym admissions and membership numbers are down. A venues marketing plan has been developed to drive more usage of the community venues across the district.
2019-20	25,570		
2018-19	34,464	>30,637	

KPI: Percentage of Request for Service resolved within specified timeframe for parks, reserves, trails, gardens and playgrounds.

Year	Result	Target	Commentary
2020-21	87%	>80%	87% of the requests for service (RFS) for parks, reserves, trails, gardens and playgrounds were resolved on time in 2020-21. There were 1659 RFS received in total. This achieved the target set and shows a positive trend upwards over the last three years, with good systems in place to provide a timely response.
2019-20	80.6%	>75%	
2018-19	69.2%	>70%	

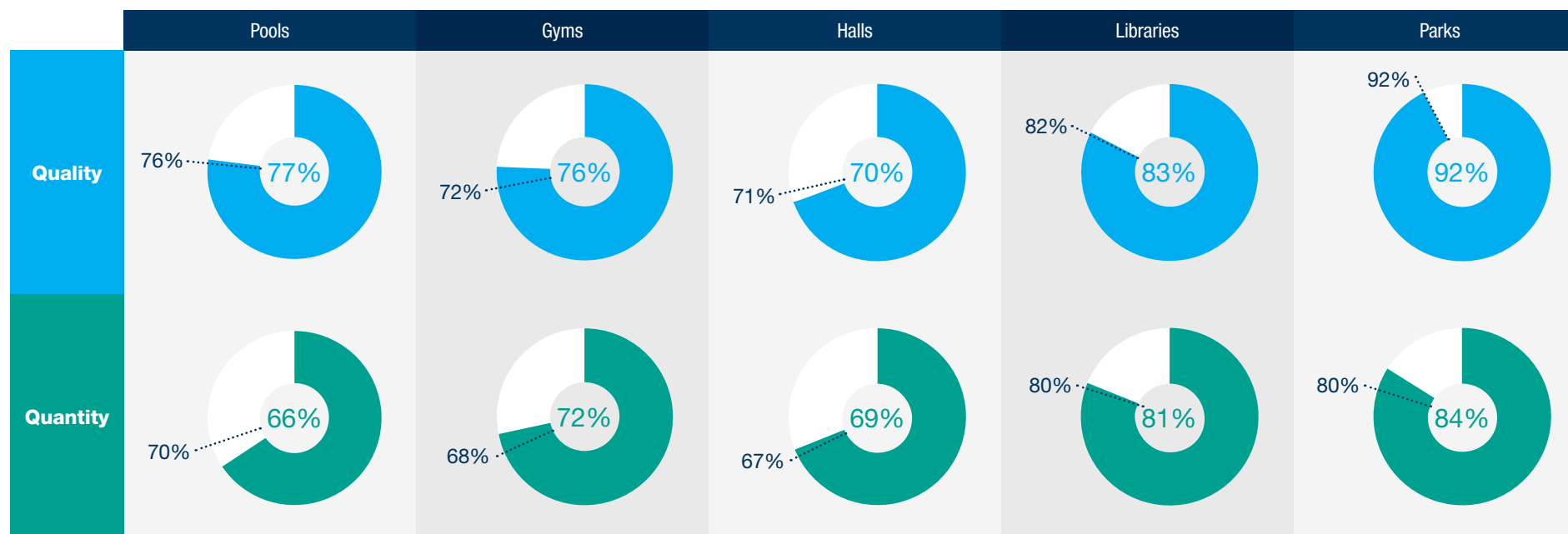
KPI: Percentage hours of community use for our venues and facilities

Year	Facility	Result	Target	Commentary
2020-21	Lake Hayes Pavilion	29.6%	>35%	All community facilities were affected by cancellations due to shifts to COVID-19 alert level occurring twice during the 2020-21 reporting year and all but one facility did not meet the target set. Additional to the above, the Lake Hayes Pavilion, Lake Wānaka Centre, Queenstown Memorial Centre, and Arrowtown Athenaeum Hall were closed for between 5 – 10 weeks due to Provincial Growth Fund facility upgrades. QEC (Indoors) facility did have cancellations due to alert level changes, however there was an increase in regular weekend bookings filling the gaps available in the weekly schedule. This enabled this facility to achieve the target set.
	Lake Wanaka Centre	35.8%	>39%	
	Queenstown Events Centre (indoor)	45.1%	>39%	
	Queenstown Events Centre (rooms)	43.2%	>47%	
	Queenstown Memorial Centre	44.6%	>59%	
	Arrowtown Athenaeum Hall	35.5%	>38%	
	Arrowtown Community Room	18.4%	>20%	



KPI: Percentage of ratepayers who are satisfied with Community Services; pools, gyms, community halls, libraries and parks.

..... Target (to maintain/improve compared to the two previous years results)



77% of respondents are satisfied with the quality of swimming pools in the district. Swimming pools incurred the largest increase in facility satisfaction, up from 55% in 2019. 66% of respondents were satisfied with the quantity of swimming pools in the district. This is a 13% increase on the previous year. National Industry benchmarks indicate that Queenstown Lakes is more than sufficient in water space for the size of the population.

76% of respondents were satisfied with the quality of gym facilities in the district. This is an increase of 11% compared to 2019's result. 72% of respondents were satisfied with the quantity of gym facilities in the district. Year on year analysis in the last three years shows results trending upwards, with a 9% increase on last years results.

70% of respondents were satisfied with the quality of community halls in the district. This is a 4% increase on the previous year, but still below the benchmark of 71%. 69% of respondents were satisfied with the quantity of community halls in the district. This is a 8% increase on the previous year and is above the benchmark.

83% of respondents indicated that they were satisfied with the quality of libraries in the district. Year on year findings showed that there were no negative changes in respondents' perceptions of the quality of libraries. 81% of respondents were satisfied with the quantity of library facilities in the district. This is an increase on the previous two years which is a positive trend.

92% of respondents were satisfied with the quality of parks the district offers. This was the highest overall satisfaction result in regards to the quality of facilities and represents an increase of 2% on the previous year. 84% of respondents were satisfied with the quantity of parks the district offers. This was the highest equal overall satisfaction result in regards to the quantity of facilities, equal with trails, walkways, and cycleways, and represents an increase of 4% on the previous year.

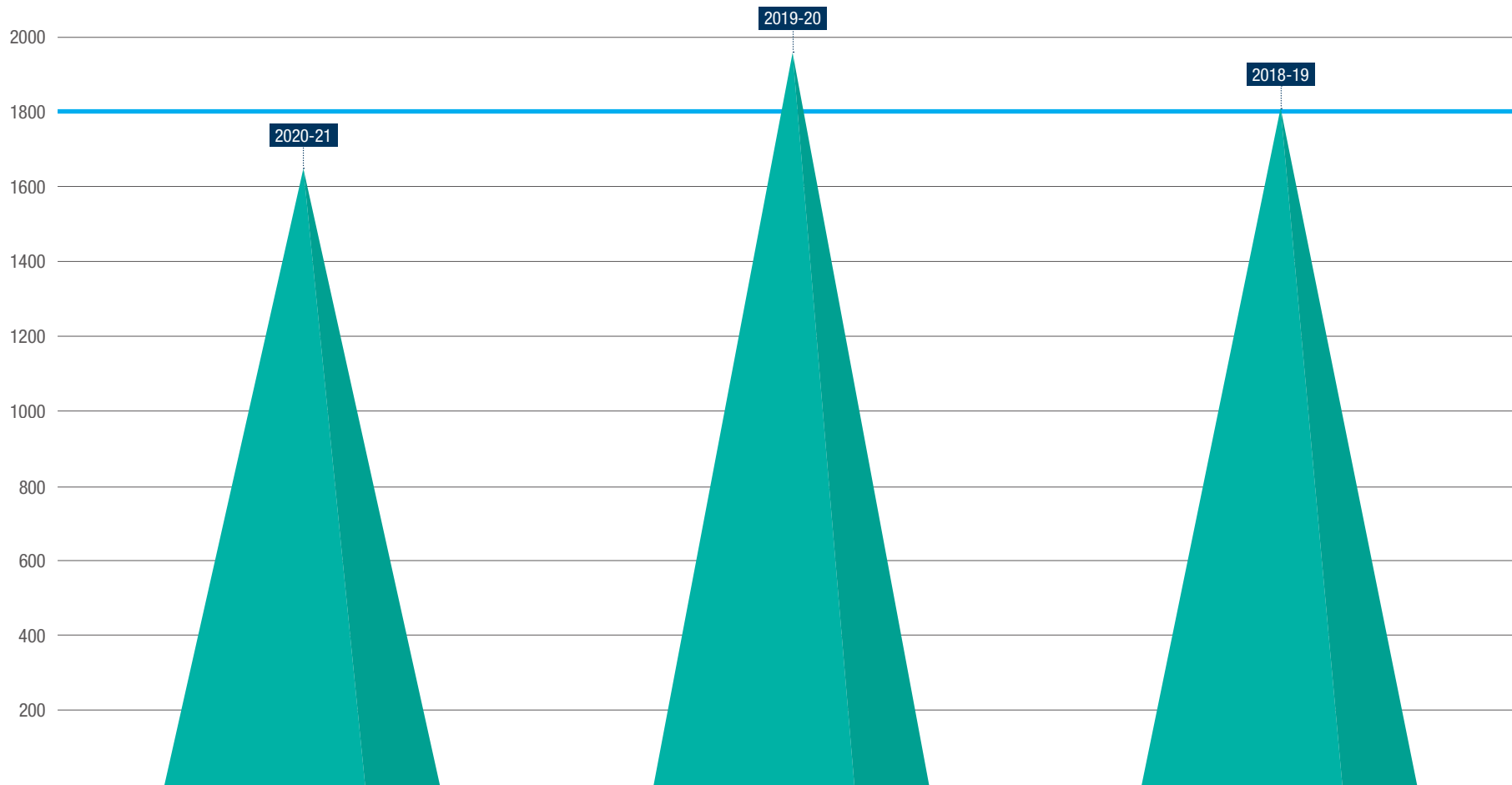
The above results are taken from the December 2020 Quality of Life survey.

KPI: Average daily users of trails

Year	Result	Target	Commentary
2020-21	1645	>1800	There has been a decrease of track usage due to COVID-19 border restrictions and this was most evident over the summer months. However the community profile continues to grow with the volume of users increasing, and the diversity of users is evident with greater numbers of commuters as well as recreational users.
2019-20	1957		
2018-19	1811		



▲ Result — Target (to be above)



SECTION 02

Vision, community
outcomes and
activities

KPI: Number of community association scheduled meetings attended by staff and / or elected members.

Year	Result	Target	Commentary
2020-21	69%	>80%	Aggregate analysis shows a variable attendance during the year with four months achieving 80%-100% attendance, while other months ranged between 45%-79% attendance. The overall target set for the year was not met.
2019-20	72%		
2018-19	48%		

KPI: Percentage of total community grants to operating cost, excluding salaries and wages.

Year	Result	Target	Commentary
2020-21	1.76%	1.65%	The amount of grants paid was in line with the approved budget for the 2020-21 year.
2019-20	0.83%		
2018-19	0.77%		

KPI: Percentage of residents and ratepayers who are satisfied with the support the Council provides for the community.

Year	Result	Target	Commentary
2020-21	40%	>80%	In the December 2020 Quality of Life survey, 40% of respondents felt a sufficient amount was being contributed towards community groups, up 33% from 2019-20. The largest proportion of respondents (41%) were unsure whether the money contributed towards community groups by Council was too much, too little, or sufficient. This did not achieve the target set to be above 80%.
2019-20	33%		
2018-19	34%		



Enduring landscapes

Toitū te whenua

WĀNAKA

- | Second Beacon Point reservoir currently in the design phase
- | Initial works for water treatment adjacent to reservoir underway
 - | The design of Project Pure underway
 - | Aubrey Road Shared Path (ongoing)
 - | Ballantyne Road Shared Path (ongoing)
- | Wānaka Transfer Station upgrades completed

GLENORCHY

- | Design of new water treatment plant completed and designation application
- | Glenorchy-Queenstown Road slow vehicle passing bay completed

WAKATIPU

- | Design for new Quail Rise reservoir under way
- | Physical works of Shotover Country bores and water treatment plant have commenced
 - | Upgrades to Arthur's Point water supply bore completed
- | Arthurs Point Crossing (Shotover Bridge Duplication) Business Case completed
- | Queenstown Transport Business Case approved

LUGGATE

- | The design for bores and a new water treatment site underway

CARDRONA

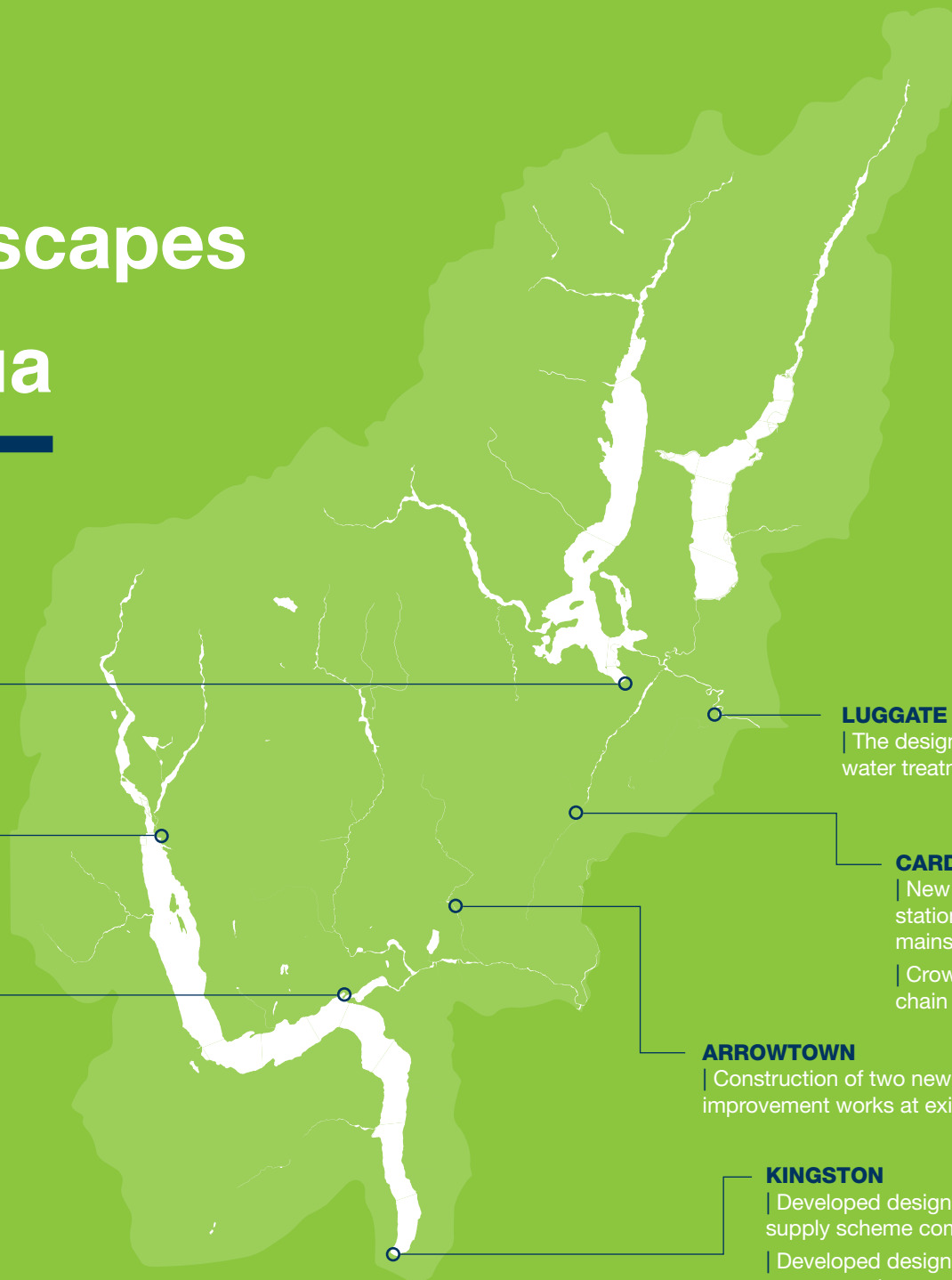
- | New wastewater pump station and associated trunk mains complete
- | Crown Range/Cardrona Valley chain bay improvements

ARROWTOWN

- | Construction of two new bores and improvement works at existing bore completed

KINGSTON

- | Developed design for the Kingston water supply scheme completed
- | Developed design of new wastewater treatment plant complete



Environmental management



Quality built environments that meet local needs and respect the local character



World class landscapes are protected



About environmental management

WHAT WE DELIVER

QLDC delivers initiatives across a broad range of functions and activities that interface with our environment. Every division works to ensure the preservation of our environment and to minimise the impact we have on it. QLDC plays an important role as one of the guardians of our unique environment, working in partnership with Kai Tahu, Otago Regional Council, the Department of Conservation and a number of valued interest groups.

District Plan

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 you can do as of right, what activities you need resource consent 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.

Resources Consents

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.

Spatial Plan

The Grow Well Whaiora Partnership, a new Urban Growth Partnership between central government, Kai Tahu and QLDC, has worked together over the past three years to develop a Spatial Plan for the district.

The Queenstown Lakes Spatial Plan was approved by the Queenstown Lakes District Council on the 29 July 2021.

The Spatial Plan is the first ever joint Spatial Plan involving central government, iwi and regional government for the district. The Spatial Plan will establish an integrated, long term, collaborative strategy that improves community wellbeing, protects the environment and maintains a positive visitor experience. The Spatial Plan will guide 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 is a collaborative exercise to produce an evidence based, future-focussed (30-year plus) strategy that outlines an agreed vision and direction for an area, considering social, cultural, environmental and economic dimensions.

The Queenstown Lakes 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; and
- > other strategically significant priorities.

PROGRESS AGAINST THE TEN YEAR PLAN 2018-2028

- > Decisions of Council on Stage one and two of the Proposed District Plan (PDP) received 101 and 83 appeals respectively. A substantial number of appeals have been resolved through either mediation or Environment Court. There are 103 Stage one appeal points (out of an original 1181) and 304 Stage two appeal points (out of an original 1010) remaining to be progressed. These are either subject to continued mediation or will require an Environment Court hearing.
- > The Strategic Chapters of the District Plan have largely been resolved through the issuing of interim decisions by the Environment Court, setting the strategic direction for the Queenstown Lakes District. Resolution of outstanding appeal points will need to be consistent with this higher order framework.
- > Next steps include continued mediation and Environment Court appeal hearings for the outstanding appeal points arising from Stage 1 and 2 appeals.
- > Decisions of Council on Stage 3 of the Proposed District Plan were notified on 1 April 2021. This stage covered the following new chapters: General Industrial Zone, Three Parks Commercial Zone and Three Parks Business Zone, Settlement Zone, Wāhi Tūpuna and Rural Visitor Zone. Stage 3 also made several minor variations and amendments to land and provisions decided through Stages one and two of the PDP.
- > 42 appeals have been made against decisions on Stage 3 of the PDP comprising approximately 447 appeal points. These appeals have been sorted into topics and the Policy team will begin scheduling mediations for later this year and early 2022.

The following key milestones for the Spatial Plan occurred over the last year:

- > The Queenstown Lakes Spatial Plan (Spatial Plan) was approved by the Queenstown Lakes District Council on the 29 July 2021. The final Spatial Plan that was presented for adoption was shaped by feedback received from the community,

input from local businesses and organisations, and through close collaboration with the Grow Well Whaioira Partnership. Community engagement played an integral role in the development of Spatial Plan.

- > The Spatial Plan is due to be endorsed by the Partnership Governance Group (PPG) on the 22 September 2021. Members of the PPG are Minister M. Woods, Minister Nash, Mayor Boulton, Deputy Mayor McLeod and a representative each from Aukaha and Te Ao Marama (still to be confirmed).
- > The Grow Well Whaioira Partnership is focused on developing an implementation plan. Going forward, the Spatial Plan will be reviewed on a three-year cycle except for the next plan cycle which will be completed within two years. This is to enable the Spatial Plan to inform the 2024-34 Ten Year Plan and 30 Year Infrastructure Strategy.

Case study – Te Pūtahi Ladies Mile Masterplan Community Engagement

At the 12 March 2020 Council meeting, Council approved procurement and works to proceed on the Te Pūtahi Ladies Mile Masterplan and Plan Variation. This decision was a result of previous Council meetings where it was agreed that the Te Pūtahi Ladies Mile area may be developed for urban purposes in the medium to long term, and that a proactive Council-led planning approach should be undertaken given the likelihood of the area being increasingly developed over time. This approach was to incorporate the wide range of community, housing, recreation, transport, green space and infrastructure considerations for Ladies Mile and the surrounding area.

The Masterplan will cover approximately 160 Ha, however there is a much wider area of influence that must be considered to ensure the Masterplan and Plan Variation delivers the best outcomes for the community.

Following extensive traffic modelling, engagement with landowners, multiple stakeholders (including Wakatipu Way to Go, Waka Kotahi (NZTA), Iwi, Ministry of Education (MoE)), public open days and targeted community association meetings, the Ladies Mile Consortium (LMC) team produced a draft Masterplan and related planning provisions which was approved at the 29 April 2020 Council meeting, for a 20-working day public consultation period to provide an opportunity for the community to review and comment.

Over 500 submissions were received on the draft Te Pūtahi Ladies Mile Masterplan and associated planning rules. The feedback indicates that 86% of respondents do not support or have concerns regarding the draft Masterplan and Planning rules. Concerns focused on whether development was appropriate in this location and the impacts on traffic congestion in the area. Positive outcomes identified included the provision of additional facilities and open spaces. This has been an opportunity for the community to play an important role in guiding how Te Pūtahi Ladies Mile could develop in the future. The high response and turnout to the community information session shows how important this area is, particularly to the people who live nearby.

Transport remains a key constraint to the potential development of Te Pūtahi – Ladies Mile, and additional work is necessary to confirm the proposed transport interventions, the timing of these interventions and how they would be funded.

Elected Members will be asked to consider whether to continue with a Council-led approach or to stop work on the Masterplan at the October Council meeting.

HOW MUCH IT COST

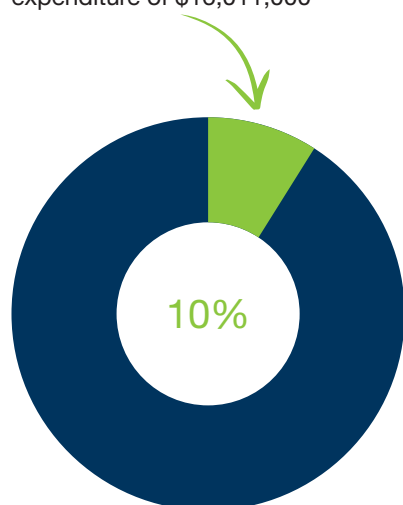
Breakdown of service cost



AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Council operating expenditure
of \$161,856,000 (excluding
depreciation)

Environmental Management
expenditure of \$16,011,000



Environmental Management	2020 LTP \$000	2021 LTP \$000	2021 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	–	–	–
Targeted rates	5,719	5,723	4,566
Subsidies & grants for operating expenditure	100	100	88
Fees & charges	8,071	8,399	6,647
Interest and dividends from investments	–	–	–
Fuel tax, fines, infringement fees & other receipts	106	111	6
Total sources of operating funding	13,996	14,333	11,307
Applications of operating funding			
Payments to staff and suppliers	12,483	12,627	12,866
Finance costs	311	283	182
Internal charges applied	2,202	2,424	2,963
Other operating funding applications	–	–	–
Total applications of operating funding	14,996	15,334	16,011
Surplus/(deficit) of operating funding	(1,000)	(1,001)	(4,704)
Sources of capital funding			
Subsidies & grants for capital expenditure	–	–	–
Development and financial contributions	–	–	–
Increase/(decrease) in debt	(551)	(551)	1,822
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding	(551)	(551)	1,822
Applications of capital funding			
Capital expenditure			
– to meet additional demand	–	–	–
– to replace existing assets	–	–	–
– to improve the level of service	–	–	–
Increase/(decrease) in reserves	(1,551)	(1,552)	(2,882)
Increase/(decrease) of investments	–	–	–
Total applications of capital funding	(1,551)	(1,552)	(2,882)
Surplus/(deficit) of capital funding	1,000	1,001	4,704
Funding balance	–	–	–

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

Summary of internal borrowings				
Activity	30 June 2021 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	2,346	0	691	28

How we performed

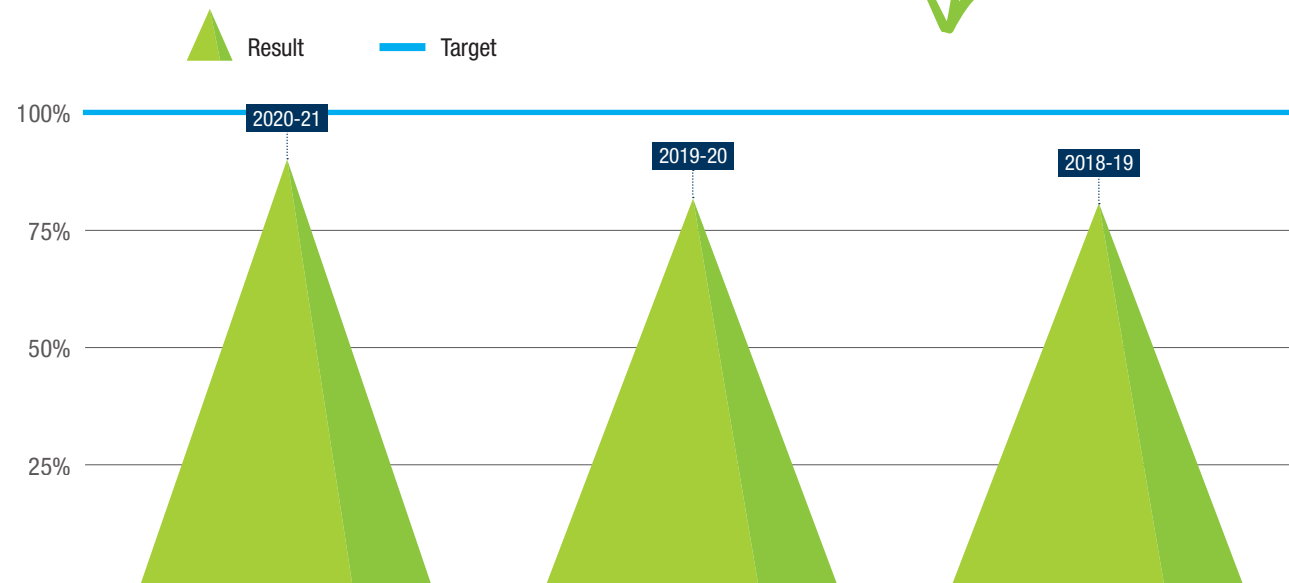
HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPI: Percentage of residents and ratepayers who are satisfied with the steps Council is taking to protect the environment

Year	Result	Target	Commentary
2020-21	33%	>55%	One third of respondents from the December 2020 Quality of Life survey were either satisfied (30%) or very satisfied (3%) with Council's measures in protecting the environment. This was an increase of 9% in overall satisfaction compared to 2019 (24%), but did not meet the target set.
2019-20	24%	>50%	
2018-19	30%	>45%	

KPI: Percentage of resource consents processed within statutory timeframes

Year	Result	Target	Commentary
2020-21	90%	100%	The resource consents team has achieved 90% compliance this year across 1,261 decisions issued 2020-2021. This is a continued increase in performance on the previous two years despite the COVID-19 disruptions of the past 12 months, but did not meet the target set.
2019-20	82%		
2018-19	81%		



Infrastructure



Efficient and effective infrastructure



Environmental sustainability and low impact living is highly valued



What we deliver

We will deliver this outcome through the following activities:

1. Water Supply
2. Stormwater
3. Wastewater

Collectively known
as 3 Waters

4. Waste Management
5. Transport, including roading, parking and footpaths



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPI: Percentage of capital works completed annually, including renewals, against the annual budget adopted by the Council for three waters and roading.

Year	Result	Target	Commentary
2020-21	70%	>80%	There has been a \$81M spend against a year to date budget of \$115M. A significant number of budgets were deferred in the September 2020 and March 2021 re-forecasts. Project delays were due to changes in the timing of delivery of various stages of HIF (Housing Infrastructure Fund), Lakeview developer agreements, land agreement and consenting process for 3 waters projects, and a bundled approach to 3 waters delivery. Minor delays to construction activities also occurred.
2019-20	66%		
2018-19	52%		

KPI: Percentage of external contractor and internal Request for Service resolved within specified timeframe (three waters, solid waste, roading and footpaths).

Year	Result	Target	Commentary	
2020-21	3 Waters	>95%	3 Waters 96% of 3 Waters RFS were resolved on time in 2020-21. There were 2,744 RFS received in total for 3 Waters, of which 104 went overdue. This is an improvement on the previous year and achieved the target set. Solid Waste 98% of Solid Waste RFS were resolved on time in 2020-21. There were 3,058 RFS received in total for Solid Waste, of which 62 went overdue. This is a significant improvement on the previous year and achieved the target set. Roading 89% of Roding RFS were resolved on time in 2020-21. There were 2,554 RFS received in total for Roding, of which 285 went overdue. This is an improvement on the previous year but did not achieve the target set.	
	Solid Waste			98%
	Roding			89%
2019-20	3 Waters	94%	3 Waters 94% of 3 Waters RFS were resolved on time in 2020-21. There were 2,744 RFS received in total for 3 Waters, of which 104 went overdue. This is an improvement on the previous year and achieved the target set. Solid Waste 76% of Solid Waste RFS were resolved on time in 2020-21. There were 3,058 RFS received in total for Solid Waste, of which 62 went overdue. This is a significant improvement on the previous year and achieved the target set. Roding 83% of Roding RFS were resolved on time in 2020-21. There were 2,554 RFS received in total for Roding, of which 285 went overdue. This is an improvement on the previous year but did not achieve the target set.	
	Solid Waste			76%
	Roding			83%
2018-19	3 Waters	90%	3 Waters 90% of 3 Waters RFS were resolved on time in 2020-21. There were 2,744 RFS received in total for 3 Waters, of which 104 went overdue. This is an improvement on the previous year but did not achieve the target set. Solid Waste 83% of Solid Waste RFS were resolved on time in 2020-21. There were 3,058 RFS received in total for Solid Waste, of which 62 went overdue. This is a significant improvement on the previous year and achieved the target set. Roding 78% of Roding RFS were resolved on time in 2020-21. There were 2,554 RFS received in total for Roding, of which 285 went overdue. This is an improvement on the previous year but did not achieve the target set.	
	Solid Waste			83%
	Roding			78%

Water supply

About water supply

WHAT WE DELIVER

QLDC is responsible for approximately 606.3 km of water mains and 12 treatment plants serving approximately 29,014 demand units that collectively use a total of approximately 33,570 cubic metres of water per day. The 3 Waters Strategy was adopted by the Council in June 2018. This strategy recognised 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 the 30 Year Infrastructure Strategy.

PROGRESS AGAINST THE TEN YEAR PLAN 2018-2028

QLDC's long-term water master plans are in a continuous review cycle. Projects identified in these master plans then proceed through the business case framework. These business cases provide the basis for the water supply programme approved in the 2018-2028 Ten Year Plan.

Following the announcement of the new Water Regulator (Taumata Arowai), and with significant reforms proposed around how water is managed across New Zealand, the Council's focus remains on maintaining and improving the quality of our water infrastructure. QLDC is committed to ensuring that all of the Council owned water supplies are compliant with the New Zealand Drinking Water Standards through the delivery of the capital programme outlined in the current long term plan.

Arrowtown

The Arrowtown water supply has benefited from the construction of two new bores and improvement works at the existing bore.

These upgrades increase the quantity of water available, and ensure a long term supply of high quality drinking water for the community.

The proposed new reservoir in Arrowtown was assessed to not be economically viable following completion of the conceptual design phase. Assessment of potential reservoir sites to be started in 2021-22.

Queenstown

- > The design for new Quail Rise reservoir is under way, with construction programmed to start in the first quarter of 2022.
- > The physical works of the Shotover Country bores and water treatment plant have commenced and programmed to be completed by May 2022. This will feed the Quail Rise reservoir via the Shotover Country bridge.
- > A significant portion of the construction work of the water supply bridge cross is complete.
- > The initial works for a new water treatment plant for the 2 mile intake are underway and the design for this will progress further in 2021 and into 2022.

Wānaka

- > The second Beacon Point reservoir is currently in the design phase with the construction scheduled to start early 2022. The initial works for a water treatment adjacent to the reservoir is underway and the feasibility study for a second rising main to supply the reservoir is complete. The design for these two projects will progress further in 2021 and into 2022.
- > Further improvements to Wānaka's water network will be progressed through the trunk main upgrades and a new booster pump station on Mt Aspiring Road. The design for both these projects are complete with construction programmed to be completed in August 2022. An increased level of resilience will be provided to Albert Town through new pipelines which are scheduled to start construction later this year.

Kingston

- > Developed design is complete for the Kingston water supply scheme.

Arthurs Point

- > Upgrades to Arthur's Point water supply bore have been completed, with a conversion to above ground installations consistent with best practice methods.

Luggate

- > Significant upgrades to Luggate's water supply are underway. A new borefield site has been confirmed through investigational drilling of three bores 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 third quarter of 2022.

Glenorchy

- > The design of a new water treatment plant in Glenorchy has been completed and the designation application is underway. Construction for the plant is programmed for early 2022. The design for the new reservoir is complete and the project is currently going through the designation process.

HOW MUCH IT COST

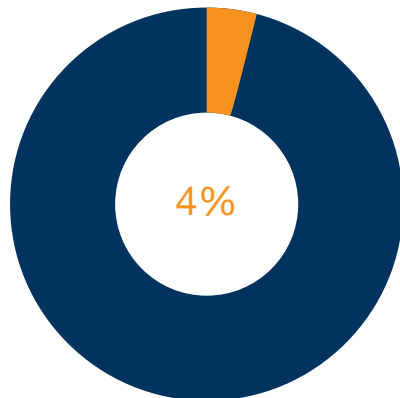
Breakdown of service cost



AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Council operating expenditure
of \$161,856,000 (excluding
depreciation)

Water Supply expenditure of
\$6,708,000



Water Supply	2020 LTP \$000	2021 LTP \$000	2021 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	13	14	11
Targeted rates	9,305	10,277	9,569
Subsidies & grants for operating expenditure	-	-	-
Fees & charges	47	48	44
Interest and dividends from investments	-	-	-
Fuel tax, fines, infringement fees & other receipts	-	-	312
Total sources of operating funding	9,365	10,339	9,936
Applications of operating funding			
Payments to staff and suppliers	4,756	4,985	5,711
Finance costs	2,392	3,352	703
Internal charges applied	710	743	294
Other operating funding applications	-	-	-
Total applications of operating funding	7,858	9,080	6,708
Surplus/(deficit) of operating funding	1,507	1,259	3,228
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	556
Development and financial contributions	4,017	3,983	4,562
Increase/(decrease) in debt	23,698	19,413	2,907
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	27,715	23,396	8,025
Applications of capital funding			
Capital expenditure			
- to meet additional demand	17,172	11,723	5,226
- to replace existing assets	4,798	6,835	2,172
- to improve the level of service	8,492	7,786	5,652
Increase/(decrease) in reserves	(1,240)	(1,689)	(1,797)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	29,222	24,655	11,253
Surplus/(deficit) of capital funding	(1,507)	(1,259)	(3,228)
Funding balance	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
Lower finance costs due to timing of capital spend.	\$3.1M for Shotover Country rising main (bridge) and \$1.2M for Quail Rise new reservoir.	Beacon Point new reservoir budget \$8.7M with spend \$0.2M and Wānaka water trunk main stage 1 \$2.8M budget with spend \$0.5M.

Summary of internal borrowings				
Activity	30 June 2021 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	9,710	497	1,790	143

Case study – Private water supply community information sessions

Southern District Health Board (SDHB), Queenstown Lakes District Council (QLDC) and Otago Regional Council (ORC) jointly held community information sessions in Queenstown and Wānaka to discuss private water supplies (water taken outside of town supply). These were held in Wānaka on 30 March 2021 and Queenstown on 31 March 2021.

The community information sessions aimed to clarify the responsibilities of private water suppliers and provided guidance around the roles of the respective agencies in the oversight of the supply of water.

Experts from each organisation presented information aimed to help those managing or consuming water from a private supply to better understand where the water comes from, the inherent risks associated with taking water from different sources (with a focus on groundwater bores), as well as recommended testing and security measures.

The presentation helped clarify the current regulatory framework and outline the changes that are on the horizon as part of the Government-led Three Water Reform Programme (Water Services Bill). From July 2021, there is now a new national water regulator, Taumata Arowai, which will oversee, administer, and enforce a strengthened drinking water regulatory system. A representative from Taumata Arowai attended these sessions.



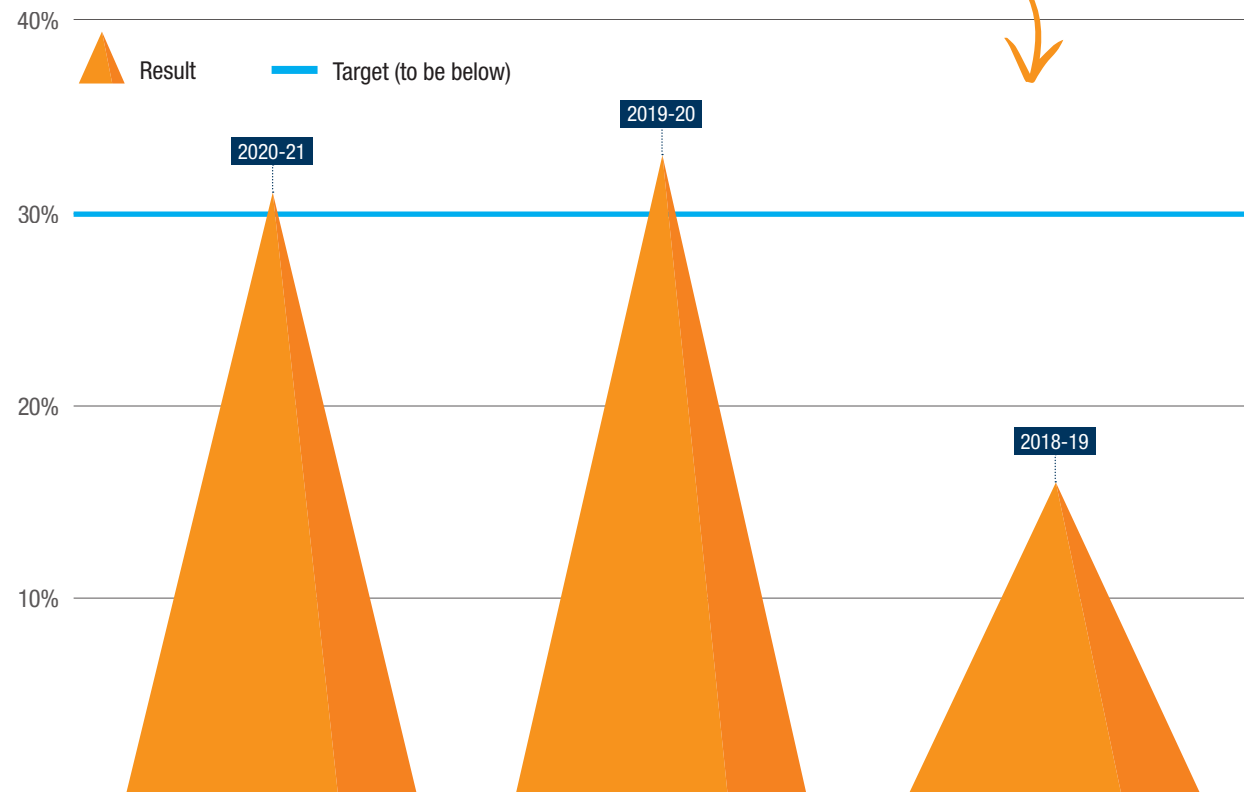
How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

DIA MEASURES The Department of Internal Affairs (DIA) outlines a range of benchmarking measures for inclusion in the Annual Report. The following measures relate to our performance for water supply:

KPI: Percentage of water lost from each municipal water reticulation network

Year	Result	Target	Commentary
2020-21	31%	<30%	QLDC officially reports leakage as a percentage of overall water production. For 2020-21 this leakage assessment has reduced slightly to 31%. This is consistent with previous assessments and is indicative that leakage detection and repair work has successfully held the condition of the network at this level. This is supported by a secondary analysis of leakage on the basis of leakage per connection per day, which has also reduced by a similar level.
2019-20	33%		
2018-19	15%		



KPI: Compliance of each municipal water supply with the NZ Drinking Water Standards for protecting public health, specifically: a) bacteriological compliance (Part 4 of Drinking Water Standards); and b) protozoal compliance (Part 5 of Drinking Water Standards).

Year		Result	Target	Commentary
2020-21	a) bacteriological compliance	100%	>85%	<p>QLDC monitors for compliance within our treatment plants and distribution systems. Treatment plants include the water sources (lakes, aquifers) and the treatment plants to remove any pathogens from these sources. Distribution systems include the reservoirs and pipes that store and move the water around the network once treated. Due to the timing of the compliance reports which are received in October each year, results are reported one year behind.</p> <p>Of the 28 treatment plants and distribution systems, all 28 were compliant with the bacterial requirements of the Drinking Water Standards New Zealand (DWSNZ).</p> <p>Of the 14 treatment plants, none were compliant with the protozoal requirements of the Drinking Water Standards New Zealand (DWSNZ).</p> <p>Notes in relation to the non-compliant treatment plants are below:</p> <ul style="list-style-type: none"> > Two Mile– capital investment is required to comply > Arrowtown – high turbidity events lead to periods of non-compliance > Kelvin Heights – high turbidity events lead to periods of non-compliance > Arthurs Point- high turbidity events lead to periods of non-compliance > Corbridge Downs - capital investment is required to comply > Glenorchy - capital investment is required for additional treatment barriers
	b) protozoal compliance	0%	>25%	<ul style="list-style-type: none"> > Glendhu – high turbidity events lead to periods of non-compliance > Hāwea– high turbidity events lead to periods of non-compliance > Luggate- capital investment is required for additional treatment barriers > Wānaka Airport - capital investment required to comply > Wānaka Western– long term plan is to decommission this intake, or capital investment is required for additional treatment barriers > Wānaka Beacon - capital investment is required for additional treatment barriers > Lake Hayes – compliance with UV monitoring and standardisations not fully complete > Lake Hayes Estate & Shotover Country – compliance with UV monitoring and standardisations not fully complete <p>Transmittance refers to the amount of UV light passing through the water at the water treatment plant. Turbidity is the measure of the suspended particles in a sample that cause loss of clarity by scattering light. If the water is more turbid, the UV transmittance would be less because the suspended particles would stop some of the UV light getting through the water and this affects the treatment effectiveness.</p> <p>Capital investment in treatment upgrades or turbidity control is required at most sites to meet the protozoal requirements of the DWSNZ. These upgrades are budgeted across the timeframe of the QLDC Ten Year Plan, 2021-31.</p>

KPI: 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.

b) between the time of notification and resolution of the blockage or other fault.

Category		2018-19 Result	2019-20 Result	2020-21 Result	Target	Commentary
a) between the time of notification and the time when service personnel reach the site	Urgent	22 mins	26 mins	25 mins	<60 mins	The median response time to attend to site for urgent issues was 25 minutes for 2020-21. There were 87 urgent issues lodged for 2020-21. This achieved the target set.
	Non-urgent	963.5 mins	1101 mins	619 mins	<1440 mins	The median response time to attend to site for non-urgent issues was 619 minutes for 2020-21. There were 1,130 non-urgent issues lodged for 2020-21. This achieved the target set.
b) between the time of notification and resolution of the blockage or other fault	Urgent	355 mins	407 mins	245 mins	<1440 mins	The median response time for resolution for urgent issues was 245 minutes for 2020-21. This is well within the target set.
	Non-urgent	2882 mins	3185 mins	2202 mins	<10080 mins	The median response time for resolution for non-urgent issues was 2202 minutes for 2020-21. This is well within the target set.

KPI: Number of complaints per 1,000 connections to a public water reticulation network about:

a) the clarity of drinking water.

d) the pressure or flow of drinking water.

b) the taste of drinking water.

e) the continuity of supply of drinking water.

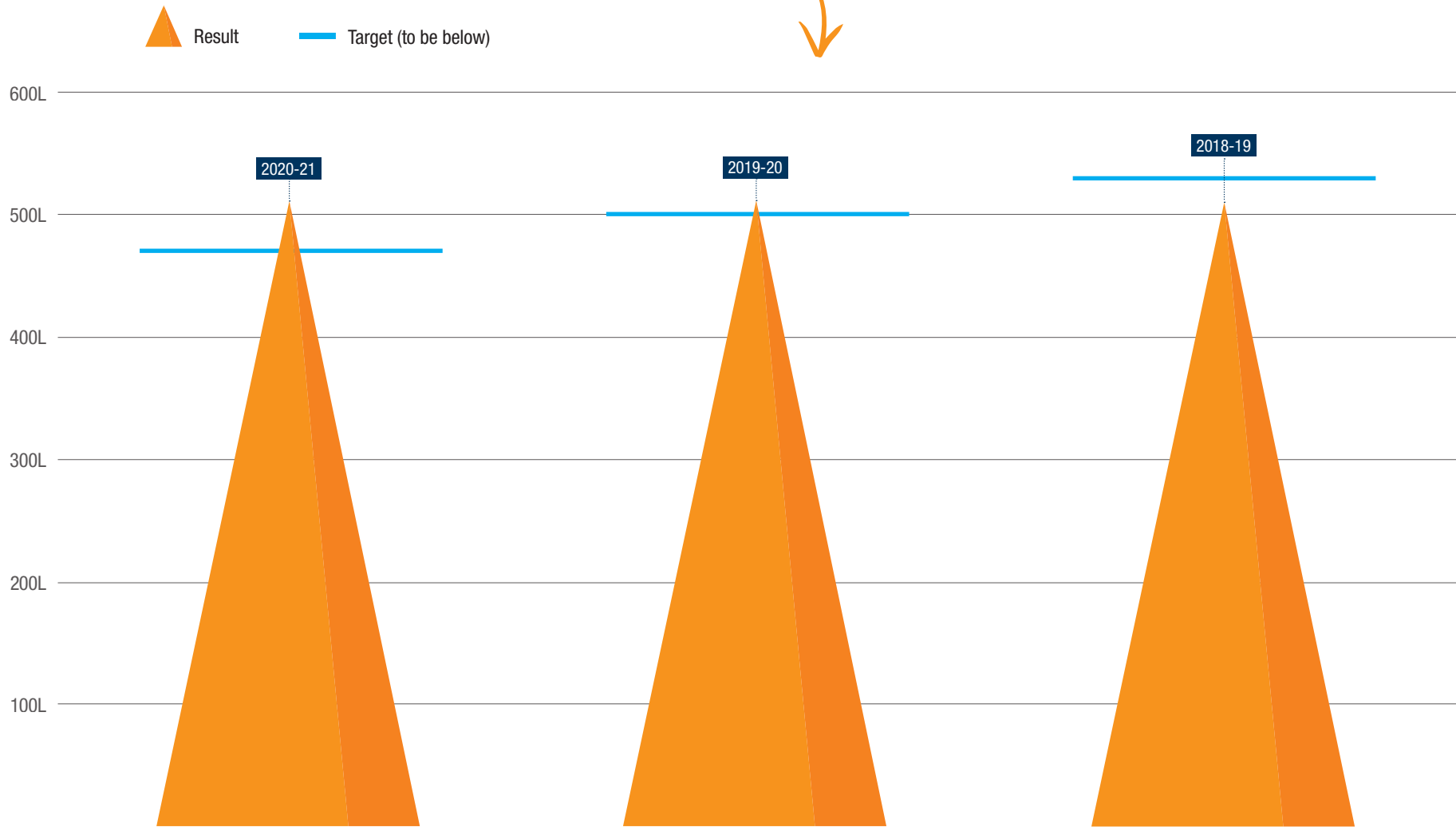
c) the odour of drinking water

f) the way in which a local government organisation responds to issues with a water supply.

Category	2018 -19 Result	2019 -20 Result	2020-21 Result	Target	Commentary
a) clarity	0.04	0	1.37	<4	All categories met the annual target and were mostly consistent with the previous year's results.
b) taste	0.04	0	0.14		
c) odour	0.04	0.04	0.04		
d) pressure/flow	5.6	2.06	2.67		
e) continuity of supply	3.7	2.22	2.6		
f) response to issues	0.04	0	0	<2	

KPI: Average consumption of water per day per resident.

Year	Result	Target	Commentary
2020-21	512L	<470L/person/day	512 litres of water was consumed on average per person per day for the 2020-21 year. This did not achieve the 'sinking lid' annual target to be below 470 litres/person/day. Currently QLDC has limited mechanisms beyond education to drive water efficiency and this may limit the ability to achieve reductions in the short term.
2019-20	515L	<500L/person/day	
2018-19	510L	<530L/person/day	



Wastewater

About wastewater

WHAT WE DELIVER

QLDC is responsible for approximately 498 km of wastewater mains, 68 pump stations and four treatment plants serving approximately 28,415 demand units that between them discharge a total of approximately 12,408 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 2018-2028

- > Significant upgrades are planned for the districts two largest treatment plants: Shotover wastewater treatment plant (Queenstown) and Project Pure (Wānaka and Luggate). The design of Project Pure is underway and scheduled to be complete in October 2021 with construction being in the first quarter of 2022. The detailed design for Shotover wastewater treatment plant is due to be complete this year. Due to funding constraints the 2021 Ten Year Plan has deferred the construction to this plant until 2024, the opportunity to bring spend forward and start construction in 2022 is being explored.
- > Cardrona wastewater treatment plant is a developer-led project which was successfully commissioned mid July 2021. The new wastewater pump station and associated trunk mains is also complete.
- > As per Kingston water supply, the developed design of a new wastewater treatment plant is complete.
- > The Willow Place (Kelvin Heights) pump station upgrade was completed in July 2021.
- > The other major pump station project in Queenstown, the Recreation Ground pump station is near completion as is the rising main. Both are expected to be commissioned and operational by the end of 2021.

Case study – Recreation Ground Pump Station and Wastewater upgrade

The new pump station will take the load off the existing facility at Marine Parade which is currently the only wastewater pump station to serve Queenstown, Fernhill, Sunshine Bay, Gorge Road and Arthurs Point. The current pump station does not have any emergency storage facility and is unable to be taken offline for more than a few minutes for maintenance.

The new pump station at the Recreation Ground will provide emergency storage, additional pumping capacity and a new rising main (pipeline) for wastewater across town. This will provide more resilience to the wastewater network in Queenstown and reduce the likelihood of uncontrolled flows of wastewater into Lake Wakatipu.

Since the Recreation Ground Pump Station and Wastewater upgrade project started back in May 2020, over 1,200 metres of wastewater pipe has been installed along Park Street and great progress made on building the new pump station at the Recreation Ground carpark.

In September 2020 the next phase started, which involved using a technique called Horizontal Directional Drilling (HDD) to install 870m of wastewater pipe across the town centre. Unfortunately, due to unforeseen ground conditions, the drilling was unsuccessful, and a change in approach was taken with installing the new pipe.

From 17 May installation began of 600m of wastewater pipe into open trenches along Camp and Earl Street and along Marine Parade, connecting to pipe recently installed across a portion of the Queenstown Gardens to Park Street.



HOW MUCH IT COST

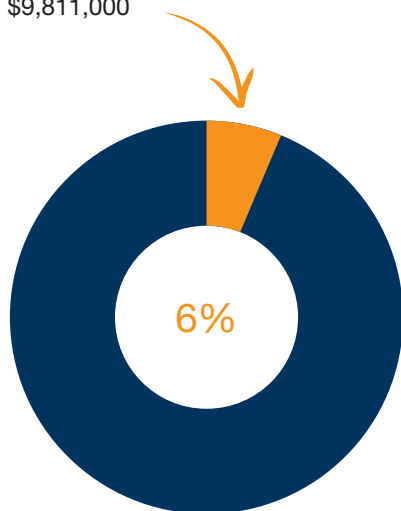
Breakdown of service cost



AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Council operating expenditure
of \$161,856,000 (excluding
depreciation)

Wastewater expenditure of
\$9,811,000



Wastewater	2020 LTP \$000	2021 LTP \$000	2021 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	238	229	187
Targeted rates	12,735	12,048	13,497
Subsidies & grants for operating expenditure	–	–	101
Fees & charges	252	256	207
Interest and dividends from investments	–	–	–
Fuel tax, fines, infringement fees & other receipts	–	–	–
Total sources of operating funding	13,225	12,533	13,992
Applications of operating funding			
Payments to staff and suppliers	6,877	7,483	7,843
Finance costs	3,217	3,568	1,539
Internal charges applied	1,214	1,270	429
Other operating funding applications	–	–	–
Total applications of operating funding	11,308	12,321	9,811
Surplus/(deficit) of operating funding	1,917	212	4,181
Sources of capital funding			
Subsidies & grants for capital expenditure	–	–	–
Development and financial contributions	7,083	6,970	4,620
Increase/(decrease) in debt	11,764	11,164	14,278
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding	18,847	18,134	18,898
Applications of capital funding			
Capital expenditure			
– to meet additional demand	10,006	8,322	9,746
– to replace existing assets	1,079	902	5,719
– to improve the level of service	10,644	8,662	12,022
Increase/(decrease) in reserves	(965)	459	(4,408)
Increase/(decrease) of investments	–	–	–
Total applications of capital funding	20,764	18,346	23,079
Surplus/(deficit) of capital funding	(1,917)	(212)	(4,181)
Funding balance	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
Lower finance costs due to much lower interest rates than budgeted and timing of borrowing for capital expenditure.	Actuals of \$12.6M on Recreation Ground new wastewater pump station and \$3.5M on Willow Place wastewater pump station rising main upgrade.	Recreation Ground new wastewater pump station had zero budgeted with spend of \$12.6M. Offset with HIF Kingston wastewater new scheme which had a budget of \$6.3M and spend of \$0.8M.

Summary of internal borrowings				
Activity	30 June 2021 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	20,603	358	5,813	240

How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

DIA MEASURES The Department of Internal Affairs (DIA) outlines a range of benchmarking measures for inclusion in the Annual Report. The following measures relate to our performance for wastewater:

KPI: 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.*

Year	Result	Target	Commentary
2020-21	18 mins	<60 mins	The median response time to attend site for wastewater overflows was 18 minutes for 2020-21 and achieved the target set.
2019-20	17.5 mins		
2018-19	17 mins		

b) *between the time of notification and resolution of the blockage or other fault.*

Year	Result	Target	Commentary
2020-21	129 mins	<240 mins	The median response time to resolve the wastewater overflows was 129 minutes for 2020-21 and achieved the target set. There were 48 wastewater overflows recorded.
2019-20	121 mins		
2018-19	151.5 mins		

KPI: Annual number of dry weather overflows from a municipal sewerage system per 1,000 sewerage connections.

Year	Result	Target	Commentary
2020-21	1.55	<3	There were 1.55 dry weather overflows per 1,000 sewerage connections for the 2020-21 period. This achieved the target set.
2019-20	1.66		
2018-19	3.2		

KPI: 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.

Year	Result	Target	Commentary
2020-21	86%	100%	QLDC broadly complied with resource consents this year but had three enforcement actions, with two related to the same consent. This did not meet the target set.
2019-20	87%		An infringement notice was received for an unauthorised discharge (ie. no consent) of wastewater into Lake Wakatipu near Park Street as a result of a wastewater overflow from the reticulated network.
2018-19	94%		An abatement notice was received for the Cardrona wastewater treatment plant due to breach of resource consent conditions. An interim upgrade to this plant is underway to resolve the non-compliances, and flows are expected to be directed to a new wastewater treatment plant in 2021.

KPI: Number of complaints per 1,000 properties connected to a municipal sewerage system about:

a) odour.

b) faults.

c) blockages.

d) the territorial authority's response to issues with its sewerage system.

	2018-19 Result	2019-20 Result	2020-21 Result	Target	Commentary
a) odour	0.04	0.04	1.66	<5	All categories met the annual target.
b) faults	5.54	3.16	3.72		
c) blockages	2.55	2.25	2.21		
d) response to issues	0	0	0	<2	

Stormwater



About stormwater

WHAT WE DELIVER

QLDC is responsible for approximately 339.6 km of stormwater mains, with an average age of 24.6 years, servicing urban areas across the district (around 26,600 rating units).

PROGRESS AGAINST THE TEN YEAR PLAN 2018-2028

Further work has been undertaken on our stormwater models to increase the model confidence so they can be used to accurately reflect how our catchments respond during rainfall events. These model updates have occurred for Queenstown, Frankton and Wānaka (North and South Wānaka). Following on from this, the Catchment Management Plans previously produced will be revisited to ensure the projects identified are still priorities.

From the previous Frankton catchment management plan, three high priority projects were identified to address flooding issues. These three projects are currently in the construction phase. Similarly in Wānaka, three critical projects were identified and are currently in the design phase.

QLDC are developing a stormwater sampling methodology to increase our knowledge of the water quality in our waterways in collaboration with ORC. The results will be used to identify any stormwater quality issues and to help determine the best ways to treat stormwater if required. It will also be used to further develop our Contamination Load Models which QLDC currently has for Queenstown, Frankton and Wānaka (North and South Wānaka).

The stormwater service performance summary for 2020-21 is as follows:

- > Projects in the detail design stages to deliver major stormwater management for North Wānaka are:
 - The Alpha Series project is to divert development stormwater away from Bullock Creek to improve water quality which is currently adversely affecting the fish hatchery.
 - Stormwater pipe and infrastructure upgrade around Rata Street and Aubrey Road junction to reduce flooding issues to protect low-lying houses.
 - Anderson and Aubrey Road stormwater infrastructure upgrade project to reduce frequent road flooding issues at the intersection.
- > Liaise and partner more frequently with community groups to discuss project updates in the delivery of our services.
- > Continue working on the mapping of catchments with flood hazards.
- > Continue to maintain prompt response times to stormwater requests.
- > Explore options for increased preventative maintenance activities to reduce the number of customer requests.
- > Increase customer satisfaction by keeping our customers informed on the progress of their requests.

HOW MUCH IT COST

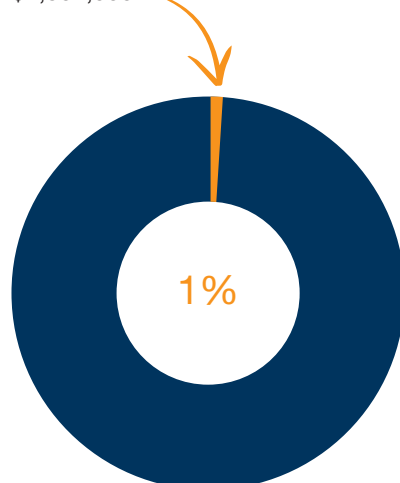
Breakdown of service cost



AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Council operating expenditure
of \$161,856,000 (excluding
depreciation)

Stormwater expenditure of
\$1,801,000



Stormwater	2020 LTP \$000	2021 LTP \$000	2021 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	–	–	–
Targeted rates	2,280	2,353	3,069
Subsidies & grants for operating expenditure	–	–	–
Fees & charges	–	–	–
Interest and dividends from investments	–	–	–
Fuel tax, fines, infringement fees & other receipts	232	265	4
Total sources of operating funding	2,512	2,618	3,073
Applications of operating funding			
Payments to staff and suppliers	785	793	1,347
Finance costs	894	934	391
Internal charges applied	75	78	63
Other operating funding applications	–	–	–
Total applications of operating funding	1,754	1,805	1,801
Surplus/(deficit) of operating funding	758	813	1,272
Sources of capital funding			
Subsidies & grants for capital expenditure	–	–	–
Development and financial contributions	1,346	1,858	572
Increase/(decrease) in debt	767	47	(189)
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding	2,113	1,905	383
Applications of capital funding			
Capital expenditure			
– to meet additional demand	2,367	1,165	3,537
– to replace existing assets	548	617	292
– to improve the level of service	691	1,651	698
Increase/(decrease) in reserves	(735)	(715)	(2,872)
Increase/(decrease) of investments	–	–	–
Total applications of capital funding	2,871	2,718	1,655
Surplus/(deficit) of capital funding	(758)	(813)	(1,272)
Funding balance	–	–	–

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
Lower finance costs due to timing of capital spend.	\$1.7M for Lakeview stormwater upgrade and \$1.2M for Ladies Mile HIF stormwater new scheme.	Recreation Ground stormwater new box culverts budget of \$2.0M with zero actuals. Offset with Lakeview Development – stormwater zero budget with \$1.7M actuals.

Summary of internal borrowings				
Activity	30 June 2021 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	3,610	456	506	60

Case study – Frankton stormwater upgrade

Work to upgrade the Frankton stormwater system started in June. The upgrade will improve resilience to the district's stormwater network and meet the needs of both current residents and projected future growth in the area.

The project involves upgrading approximately 600m of stormwater pipe along Lucas Place, between the roundabouts at Sir Henry Wigley Drive and Hawthorne Drive.

Downstream pipes will be upgraded through an easement down Douglas Street and turning into Robertson Street.

Stormwater upgrades work will also take place on Kawarau Place, the lower end of Riverside Road, and Magnolia Place.

The upgrade complements earlier work on the Frankton stormwater network in 2019, near the BP roundabout down to the lake edge. New pipes from this project will connect to previous upgrades.

It will also result in better treatment of stormwater before it enters the lake.

As part of the project, a full road rehabilitation will be undertaken on Lucas Place.

Council has appointed HEB Construction to undertake this work following a competitive tender process conducted from January to March 2021.

Stormwater upgrades will take place from early June through to September, and road rehabilitation will take place from September to early November.



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

DIA MEASURES The Department of Internal Affairs (DIA) outlines a range of benchmarking measures for inclusion in the Annual Report. The following measures relate to our performance for stormwater:

KPI: a) Number of flooding events that occur in a territorial authority district b) For each flooding event, the number of habitable floors affected (expressed per 1000 properties connected to the territorial authorities stormwater system)

Year	Result	Target	Commentary
2020-21	a) 0	a) <7	There were no stormwater flooding events this year and as such, no flooding events to habitable floors recorded.
	b) 0	b) <2	
2019-20	a) 0		
	b) 0		
2018-19	a) 0		
	b) 0		

KPI: Compliance with resource consents for discharge from a municipal stormwater system, measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) successful prosecutions.

Year	Result	Target	Commentary
2020-21	100%	100%	The district meets the benchmark set, demonstrating good monitoring and enforcement practice.
2019-20	100%		
2018-19	100%		

KPI: 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.

Year	Result	Target	Commentary
2020-21	0 hours	<3 hours	There were no flooding events to habitable floors this year.
2019-20	0 hours		
2018-19	0 hours		

KPI: The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.

Year	Result	Target	Commentary
2020-21	6.45	<5 per 1,000 properties	There were 6.45 complaints per 1000 properties for 2020-21. This exceeds the target set.
2019-20	5.13		Preventative clearing of road side sumps continues to be a focus to improve performance in this area, along with an increased presence in the education and regulation of sediment control from building sites which are a key contributor to sump blockages.
2018-19	10.65		

Transport, roading, parking and footpaths

About transport, roading, parking and footpaths

WHAT WE DELIVER

QLDC is responsible for just over 874km of local roads, this includes New Zealand's highest sealed road, the Crown Range. Transport does not just deliver roads, we provide a multi modal network enabling people and goods to drive, walk and cycle around our district. Our responsibility includes footpaths/ shared paths, streetlights and signage as well as activities such as winter maintenance. In addition, there are 232km of state highways 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 2018-2028

Over the past 12 months QLDC has been involved in the following transport initiatives/projects:

- > Park and Ride Business Case.
- > Arthurs Point Crossing (Shotover Bridge Duplication) Business Case.
- > Queenstown Arterial (Designation).
- > Queenstown Arterial Stage 1 Construction (ongoing).
- > Queenstown Street Upgrades Construction (ongoing).
- > Ballantyne Road Safety/Sealing Construction (ongoing).
- > Aubrey Road Shared Path (ongoing).
- > Ballantyne Road Shared Path (ongoing).
- > Arthurs Point Road Shared Path (ongoing).
- > Sir Tim Wallis Drive Underpass (shared with NZTA & Developer).
- > Queenstown Transport Business Case approved (unlocks project funding for multiple projects in Whakatipu).
- > Section of Malaghans Road Rehabilitation.
- > 30kms of road resealing.
- > Glenorchy-Queenstown Road Slow Vehicle passing Bay (to support the new Bennetts Bluff viewing area).
- > Various new footpaths (e.g. Mull Street, Centennial Avenue, Jock Boyd Place, Lakeside Road).
- > Improved pedestrian crossing points and intersections (e.g. Meadowstone Drive, Man Street, Lake Esplanade, Nook/Hāwea Back Road).
- > Crown Range/Cardrona Valley chain bay improvements.

HOW MUCH IT COST

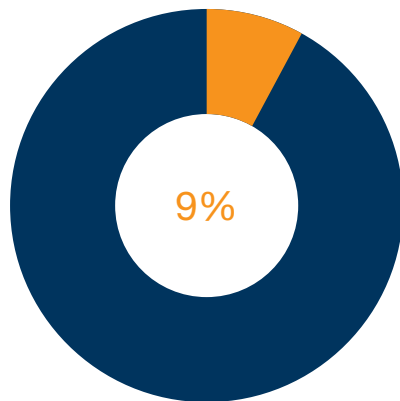
Breakdown of service cost



AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Council operating expenditure
of \$161,856,000 (excluding
depreciation)

Transport expenditure of
\$13,963,000



Transport, including roading, parking and footpaths	2020 LTP \$000	2021 LTP \$000	2021 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	–	–	–
Targeted rates	12,664	14,476	10,262
Subsidies & grants for operating expenditure	4,739	4,710	5,817
Fees & charges	3,286	6,896	2,444
Interest and dividends from investments	–	–	–
Fuel tax, fines, infringement fees & other receipts	136	(665)	294
Total sources of operating funding	20,825	25,417	18,817
Applications of operating funding			
Payments to staff and suppliers	9,724	10,172	13,232
Finance costs	2,300	4,078	201
Internal charges applied	1,514	1,583	530
Other operating funding applications	–	–	–
Total applications of operating funding	13,538	15,833	13,963
Surplus/(deficit) of operating funding	7,287	9,584	4,854
Sources of capital funding			
Subsidies & grants for capital expenditure	32,399	46,495	19,783
Development and financial contributions	5,270	5,270	4,533
Increase/(decrease) in debt	28,780	47,071	848
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding	66,449	98,836	25,164
Applications of capital funding			
Capital expenditure			
– to meet additional demand	25,126	38,431	11,225
– to replace existing assets	16,146	19,237	17,560
– to improve the level of service	32,169	50,895	8,189
Increase/(decrease) in reserves	295	(143)	(6,957)
Increase/(decrease) of investments	–	–	–
Total applications of capital funding	73,736	108,420	30,018
Surplus/(deficit) of capital funding	(7,287)	(9,584)	(4,854)
Funding balance	–	–	–

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
\$3.8M Lower finance costs due to timing of capital spend offset with Rates reduction. \$0.7M emergency reinstatement costs, \$1.2M Capex reclassified to Opex, Internal time reallocations \$1.0M. Removal of \$3.2M parking fees & charges income from Boundary St Carpark building due to deferral of capital works.	Actuals of \$6.1M on Queenstown Street Actuals of \$6.1M on Queenstown Street Upgrades - CIP, \$5.1M on Ballantyne Road Reseal & \$3.8M on Queenstown Town Centre Arterials Stage 1 – CIP.	Queenstown Town Centre Arterial \$35.8M budget with actuals of \$3.8M. Queenstown Parking Improvements \$24.2M budget with actuals of \$0.3M.

Summary of internal borrowings				
Activity	30 June 2021 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	2,188	938	1,293	31

Case study – Bennetts Bluff Lookout

For many years, drivers have been pulling over on the side of the road at Bennetts Bluff to enjoy unique views of Lake Whakatipu on the Glenorchy-Queenstown Road.

To make this safer for locals and visitors, a new lookout at Bennetts Bluff opened in July 2021. Bennetts Bluff is located about halfway between Queenstown and Glenorchy on the Glenorchy-Queenstown Road.

Queenstown Lakes District Council (QLDC) worked closely with Department of Conservation Te Papa Atawhai (DOC) to complete the project. Council invested \$1.6m to develop a new carpark, toilet block and picnic area and planting, while DOC has funded the walking track and viewing area.

As part of the design, 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.

Kāi Tahu kaumātua bestowed a site blessing last year and will continue to support with the development of cultural and historical signage at the lookout over time.

A barrier has been installed on the unsafe section of road to ensure it is no longer possible to pull over. In spring, grass seeding will be laid in the picnic area.



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

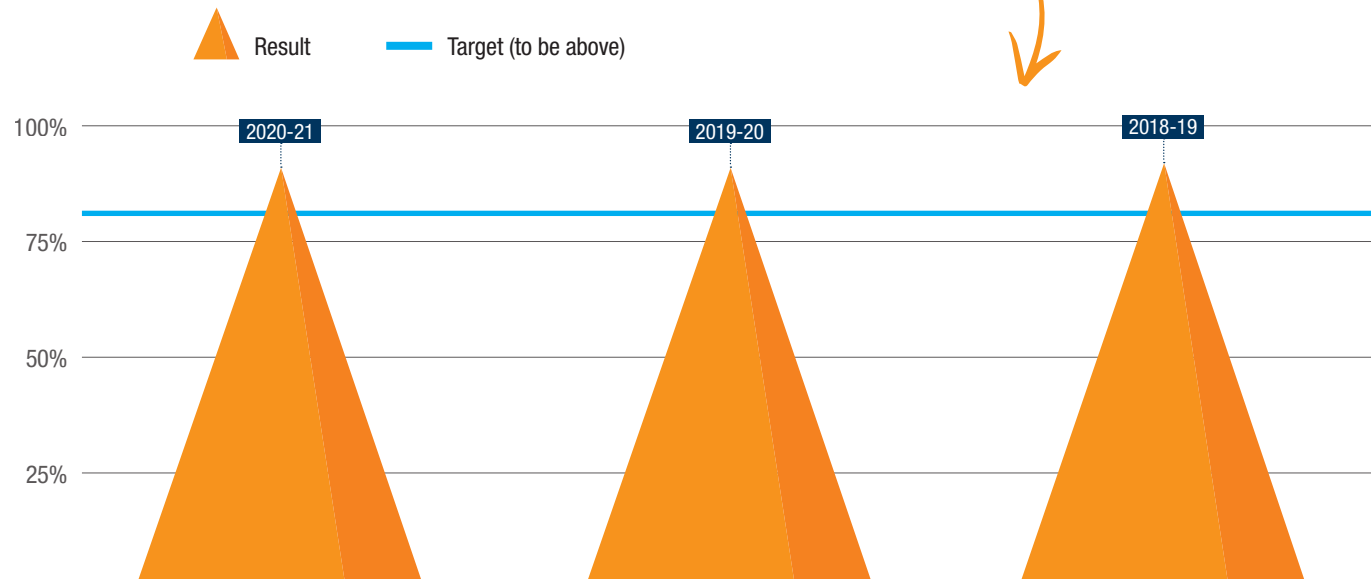
DIA MEASURES The Department of Internal Affairs (DIA) outlines a range of benchmarking measures for inclusion in the Annual Report. The following four measures relate to our performance for transport:

DIA KPI: 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.

Year	Result	Target	Commentary
2020-21	8	<11 (the total number reported in 2019-20)	The number of fatalities and serious injury crashes has reduced and this is supported by the rolling five year trend showing a decline. However it should be noted that due to the statistically low numbers, any change can be significant.
2019-20	11	<20 (the total number reported in 2018-19)	
2018-19	20	<16 (the total number reported in 2017-18)	

DIA KPI: Average quality of ride on a sealed local road network, as measured by the Smooth Travel Exposure Index.

Year	Result	Target	Commentary
2020-21	93%	>80%	The Smooth Travel Index (SME) has remained consistent over the last few years, demonstrating the high quality of the local road network.
2019-20	93%		
2018-19	94%		



DIA KPI: Percentage of sealed network that is resurfaced annually

Year	Result	Target	Commentary
2020-21	5.80%	<10%	The percentage of sealed network resurfaced annually is reasonably steady and reflects Waka Kotahi's recommended quantities of network sealing at around 6%. A small percentage increase from previous year reflects the investment in the Crown Range prior to the decrease in Waka Kotahi's funding rate for Special Purpose Roads.
2019-20	5.40%		
2018-19	5.15%		

DIA KPI: 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.

Year	Result	Target	Commentary
2020-21	97%	>95%	97% 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.
2019-20	95.77%		
2018-19	96.4%		

KPI: Improved traffic flows on arterial routes.

Year	Result	Target	Commentary
2020-21	2.77 mins	Maintain/improve	The annual average travel time over all three chosen locations is 2.77 minutes. Three of our main arterial routes were monitored over a 24 hour period every quarter to record traffic flow times. Analysis of the years data highlights that there was a decrease in Quarter 3 across all three main arterial routes but the other quarters remained consistent with travel time. This is an improvement on the previous year and meets the target to maintain/improve on the previous years result.
2019-20	2.8 mins		
2018-19	3.1 mins		

KPI: Percentage of residents and ratepayers who are satisfied with the bus service (cost, reliability, accessibility).

	2019-20 Result	2020-21 Result	Target	Commentary
Cost	57%	54%	>50%	In the December 2020 Quality of Life survey, reliability of the bus service had the lowest level of overall agreement (28%). This was primarily offset by a high number of respondents who reported neutral (23%) ratings, or who were unsure how to rate the reliability of public transport (31%), as opposed to high levels of disagreement. Concurrently, respondents mostly disagreed that public transport meets the needs of residents with 31% of respondents either disagreeing (17%) or strongly disagreeing (14%) with this statement. In reviewing the year on year findings, the largest shifts in agreement were seen for the accessibility of public transport (47% in 2020 and 38% in 2019) and public transport's ability to meet the need of residents (31% in 2020 and 22% in 2019). Notably, there has been a steady decline since 2018 in the proportion of respondents who agreed that public transport is affordable (54% in 2020).
Reliability	25%	28%		
Accessible	38%	47%		
Accessible for my needs	31%	38%		

KPI: Increased use of alternative modes of transport.

Mode	Frequency	2018-19	2019-20 work	2019-20 spare time	2020-21 work	2020-21 spare time	Target	Commentary
Bus	Daily	4%	2%	1%	1%	4%	Improve on the previous year	<p>In the December 2020 Quality of Life survey, results showed that walking was the most common alternative transport method, with 33% of respondents walking monthly, weekly, or daily to work and 75% walking in their spare time.</p> <p>Bus usage has increased slightly in both categories, and bike and e-scooter/e-bike results remained fairly consistent with the previous year as a mode of transport to work and recreational use.</p> <p>The least used alternative transport method was water taxis, with 91% of respondents indicating that they never use this method as a mode of transport to/from work and 83% never using it in their spare time. Both are consistent with the previous years results.</p>
	Weekly	9%	6%	7%	7%	6%		
	Monthly	10%	4%	8%	8%	5%		
	Infrequently	29%	16%	25%	25%	20%		
	Never	48%	72%	59%	59%	65%		
Walk	Daily	30%	18%	36%	36%	16%		
	Weekly	28%	13%	34%	34%	12%		
	Monthly	10%	4%	7%	7%	5%		
	Infrequently	19%	11%	11%	11%	13%		
	Never	13%	54%	13%	13%	54%		
Bike	Daily	8%	5%	7%	7%	4%		
	Weekly	20%	10%	25%	25%	10%		
	Monthly	12%	4%	12%	12%	5%		
	Infrequently	24%	16%	18%	18%	16%		
	Never	36%	65%	38%	38%	65%		
Water taxi	Daily	0%	1%	1%	1%	0%		
	Weekly	1%	1%	1%	1%	0%		
	Monthly	2%	1%	1%	1%	1%		
	Infrequently	15%	6%	13%	13%	8%		
	Never	82%	91%	84%	84%	91%		
E-bike or scooter	Daily		1%	2%	2%	1%		
	Weekly		3%	5%	5%	3%		
	Monthly		1%	2%	2%	1%		
	Infrequently		3%	5%	5%	4%		
	Never		92%	86%	86%	91%		

Waste management

About waste 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 our 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, waste transfer stations in

Frankton and Wānaka, monitoring and maintenance of closed landfills, waste minimisation community outreach initiatives and removal of illegal dumping.

The landfill facility at Victoria Flats is operated privately by Scope Resources and receives waste from commercial customers and Council transfer stations.

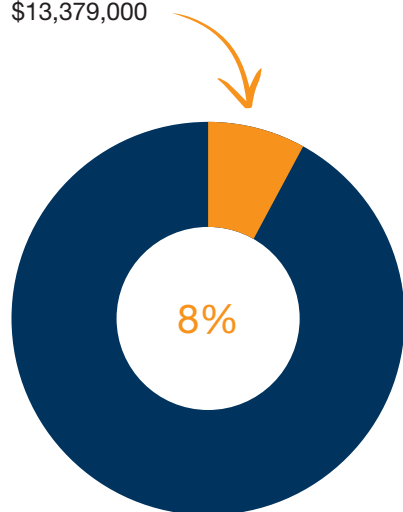
A recycling and reuse shop is operated by Wastebusters in Wānaka and provides business and event recycling, drop-off recycling, a reuse shop, education for sustainability, advocacy and support of waste minimisation in the community and across NZ.

PROGRESS AGAINST THE TEN YEAR PLAN 2018-2028

- > Wānaka Transfer Station upgrades.
- > Wakatipu MRF (recycling facility) upgrades.
- > Kimitiākau new Wakatipu MRF and Transfer Station planning.
- > Victoria Flats LFG install and operate.
- > Community fund allocation:
 - o Wastebusters & One New Zealand – Better Building Resource Circulation.
 - o Sustainable Queenstown – RefillNZ Queenstown.
- o The Hawea Grove – Hawea Grove Eco Building Webisode Series.
- o Queenstown Chamber of Commerce – Waste audits for Queenstown Lakes businesses.
- o Queenstown Golf Club – Queenstown Golf, Recycle & Compost.
- o Chunky – Chunky Loan Cup.
- > Lakeview de-construction waste minimisation.
- > Organics diversion master planning.
- > National and Regional Submissions, strategic planning, technical support and advocacy including:
 - o LGNZ & Territorial Authority Officers (TAO) Waste Forum; Elected Chair of TAO Waste Forum – leadership, technical support and advocacy to progress national TA focussed priorities. Chair steering committee meetings and annual TAO conference. Updated the LGNZ Waste Manifesto to reflect TA's joint position on waste priority issues. Provided TAO Forum representation through submissions, communications with Minister and MfE staff. TAO representative on MfE Technical Advisory Group (TAG) for NZ Waste Strategy Review and Infrastructure Investment Group. Member of Container Return Scheme TAG for LGNZ.
- > Provide key support and input to establish the Otago Mayoral Forum sponsored project – a 'regional analysis of waste and recycling infrastructure' with a view to possible shared infrastructure investment.

HOW MUCH IT COST

Breakdown of service cost

**AS A PERCENTAGE
OF TOTAL EXPENDITURE**Total Council operating expenditure
of \$161,856,000 (excluding
depreciation)Waste Management expenditure of
\$13,379,000

Waste Management	2020 LTP \$000	2021 LTP \$000	2021 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	–	–	–
Targeted rates	3,534	3,932	6,507
Subsidies & grants for operating expenditure	122	127	137
Fees & charges	8,268	8,748	6,915
Interest and dividends from investments	–	–	–
Fuel tax, fines, infringement fees & other receipts	195	195	475
Total sources of operating funding	12,119	13,002	14,034
Applications of operating funding			
Payments to staff and suppliers	10,066	10,681	12,633
Finance costs	265	442	53
Internal charges applied	1,562	1,634	693
Other operating funding applications	–	–	–
Total applications of operating funding	11,893	12,757	13,379
Surplus/(deficit) of operating funding	226	245	655
Sources of capital funding			
Subsidies & grants for capital expenditure	–	–	–
Development and financial contributions	–	–	–
Increase/(decrease) in debt	4,522	2,587	1,043
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding	4,522	2,587	1,043
Applications of capital funding			
Capital expenditure			
– to meet additional demand	1,801	1,261	374
– to replace existing assets	1,355	1,085	421
– to improve the level of service	2,656	1,548	443
Increase/(decrease) in reserves	(1,064)	(1,062)	461
Increase/(decrease) of investments	–	–	–
Total applications of capital funding	4,748	2,832	1,698
Surplus/(deficit) of capital funding	(226)	(245)	(655)
Funding balance	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
\$2.6M reduction in refuse collection revenue offset within target rates as this is now rated for. \$1.0M additional transfer station and landfill levy income offset with \$1.9M additional landfill and disposal costs predominantly due to ETS Carbon Credit price increases.	\$0.9M spend on Wakatipu Transfer Station and Plant upgrades including Eco Park design.	Wakatipu recycle centre plant upgrade LTP budget \$3.0M vs actuals of \$0.6M.

Summary of internal borrowings				
Activity	30 June 2021 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	858	0	380	8

Case study – Victoria Flats Landfill upgrade

A project by Queenstown Lakes District Council (QLDC) and Scope Resources Ltd to improve air quality, reduce greenhouse gas emissions and reduce odour at Victoria Flats Landfill is now complete.

The landfill gas capture and destruction system will capture landfill gas, preventing methane from entering the atmosphere, and is aligned with the key outcomes of QLDC's Climate Action Plan.

The system was designed in anticipation of changes to Otago Regional Council (ORC)'s air discharge consent conditions issued in 2019, requiring landfill operations be aligned with National Environmental Standards for air quality.

The two-year project had been a highly technical operation and a massive undertaking for the team, as the system was retrospectively installed into the existing landfill and is made up of a number of vertical wells, horizontal gas collectors and flares used to destroy the gas.

Further installation would be required as the landfill grows. The 'capture and destroy' approach was taken instead of 'capture and use' as beneficial uses of the methane, such as electricity generation, are not expected until the landfill is much larger in size and able to generate more gas. The most effective way to ensure emissions costs don't continue to impact the community is to reduce the amount of material going to landfill.

A recent QLDC kerbside audit showed that organic waste made up 54.3% of the weight of all kerbside rubbish and was the largest single component of kerbside rubbish in wheelie bins. This was made up of 62% kitchen waste, 34% greenwaste and 4% other material such as vacuum cleaner dust, animal faeces, candles, fireplace ash, and human hair. When this waste breaks down in landfill it produces methane, a harmful greenhouse gas.

The \$7.8M capital cost of the landfill gas capture and destruction project was funded by Scope Resources and repaid by QLDC over the remaining 14.5 year landfill contract term through an increased gate fee from 1 January 2020 for all waste deposited at the landfill.



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPI: Total waste diverted from landfill

Year	Result	Target	Commentary
2020-21	7,386t	>11,000t	7,386 tonnes of waste has been diverted from landfill for 2020-21. The year three target was increased in line with the assumption of a step change associated with commencing the diversion of organics. The diversion initiatives for this are not in place as originally planned and therefore the 2020-21 target was not achieved. On average 616 tonnes of waste has been diverted from landfill per month for the 2020-21 year. High contamination rates at the Materials Recovery Facility (MRF) due to aged plant impacted results with 1,871 tonnes of contamination recorded.
2019-20	7,736t	>8,500t	
2018-19	5,523t	>5,100t	

KPI: Total waste to landfill

Year	Result	Target	Commentary
2020-21	41,486t	<41,000t	The total waste to landfill for 2020-21 is 41,486 tonnes. The target was almost achieved. On average, the total waste to landfill per month for the year 2020-21 is 3,457 tonnes. This is only slightly higher than the target of 3,417 tonnes and is lower than the average of 3,642 tonnes last year.
2019-20	43,700t	<40,000t	
2018-19	45,072t		

KPI: Reduction of carbon emission units purchased per head of population (based on average day population)

Year	Result	Target	Commentary
2020-21	-0.15	<0.74	The number of units purchased for the year increased as the statutory obligation increased.
2019-20	0.24		
2018-19	0.76		

Bold leadership

Te amoraki

WĀNAKA

- | Relocatable building installed at the Wānaka Recreation Centre for office use
- | Project partner within key risk reduction projects for local hazards including Wānaka flooding and Mt Iron wildfire

WAKATIPU

- | Shotover River Bylaw review completed and bylaw adopted
- | By-election held in Queenstown-Wakatipu Ward and new Councillor elected
- | Project partner within key risk reduction projects for local hazards including Glenorchy Natural Hazards

LUGGATE

- | Permanent replacement of the Luggate Hall under construction

DISTRICT WIDE

- | \$20m diversification fund announced by government for district
- | Enforcement Strategy and Prosecution Policy reviewed and adopted
- | Food Grading Bylaw reviewed and revoked
- | Working with Community Response Groups to review and update Community Response Plans
- | Implementation and promotion of the “Otago Gets Ready” platform
- | Development of 2021 – 2031 QLDC Workforce Strategy
- | Design and launch of the Spatial Data Hub and Map Navigator

Economy



Sustainable growth management



Partnering for success



Investing strategically



Enabling diversification



About economy

WHAT WE DELIVER

Economic Development

QLDC's aim is to achieve a high quality of life for all residents. Before COVID-19 the district was enjoying strong job growth but affordability of housing, and the pressures of visitors numbers on infrastructure were significant challenges. Since COVID-1919 meant travel to the district has been severely restricted the focus of economic development has switched to help tourism related business to cope, find redeployment options for residents without work, and accelerate the diversification efforts.

QLDC's Economic Development Strategy has four clear objectives:

- > enhance the quality of our natural business and living environments;
- > facilitate the growth of the knowledge based sector that reflect the district's advantages;
- > attract higher contributing visitors and generate a proportionately higher level of expenditure from visitors; and
- > develop a long-term, sustainable approach to investing in infrastructure, which will support and enable future growth.

Film and Events Strategy

The film office facilitates the relationship between the screen sector, government, community and others impacted or benefited by its activity. Council still supports Film Otago Southland as well. Events have also been severely affected by the COVID-19 situation and Council has been supporting event organisers to navigate the restrictions placed on them by the response levels.

Tourism Promotion

We actively encourage tourist operations to not only share our natural environment with visitors from around the globe, but also treat it with the respect and care it deserves. We support Destination Queenstown, Lake Wānaka Tourism and the Arrowtown Promotion Board through a mixture of levies and rates. QLDC collects a targeted rate from local businesses on behalf of each of these Regional Tourism Organisations (RTOs), and also contributes 5% of their total funding by way of general rates, so all ratepayers contribute towards the promotion of our district. The focus of these efforts have moved more towards promotion to domestic visitors since COVID-19 has restricted international travel. A Destination Management Plan is being developed to create a more holistic approach to how all aspects of tourism are managed.

Commercial Property

Ladies Mile

The purchase of 516 Frankton-Ladies Mile was taken with a long-term view for community facilities. This was a strategic investment by Council, so was earmarked for long-term development. The core purpose for the land was to provide for anticipated demand for more sports fields, and recreational and community facility space, but also contemplated possible supporting uses such as a transport hub, or a park and ride facility, and these options remain.

Whatever its final purpose, it's important that the land can be an integral part of the wider Wakatipu basin and meet a growing community's needs. Therefore, Council has developed a masterplan for the wider Te Pūtahi Ladies Mile area, taking a holistic approach to planning for this growing area of the district but this is still to be approved

In the meantime, the open space area is available for informal local community use and enjoyment, and QLDC has provided a new car parking area.

The existing residential building is currently being explored by Council to become a community centre for the local community and consenting work is underway to enable this building to be opened up and utilised.

Luggate Hall

The permanent replacement of the Luggate Hall is now under construction; the Luggate Memorial Centre | Whare Mahana is expected to be complete in the second quarter of 2022. Sessions with the local community and the Wānaka Community Board have kept them up to date on the progress so far with the hall. The Luggate Memorial Centre is expected to be Aotearoa's first community facility built to Passive House standard.

Queenstown Events Centre all-weather turf

The multi-purpose all-weather turf at Queenstown Events Centre is nearing completion, with opening expected in September 2021. The full-size, sand-dressed turf will be used for hockey, football, and futsal. The project is the first piece of the Queenstown Events Centre masterplan development.

Wānaka Recreation Centre prefab

A relocatable building has been installed at the Wānaka Recreation Centre to serve as office space for the growing operations team at WRC. Called Te Tari ("the office"), the building caters to up to 12 staff and includes a meeting room and kitchen space. The work was undertaken from November 2020 – February 2021, and staff have been working in there since the end of March 2021.

Frankton Campground

The lease for the Frankton Campground came to an end and a new lessee has been secured. Removal of the cabins and site clearance has been undertaken to allow for redevelopment of the site. The site will return to a camping only destination, aligning with the Responsible Camping Strategy adopted in 2018.

Lakeview

A comprehensive programme of QLDC projects and private sector developments, to establish a mixed-use precinct on the circa 10 hectare Lakeview site. 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.

Project Manawa

Proposal to develop a community precinct on the Stanley Street site including a Central Administration Building, public spaces and, subject to consultation, a performing arts and visual arts centre, permanent Library and commercial buildings. Planning work continues between QLDC and Ngai Tahu Property Limited (under a Partnering Agreement) in developing the Foundation Documents for Council approval.

PROGRESS AGAINST THE TEN YEAR PLAN 2018-2028

- Startup Queenstown Lakes has developed a series of support for founders that offers a pathway from idea to launch and scale up. It has also successfully supported a number of startups to secure investment.
- A campaign to attract business owners to bring some or all of their (non-tourism) business to the district has launched <https://healthierbusiness.org/>. This supports the diversification efforts. There are also plans to introduce more tech training in the district to help build opportunities for retraining.
- After advocacy from the district, a \$20m diversification fund was announced by government for the district. This will invest in opportunities that will accelerate the growth of alternative industries.
- A collaborative group was formed during the initial COVID-19 outbreak to ensure that local businesses got accurate, timely information. This group includes Ignite Wanaka, Queenstown Chamber of Commerce, Lake Wānaka Tourism, Destination Queenstown, Regional Business Partners and the Economic Development Unit of QLDC. The trust built up in this group is sparking stronger alliances between these organisations.
- A research project into the potential 'lifetime value of visitors' has been scoped. This research will be completed in the next financial year and will explore how export industries other than tourism can benefit from a stronger relationship with international visitors in the future.
- A government loan has helped fund the development of a Research and Innovation Hub by the Porter Group, with the overarching theme of the project being environment.



HOW MUCH IT COST

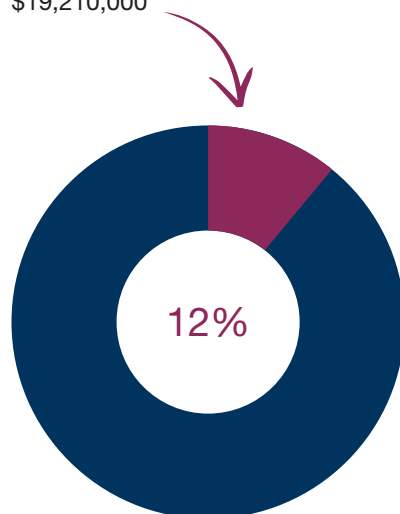
Breakdown of service cost



AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Council operating expenditure
of \$161,856,000 (excluding
depreciation)

Economy expenditure of
\$19,210,000



Economy	2020 LTP \$000	2021 LTP \$000	2021 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	169	220	178
Targeted rates	6,114	6,607	5,329
Subsidies & grants for operating expenditure	79	83	43
Fees & charges	2,453	1,961	1,349
Interest and dividends from investments	–	–	–
Fuel tax, fines, infringement fees & other receipts	483	483	808
Total sources of operating funding	9,298	9,354	7,707
Applications of operating funding			
Payments to staff and suppliers	7,603	7,732	17,598
Finance costs	527	372	315
Internal charges applied	1,152	1,231	1,297
Other operating funding applications	–	–	–
Total applications of operating funding	9,282	9,335	19,210
Surplus/(deficit) of operating funding	16	19	(11,503)
Sources of capital funding			
Subsidies & grants for capital expenditure	–	–	–
Development and financial contributions	–	–	–
Increase/(decrease) in debt	(3,254)	(2,956)	7,273
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding	(3,254)	(2,956)	7,273
Applications of capital funding			
Capital expenditure			
– to meet additional demand	429	–	28
– to replace existing assets	50	50	80
– to improve the level of service	2,283	13	93
Increase/(decrease) in reserves	(6,000)	(3,000)	(4,430)
Increase/(decrease) of investments	–	–	–
Total applications of capital funding	(3,238)	(2,937)	(4,230)
Surplus/(deficit) of capital funding	(16)	(19)	11,503
Funding balance	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
Capex reclassified to opex \$8.5M Lakeview Development Site Clearance/ Demolition/Asbestos Removal	Not applicable	Not applicable

Summary of internal borrowings				
Activity	30 June 2021 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	5,502	0	2,636	48

Case study – Hospitality/ Tourism tech cluster

Technology companies that create solutions for tourism and hospitality industries are to get a boost in Queenstown Lakes.

QLDC Economic Development Unit recently undertook a tender process to develop a hospitality/tourism technology cluster in the district. The tender was awarded late June and is for a 12-month contract.

The project involves working with existing businesses to identify common commercial barriers and opportunities and then explore how these could be tackled collaboratively.

Cluster development involves similar businesses working together to identify opportunities to collaborate. A hospitality/tourism tech cluster will support technology businesses, help diversify the economy, and potentially boost the productivity of the tourism and hospitality industry.

This approach is about businesses joining forces rather than all individually trying to overcome the same issues. It aims to turn businesses who might see themselves as competitors into collaborators. Over time, cluster development can help existing businesses grow. A successful cluster also helps build an international reputation for a specific location and a specific product, such as super-cars in Italy.

The tourism/hospitality tech niche was selected for support because it builds on successful businesses already in the district, and it taps into the expertise within the dominant industry in the area.

Businesses within the district have already shown interest in collaboration. There are large tourism operators in the district who have indicated that they would be supportive of a stronger cluster of tech businesses focused on solving their challenges.



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPI: Housing Affordability Measure (HAM): Share of first time buyer households with below average income after housing costs.

Year	Result	Target	Commentary
2020-21	Not available	>90.7%	There is no result for 2020-21 due to the information no longer being available.
2019-20	Not available		
2018-19	90.7%		

KPI: Housing Affordability Measure (HAM): Share of renting households with below average income after housing costs.

Year	Result	Target	Commentary
2020-21	Not available	<44.7%	There is no result for 2020-21 due to the information no longer being available.
2019-20	Not available		
2018-19	43.02%		

KPI: Reduction in the Rental Affordability Index (ratio of the average weekly rent to average weekly earnings).

Year	Result	Target	Commentary
2020-21	Not available	<0.44	There is no result for 2020-21 due to the information no longer being available.
2019-20	0.489		
2018-19	0.55		

KPI: Reduction in the Housing Affordability Index (ratio of the average current house value to average annual earnings).

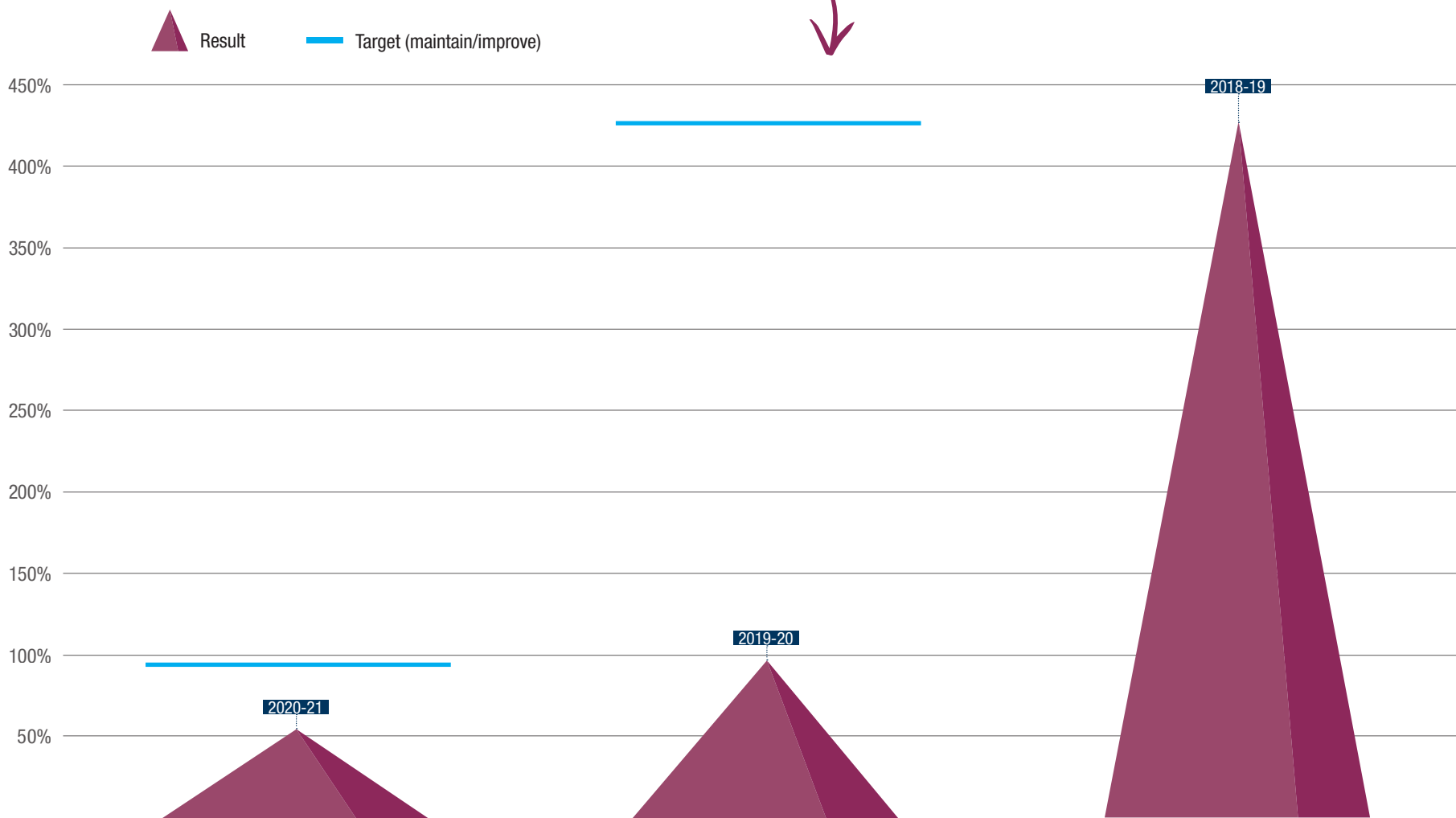
Year	Result	Target	Commentary
2020-21	Not available	20.5	There is no result for 2020-21 due to the information no longer being available.
2019-20	20.5	21.4	
2018-19	21.4	<16.4	

KPI: Percentage of commercial ratepayers who are satisfied with a) the information they receive, b) their ability to have a say, c) satisfaction with RTOs, d) services essential for their business operations (response/resolution, clarity of process and timeframes, staff knowledge and professionalism, fairness and consistency).

Year	Result	Target	Commentary
2020-21	Not available	>60%	A result is not available for 2020-21 due to the appropriateness of conducting a survey at this time.
2019-20	Not available	>55%	

KPI: Return on cost of commercial property, excluding revaluation gains/losses.

Year	Result	Target	Commentary
2020-21	55.49%	Maintain/improve	There was a 55.49% return on commercial property in 2020-21. This was due to \$1.78m income from Wellsmart Holdings and a \$0.25m rent review increase for the campground commercial license fees.
2019-20	96.7%		
2018-19	427.5%		



Regulatory functions and services



A responsive organisation



About regulatory functions and 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. The Council employ internal staff and external contractors to ensure the above is delivered efficiently and effectively. This includes processing approximately 1,700 building consents (with a built value of approximately \$800m) and undertaking 16,000 inspections annually. 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.

Regulatory and Enforcement

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.

Parking

Education and enforcement of the provisions of the Land Transport Act 1998 and the QLDC Traffic and Parking Bylaw 2018 has taken place across the district to encourage efficient use of the parking resources to enable functional streets and CBD's, maintain flow of traffic that is linked to parking and public transport. Response 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.

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.

Litter

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

Waterways

We provide 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.

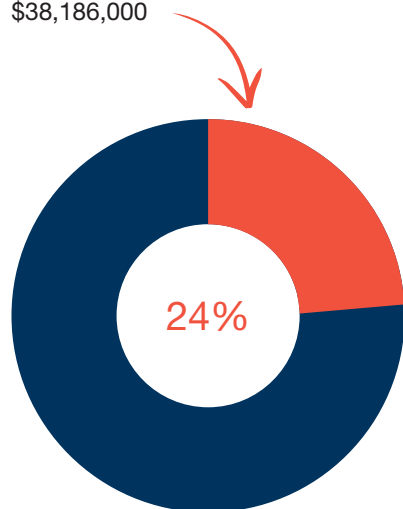
PROGRESS AGAINST THE TEN YEAR PLAN 2018-2028

- > Shotover River Bylaw review was completed, and bylaw adopted in June 2021.
- > Enforcement Strategy and Prosecution Policy reviewed and adopted 29 April 2021.
- > Food Grading Bylaw reviewed and revoked in June.

- > Funding received from MBIE allowed Council to continue initiatives to assist managing the negative aspects of Freedom Camping across our region over the peak summer season 2020/2021.
 - > Eight Responsible Camping Ambassadors were employed to engage directly with campers, monitor behaviours, encourage use of campgrounds, conduct surveys, and behavioural change. Ambassadors also gathered photographic evidence of ongoing poor behaviours (noticeable increase in open fires and litter).
 - > Use of two hybrid vehicles allowed wide coverage of our region (with Ambassadors clocking up over 70,000 kms over the season) and increased general awareness that monitoring was being undertaken, including the more remote areas.
 - > Increased resourcing for enforcement teams ensured greater area coverage over a longer period (through to end of April 2021).
 - > Data gathered through direct surveys with campers builds on previous information and helps inform ongoing plans.
 - > Signage and collateral used to ensure campers were aware of expectations and to promote the Tiaki Promise.
 - > Work has now commenced on reviewing the current QLDC Freedom Camping Bylaw which is scheduled to be in place prior to the peak camping season commencing in November 2021.
- The above initiatives resulted in a decrease in complaints from the community and less damage to the environment and infrastructure.

HOW MUCH IT COST

Breakdown of service cost

**AS A PERCENTAGE
OF TOTAL EXPENDITURE**Total Council operating expenditure
of \$161,856,000 (excluding
depreciation)Regulatory expenditure of
\$38,186,000

Regulatory Functions and Services	2020 LTP \$000	2021 LTP \$000	2021 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	–	–	–
Targeted rates	1,077	925	2,309
Subsidies & grants for operating expenditure	–	–	–
Fees & charges	8,742	9,314	7,327
Interest and dividends from investments	–	–	–
Fuel tax, fines, infringement fees & other receipts	4,058	4,554	1,924
Total sources of operating funding	13,877	14,793	11,560
Applications of operating funding			
Payments to staff and suppliers	10,234	10,847	33,508
Finance costs	10	10	5
Internal charges applied	3,725	4,014	4,673
Other operating funding applications	–	–	–
Total applications of operating funding	13,969	14,871	38,186
Surplus/(deficit) of operating funding	(92)	(78)	(26,626)
Sources of capital funding			
Subsidies & grants for capital expenditure	–	–	–
Development and financial contributions	–	–	–
Increase/(decrease) in debt	(18)	39	(19)
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding	(18)	39	(19)
Applications of capital funding			
Capital expenditure			
– to meet additional demand	–	–	–
– to replace existing assets	15	–	–
– to improve the level of service	5	43	–
Increase/(decrease) in reserves	(130)	(82)	(26,645)
Increase/(decrease) of investments	–	–	–
Total applications of capital funding	(110)	(39)	(26,645)
Surplus/(deficit) of capital funding	92	78	26,626
Funding balance	–	–	–

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
Reduced building consenting income and \$22M increase in provision for appeals and settlements for the defence and resolution of legal claims.	Not applicable	Not applicable

Summary of internal borrowings				
Activity	30 June 2021 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	36	5	0	1

Case study – Food Grading bylaw review

QLDC's Food Grading Bylaw 2016 was first introduced in 2011, creating a framework for grading food businesses and requiring those businesses to display a grade in their premises. The Bylaw was last reviewed in 2016, and during this time, the Food Act 2014 came into force in 2016, covering the same important functions as QLDC's Food Grading Bylaw 2016.

The Bylaw was up for review again and as part of this review, an assessment under s 155 of the Local Government Act 2002 (LGA) requires a determination of whether a Bylaw is the most appropriate way of addressing a perceived problem.

Focus groups, made up of food businesses, were held at Queenstown and Wānaka to discuss both the Bylaw and the Fees Structure. Public consultation was also held. A significant number of businesses were opposed to two systems – The Food Act and the Bylaw, and felt the new Act covered all the necessary requirements. Given the businesses must comply with the Food Act requirements, it made sense for that to be the primary system or regime. There was also a clear view that the Fees Structure should reflect the work undertaken and that poor performance should lead to a higher fee.

The recommendation was a fee dependant on which of the four Food Act risk categories a food business was deemed to be in. These risk classes are National Programme levels 1, 2 and 3, and Template Food Control Plans. The fees would ensure a clear structure based on the work undertaken and the proposed fees would ensure there is no increased cost to the ratepayer.

In June, Council made the decision to revoke QLDC's Food Grading Bylaw 2016 and implement an amended Fee Structure.



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPI: Every food business that is due an audit is audited within the timeframe according by the Food Act 2014.

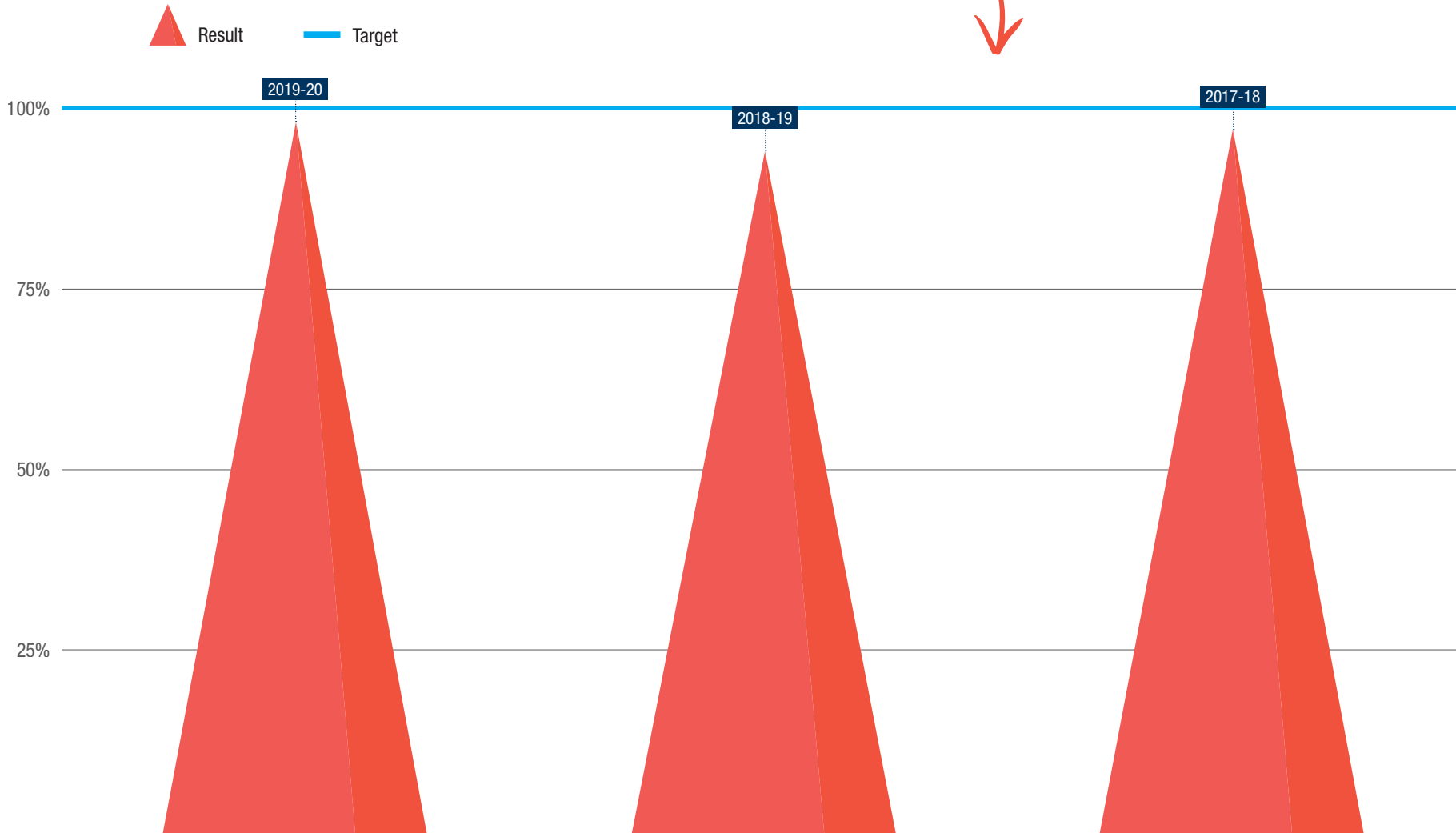
Year	Result	Target	Commentary
2020-21	45%	100%	The aggregate result for 2020-2021 has not been achieved. The workload associated with the Food Act has been difficult to manage and this has been exacerbated by the restrictions on auditing during various lockdown levels. With commitment to using contractors and the recruitment of a new member of staff, the outstanding audits have improved from over 202 outstanding in June 2020 to only six outstanding in June 2021.
2019-20	44%		
2018-19	80%		

KPI: Number of Request for Service freedom camping complaints.

Year	Result	Target	Commentary
2020-21	53	<318	53 freedom camping complaints were received for 2020-21. There has been a significant reduction in complaints this season and is well within the annual target. This is a reflection of the lower number of overseas visitors to New Zealand due to COVID-19 border restrictions and a more restrictive bylaw in place for the last 12 months.
2019-20	120		
2018-19	255		

KPI: Percentage of building consents processed within statutory timeframes.

Year	Result	Target	Commentary
2020-21	99%	100%	99% of building consents were processed within the 20 day statutory timeframe this reporting year. Although this did not quite achieve the 100% target set, it is within the 5% KPI tolerance level and a satisfactory result considering the disruption caused by COVID-19 during 2020-21.
2019-20	98%		
2018-19	94%		



Local democracy



Communities are resilient and prepared for civil defence emergency events



An organisation that demonstrates leadership



An organisation that considers the district's partnership with Mana Whenua



About local democracy

WHAT WE DELIVER

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 well-being 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 community¹ 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 the Council will deliver.
- > Developing and approving the long-term strategic and financial plan for the Council (the Ten Year Plan).
- > Monitoring the Council's performance in the achievement of the plans.
- > Communicating priorities, plans and achievements to the community.
- > Ensuring the 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 2000 and complying with the Local Government Official Information and Meetings Act 1987.

Current Representation Arrangements

QLDC is made up of the Mayor and ten Councillors with the district divided into three wards:

MAYOR
Jim Boulton ONZM
ARROWTOWN WARD
Heath Copland
QUEENSTOWN-WAKATIPU WARD
Craig (Ferg) Ferguson
Esther Whitehead
Glyn Lewers
Niki Gladding
Penny Clark
Valerie Miller
WĀNAKA WARD
Calum MacLeod (Deputy Mayor)
Niamh Shaw
Quentin Smith

¹ Note, some meetings, in whole or part, are conducted with the public excluded where there are grounds to do so under the Local Government Official Information and Meetings Act 1987 S48.

Wānaka Community Board

The Wānaka Community Board is not a committee of Council but a separate unincorporated body established under Section 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 delegation to the Wānaka Community Board to make decisions on many of the facilities and services located within the Wānaka Ward. The membership of this Community Board is:

WĀNAKA COMMUNITY BOARD
Barry Bruce (Chair)
Ed Taylor (Deputy)
Chris Hadfield
Jude Battson
Deputy Mayor Calum MacLeod
Councillor Niamh Shaw
Councillor Quentin Smith

Committees

The Council reviews its committee structure after each triennial election. At the review in December 2016, the Council resolved to increase standing committees to four and meet on a six weekly basis. The Council also established the following committees to oversee specific activities:

- > Audit, Finance and Risk.
- > Planning and Strategy.
- > Infrastructure.
- > Community and Services.
- > Appeals.
- > District Licensing.
- > Chief Executive Performance Review.

The Mayor may attend and vote at any meeting of Council or its committees, and Councillors are entitled to 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
Stuart McLauchlan (Chair) (Independent)
Councillor Heath Copland (Deputy)
Councillor Glyn Lewers
Councillor Niamh Shaw
Bill Moran (Independent)
Roger Wilson (Independent)

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

INFRASTRUCTURE COMMITTEE
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
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 the 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-Wakatipu, Arrowtown and Wānaka. The Mayor is elected at large throughout the district.

Six Councillors are elected from the Queenstown-Wakatipu ward, one from the Arrowtown ward and three from the Wānaka ward.

Following the resignation of Councillor John MacDonald on 9 March 2021, a by-election was held in the Queenstown-Wakatipu Ward and Councillor Esther Whitehead was elected on 11 June 2021.

Elections for the Queenstown Lakes District Council (Mayor and Councillors and Wānaka Community Board), Otago Regional Council, Southern District Health Board 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

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

- > Identify the hazards and risks that the communities of the district face.
- > Reduce the likelihood and consequences of hazards, building resilience.
- > Enable communities, the Council, partner response organisations and infrastructure providers to be ready for emergencies.
- > Respond effectively to emergencies in partnership with communities, businesses and partner organisations.

- > Direct and coordinate response and recovery efforts when necessary.

- > Support communities to recover holistically and sustainably from emergencies.

The Council is an active 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 coordinated response can be launched in the event of an emergency. Council Officers support this programme through their voluntary assignment to the Council's Emergency Operations Centre and through the various

areas of council activity they lead for hazard management, infrastructure development, climate adaptation and community development.

In the event of a major incident, the 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 large-scale 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 2018-2028

- > Coordinated the handover of the COVID-19 Welfare Assistance program from QLDC Civil Defence/Emergency management Otago to the Department of Internal Affairs/ Red Cross Visitor Care Manaaki Manuhiri programme.
- > Progressed the investment in new communications equipment (satellite internet) and information management systems (D4H Incident Management system) to support Emergency Operations Centre and Wānaka Incident Control Centre
- > Continued development of Emergency Operations Centre capacity and capability through a work programme of staff training, improved resourcing and professional development.
- > Continued development of multi-agency sector groups across the district to help drive improved coordination and collaborative response planning. Sector groups include Tourism Operators, Emergency Services, Lifeline Utilities, Welfare and Social Services.
- > Completion of a stocktake review of the Civil Defence VHF Repeater network to enable redevelopment of the network to achieve better coverage, cost savings and more resilient assets.
- > Implementation and promotion of the “Otago Gets Ready” platform. This online community registration system is used to collect information and send out alerts to all registered users to help coordinate the response to an emergency event.
- > Launch of a successful campaign to recruit new volunteers to support the formation of Community Response Groups across the district. These groups will be empowered to setup Community Emergency Hubs during an emergency event to help coordinate information, welfare support and resources to their local communities.
- > Working with both new and established Community Response Groups to review and update Community Response Plans for their communities. These plans detail specific emergency information that is relevant to each community across the district e.g. hazards, key locations, key contact information.
- > Project partner within key risk reduction projects for local hazards including: Wānaka flooding, Glenorchy Natural Hazards and Mt Iron Wildfire. These projects involve multi-agency response planning and risk reduction initiatives to help reduce risk, improve community readiness and ensure an effective response activation.

- > Leading a programme of multi-sector planning for the Alpine Fault Magnitude 8 (AF8) scenario. This programme of activity involves working with partner agencies, sector groups and local organisations to drive increased public awareness, improved emergency response planning and robust business continuity planning.
- > Engaging with the Southern District Health Board, Public Health South and Department of Prime Minister and Cabinet (DPMC) on initiatives relating to COVID-19 resurgence and post-pandemic support.
- > Ongoing development of a resilience based approach to disaster risk reduction and climate change adaptation. This involves integrated, collaborative planning across a wide range of fields including risk management, natural hazard management, land-use planning, infrastructure planning, insurance management, community development as well as emergency management.

HOW MUCH IT COST

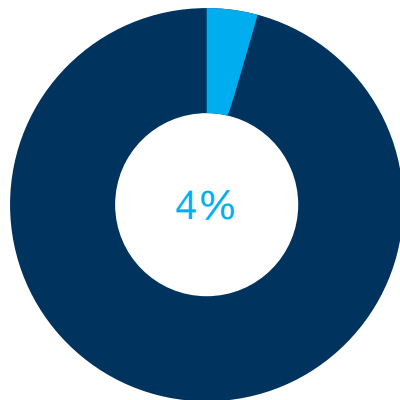
Breakdown of service cost



AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Council operating expenditure
of \$161,856,000 (excluding
depreciation)

Local democracy expenditure of
\$7,092,000



Local Democracy	2020 LTP \$000	2021 LTP \$000	2021 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	434	460	376
Targeted rates	4,984	5,346	6,697
Subsidies & grants for operating expenditure	–	–	–
Fees & charges	25	27	28
Interest and dividends from investments	5,404	6,101	–
Fuel tax, fines, infringement fees & other receipts	–	–	927
Total sources of operating funding	10,847	11,934	8,028
Applications of operating funding			
Payments to staff and suppliers	2,340	2,500	3,593
Finance costs	–	–	–
Internal charges applied	3,193	3,423	3,499
Other operating funding applications	–	–	–
Total applications of operating funding	5,533	5,923	7,092
Surplus/(deficit) of operating funding	5,314	6,011	936
Sources of capital funding			
Subsidies & grants for capital expenditure	–	–	–
Development and financial contributions	–	–	–
Increase/(decrease) in debt	–	–	–
Gross proceeds from sale of assets	–	–	–
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
– to meet additional demand	–	–	–
– to replace existing assets	–	–	–
– to improve the level of service	–	–	–
Increase/(decrease) in reserves	5,314	6,011	936
Increase/(decrease) of investments	–	–	–
Total applications of capital funding	5,314	6,011	936
Surplus/(deficit) of capital funding	(5,314)	(6,011)	(936)
Funding balance	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
No dividend income received from QAC as budgeted within the LTP. Additional receipts and payments relating to COVID-19 response funded by MBIE.	Not applicable	Not applicable

Summary of internal borrowings				
Activity	30 June 2021 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

Case study – COVID-19 Welfare Response Team:

Semi-finalists in community category of 2021 Kiwibank New Zealander of the Year Awards

As the effects of COVID-19 rapidly emerged across the Queenstown Lakes District, the multi-sector Queenstown Lakes District COVID-19 Welfare Response Team was quickly formed to help those in need.

When borders closed and the tourism industry shuttered, thousands of Queenstown Lakes District residents, many migrants, were out of work, unable to pay for groceries and rent, and ineligible for government support. Vulnerable community members were unable to shop safely, anxiety rose and well-being suffered; the community responded. The Welfare Response Team established itself quickly and managed a staggering level of assistance: in three months,

7,377 people submitted 23,342 requests for welfare support, from a total population of 39,153. To manage this, QLDC staff pivoted from business as usual, and social service agencies, volunteers, neighbourhood groups, churches and local iwi provided practical support in the form of food parcels, firewood, clothing and bedding, plus mental health support. A Civil Defence-funded supermarket voucher scheme enabled thousands to access food directly, volunteers phoned every welfare applicant, making up to 500 calls a day, and experts managed the volunteers and established protocols to ensure safety for all. In a region threatened by floods, earthquakes, and now a pandemic, this remarkable community effort

has shown how agile, collaborative, and resilient the Queenstown Lakes District can be.

Their impressive response to the crisis resulted in the group being named a semi-finalist in the community category of the 2021 Kiwibank New Zealander of the Year Awards.

The award recognises groups that have made an outstanding difference to their community. The Welfare Response Team was praised for the “staggering level of assistance” it provided to residents who were out of work, unable to pay for groceries and rent, and ineligible for government support.

“In a region threatened by floods, earthquakes, and now a pandemic, this remarkable community effort has shown how agile, collaborative and resilient the Queenstown Lakes District can be,” the award entry read. The group represents a unique combination of community groups, Queenstown Lakes District Council staff, Civil Defence, churches, iwi, businesses, and hundreds of volunteers from the district’s communities.

The annual Kiwibank New Zealander of the Year Awards are in their 12th year. The six award categories celebrate Kiwis from all walks of life who use their passion to make Aotearoa a better place.

How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPI: Percentage of residents and ratepayers who consider themselves resilient and prepared in the event of an emergency.

Year	Result	Target	Commentary
2020-21	51%	>80%	In the December 2020 Quality of Life survey just over half of participants (51%) indicated that they were prepared for an emergency, up from 48% in 2019. 33% stated that they were not prepared, down from 39% in 2019. A further 17% of respondents said they were unsure if they were prepared. Although the target was not met, results are moving in a positive direction.
2019-20	48%		
2018-19	45%		

KPI: Percentage of QLDC staff (that are part of the emergency response structure) who have participated in training throughout the year.

Year	Result	Target	Commentary
2020-21	52%	100%	56 of the 108 QLDC EOC volunteers attended a CDEM related training event in the past year. This equated to over 760 hours of training for both new inductees as well as refresher training for those staff who were involved in the COVID-19 EOC response activation last year.
2019-20	29%		
2018-19	93%		

KPI: Percentage of residents and ratepayers who are satisfied with overall Council performance.

Year	Result	Target	Commentary
2020-21	34%	>80%	34% of respondents from the December 2020 Quality of Life survey were either satisfied or very satisfied with Council performance overall. This did not meet the target set and is a slight decrease on the previous years result of 37%.
2019-20	37%		
2018-19	43%		

KPI: Attendance at all Te Roopu Taiao

Year	Result	Target	Commentary
2020-21	100%	100%	Two meetings were held (August 2020 and February 2021) and both were attended by a QLDC representative.
2019-20	100%		
2018-19	50%		

KPI: Mana Whenua satisfaction with engagement by QLDC. This measure will be sought from representatives of the Murihiku and Otakou Runaka.

Year	Result	Target	Commentary
2020-21	Not available	80%	This partnership engagement review has not been able to be completed yet due to the constraints and work pressures associated with COVID-19. QLDC has worked closely with Aukaha and Te Ao Marama on many projects throughout 2020-21 and remains committed to this partnership.

Finance and support services



An organisation that consults effectively and makes sound decisions



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.

We proactively work with managers and team leaders, aligning our focus with both the business plan and needs.

Our key areas of responsibility are:

- > Workforce strategy and organisation design.
- > Attraction, recruitment and selection.
- > 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 the Information and Communication Technology (ICT) infrastructure and application support, as well as providing spatial services, data and business analysis and Information management. Knowledge Management supports the Council by managing technology risk, developing robust future-proof 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. The Customer Services team provides face to face contact in our Gorge Road, Shotover Street

and Ardmore Street offices. They 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 Process. 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. 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.

Community Partnerships

The community partnerships team is responsible for key community development initiatives and relationship management across the district. They partner with key stakeholders and government bodies to develop and deliver an effective strategic approach to community wellbeing. The team is responsible for the provision of community grants and the Welcoming Communities programme in partnership with Immigration NZ.

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 2018-2028

While delayed by COVID-19 and the extensive procurement activity associated with the delivery of shovel-ready projects, an interim update to the Procurement Guidelines was introduced. The review of the Procurement Policy continues and is scheduled to be complete this year, along with a more detailed review of the Procurement Guidelines.

The following procurement initiatives have been completed or are underway:

- > Online tools to increase procurement planning, transparency and best practice.
- > Increased use of the Government Electronic Tender Service and standardisation of “go to market” documents.
- > Increased awareness and the need for technology to support the development of procurement systems and the integration of these with Council’s Finance and ERP systems.

The following HR initiatives have been completed or are underway:

- > Development of the 2021 – 2031 QLDC Workforce Strategy.
- > Establishment of new leadership development programmes for leaders across the business.
- > Business Continuity programme established in response to COVID-19.
- > Launch of Good Yarn programme to internal staff – getting people talking about mental health.

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

- > The enterprise system (TechnologyOne) has been migrated to the cloud.
- > Completion of third party software integration to support response of water related requests for service.
- > Design and launch of the Spatial Data Hub and Map Navigator: a new public facing site providing access to spatial data and visualisations, and a new principal map viewer.

- > Development of the Geospatial Strategic Plan: a framework for activity in the near future, and a conversation starter for greater outreach within the business.
- > Development and publication of Name and Address policies completed, name and address data rationalisation in progress.
- > New Cemetery Solution Implementation.
- > Internal Legal request system Implementation.
- > Printer replacement rollout progress.
- > Information Management maturity programme in progress.

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.

Case study – Emissions Reduction Plan

The Queenstown Lakes District Council (QLDC) adopted a Climate Action Plan (CAP) in March 2020, which identifies ways that QLDC can reduce emissions and sets a strategic direction for adapting to and mitigating the effects of climate change across the district.

One of the priority actions in the CAP is to develop an Emissions Reduction Roadmap with science-based targets, along with a Sequestration Study. This roadmap will inform some of the strategic decisions made by QLDC and will help to set a direction for community response to climate change. Based on this information, QLDC will determine its own organisation emissions targets.

In late 2020 the Emissions Reduction Roadmap and Sequestration Study was finalised. QLDC engaged Sapere to undertake both the Emissions Reduction Roadmap and Sequestration Study.

The Emissions Reduction Roadmap provides a pathway for reducing the district's emissions, whilst the Sequestration Study explores our ability to capture and store atmospheric carbon. Together, they provide a feasible pathway to net-zero emissions. The report presents three pathways. The district will need to meet or exceed the High Change pathway to align with the target of limiting global warming to well below 2°C.

Council officers are working on a summary document that will communicate the content and recommendations of the Emissions Reduction Roadmap and Sequestration Study in an accessible way for the public. This work is instrumental in informing future climate action planning.



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPI: Percentage of complaints that are resolved within 10 working days.

Year	Result	Target	Commentary
2020-21	93%	>95%	93% of complaints have been resolved within 10 working days. There have been 33 complaints received this year. This did not meet the target, however a considerable improvement from the previous year.
2019-20	81%		
2018-19	87.1%		

KPI: Reduction in the Total Recordable Injury Frequency Rate

Year	Result	Target	Commentary
2020-21	8.56	<12	The target was achieved for the 2020-21 reporting year.
2019-20	6.15		
2018-19	15.17		

KPI: Percentage of ratepayers who are satisfied with the opportunities to have their say

Year	Result	Target	Commentary
2020-21	49%	>80%	49% of respondents from the December 2020 Quality of Life survey were satisfied with the opportunities to have their say. This is a very slight increase on the previous years result of 48%. This did not achieve the target set.
2019-20	48%		
2018-19	58%		

KPI: Net cash flow from operations equals or exceeds budget (predictability benchmark/ operations control benchmark).

Year	Result	Target	Commentary
2020-21	97.7%	≥100%	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.
2019-20	65.3%		
2018-19	95.2%		

**KPI: Customer satisfaction with a) speed of response and final resolution
b) clarity of process and timeframes c) staff knowledge and professionalism
d) fairness and consistency.**

Year	Result	Target	Commentary
2020-21	a) 63%	>60%	Overall satisfaction was highest for staff knowledge and professionalism (87%), followed by staff being fair and consistent (85%), and clarity of process and timeframes (80%). Speed of response and final resolution was lowest at 63%, but has seen a positive increase of 5% compared to the previous year.
	b) 80%		
	c) 87%		
	d) 85%		
2019-20	a) 58%	>55%	The target was met across all categories.
	b) 81%		
	c) 87%		
	d) 86%		
2018-19	a) 51%	>50%	
	b) 68%		
	c) 78%		
	d) 77%		

KPI: Capital expenditure on the five network infrastructure services equals or exceeds depreciation on those five services (sustainability benchmark/balanced budget benchmark).

Year	Result	Target	Commentary
2020-21	359%	≥100%	The target has been achieved despite higher depreciation. This is due to the increased number of capital projects and significant growth in the current Ten Year Plan programme budget.
2019-20	295%		
2018-19	342.1%		

KPI: Debt servicing to rates revenue.

Year	Result	Target	Commentary
2020-21	5.8%	<15%	The debt servicing to rates revenue is 5.8% for this year and achieved the target set.
2019-20	4.5%		
2018-19	5.4%		

KPI: Percentage of debt owing 90 days plus (excluding rates)

Year	Result	Target	Commentary
2020-21	7.1%	<30%	The target has been achieved due to increased efforts regarding debt collection (excludes rates).
2019-20	14.9%		
2018-19	7.5%		

KPI: Renewals capex to depreciation ratio.

Year	Result	Target	Commentary
2020-21	0.82	>1	Depreciation expense was above budget by \$5.0m for the year largely due to the revaluation of infrastructure assets and did not meet the target set.
2019-20	0.52		
2018-19	0.67		

KPI: Rates income complies with the limits set in the financial strategy (affordability benchmark/rates benchmark)

Year	Result	Target	Commentary
2020-21	39.7%	<55%	The target was achieved for the 2020-21 reporting year.
2019-20	56.1%		
2018-19	51.1%		

KPI: Debt complies with the limits set in the council's financial strategy (affordability benchmark/rates benchmark).

Year	Result	Target	Commentary
2020-21	100.3%	<250%	The target has been achieved. Results are low due to lower than expected borrowing costs and the timing of some capital works.
2019-20	79.7%		
2018-19	73.9%		

KPI: Net debt per rating unit.

Year	Result	Target	Commentary
2020-21	\$5,507.24	<\$7,100	The target has been achieved. This remains low due to lower than expected borrowing costs and the timing of some capital works.
2019-20	\$4,274.96		
2018-19	\$3,186.85		

KPI: Rates per rating unit.

Year	Result	Target	Commentary
2020-21	\$3,000.24	<\$2,700	The rates increase for 2018-19, 2019-20 and 2020-21 were higher than forecast and has not met the target set.
2019-20	\$3,006.94		
2018-19	\$2,803.42		

KPI: Revenue (excluding income from development and financial contributions, revaluations and vested assets) exceeds operating expenditure (sustainability benchmark/balanced budget benchmark).

Year	Result	Target	Commentary
2020-21	81.7%	≥100%	Lower income from rents, infringements and user charges in the fourth quarter due to the impact of COVID-19 has resulted in revenue not exceeding the operational costs for the year. The target has not been achieved.
2019-20	89.2%		
2018-19	99.8%		

KPI: Net debt is less than or equal to forecast net debt in the local authority's long term plan (predictability benchmark/debt control benchmark).

Year	Result	Target	Commentary
2020-21	67.7%	<100%	The target has been achieved. This remains low due to lower than expected borrowing costs and the timing of some capital works.
2019-20	58.1%		
2018-19	70.7%		

KPI: 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).

Year	Result	Target	Commentary
2020-21	3.2%	<15%	The target has been achieved. Results are low due to lower than expected borrowing costs and the timing of some capital works.
2019-20	2.2%		
2018-19	2.7%		

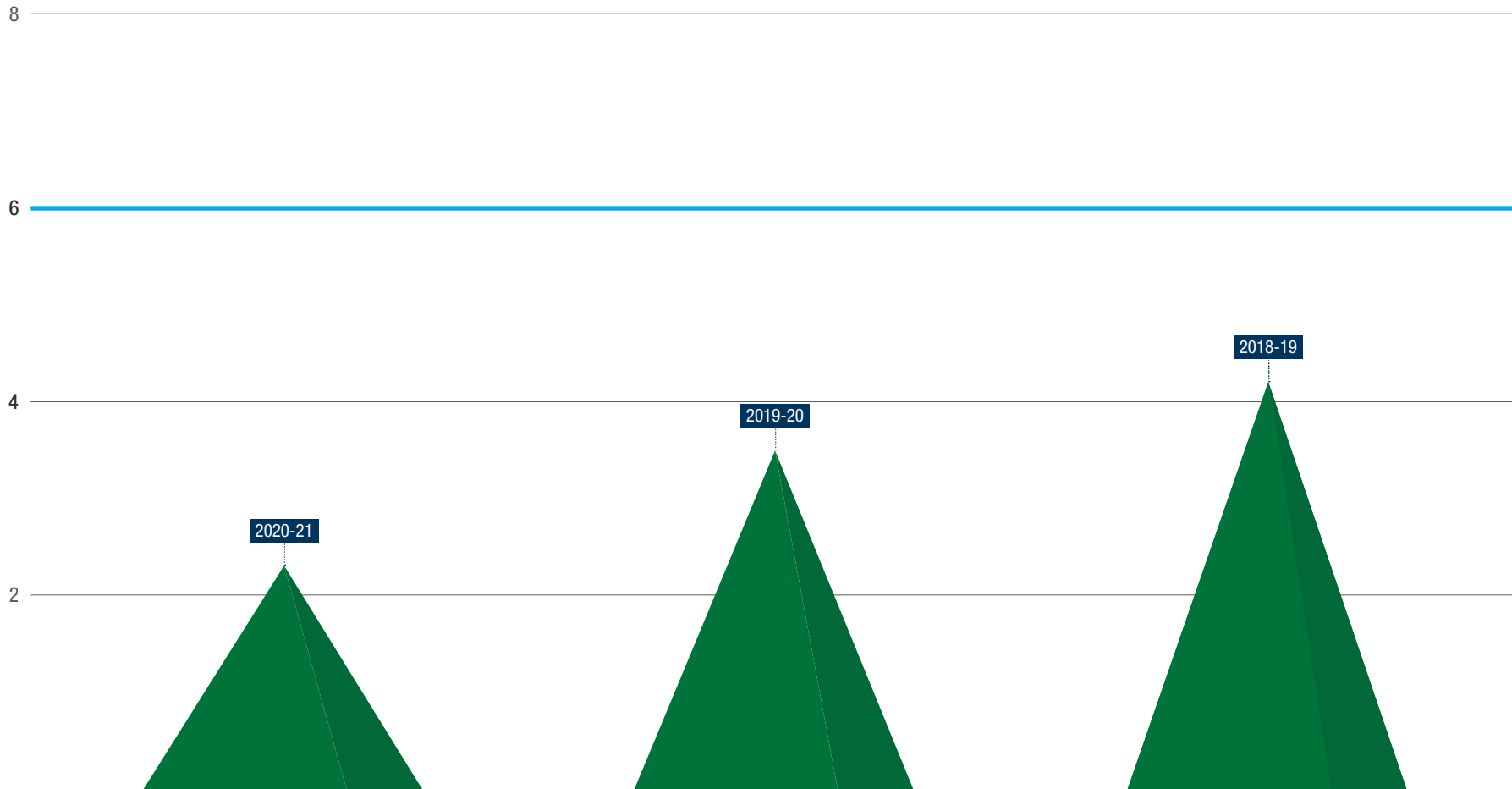
KPI: Percentage of customer calls that meet the service level, answered within 20 seconds.

Year	Result	Target	Commentary
2020-21	87%	>80%	87% of customer calls were answered within 20 seconds this year to date. The target has been achieved. In total, there were 54,429 calls received in 2020-21.
2019-20	78%		
2018-19	76%		

KPI: Weighted average interest rate.

Year	Result	Target	Commentary
2020-21	2.29%	<6%	With the overall reduction in the OCR over the past year, QLDC is experiencing lower than anticipated interest rates. This achieved the target set.
2019-20	3.47%		
2018-19	4.2%		

 Result  Target (to be below)



Queenstown Airport Corporation Ltd



Year Ended 30 June 2021	Forecast 2021 \$000	Actual 2021 \$000	Variance 2021 \$000
Revenue	22,428	27,759	5,331
Operating Expenditure	8,197	10,661	(2,464)
EBITDA	14,231	17,098	2,867
Interest Expense	2,463	2,895	(432)
Depreciation and Amortisation	9,333	9,638	(305)
Profit Before Tax	2,463	3,761	1,298
Net Profit After Tax	1,754	1,642	(112)
Dividends Paid	-	-	
Total Assets	384,365	427,877	43,512
Total Liabilities	93,771	99,459	5,688
Shareholders Funds	290,594	328,418	37,824
Operating Cash Flow	11,768	8,357	(3,411)
Capital Expenditure	1,280	21,479	20,199
Closing Debt	72,000	82,000	10,000

Year Ended 30 June 2021	Forecast 2021 \$000	Actual 2021 \$000	Variance 2021 \$000
Total PAX (000's)	1,239	1,337	98
Percentage International PAX	0%	1.9%	1.9%
Revenue Per PAX	\$18.10	\$20.76	\$2.66
NPAT per PAX	\$1.42	\$1.23	-\$0.19
Return on Equity (NPAT to Avg SH Funds)	0.6%	0.3%	0.3%
Return on Assets (NPAT to Avg Total Assets)	0.4%	0.4%	
Gearing: Debt: EBITDA	5.1	4.8	(0.3)
EBITDA >2 times funding expense	5.8	5.9	0.1
Shareholders Funds to Total Tangible Assets >50%	76%	77%	1%

ASSESSMENT OF ACTUAL VS FORECAST FINANCIAL PERFORMANCE

The results delivered over the 2020-21 financial year reflect the significant changed operating environment, with a 40% decrease in revenue to \$27.8 million from \$46.7 million in the previous year. This was however \$5.3 million above forecast.

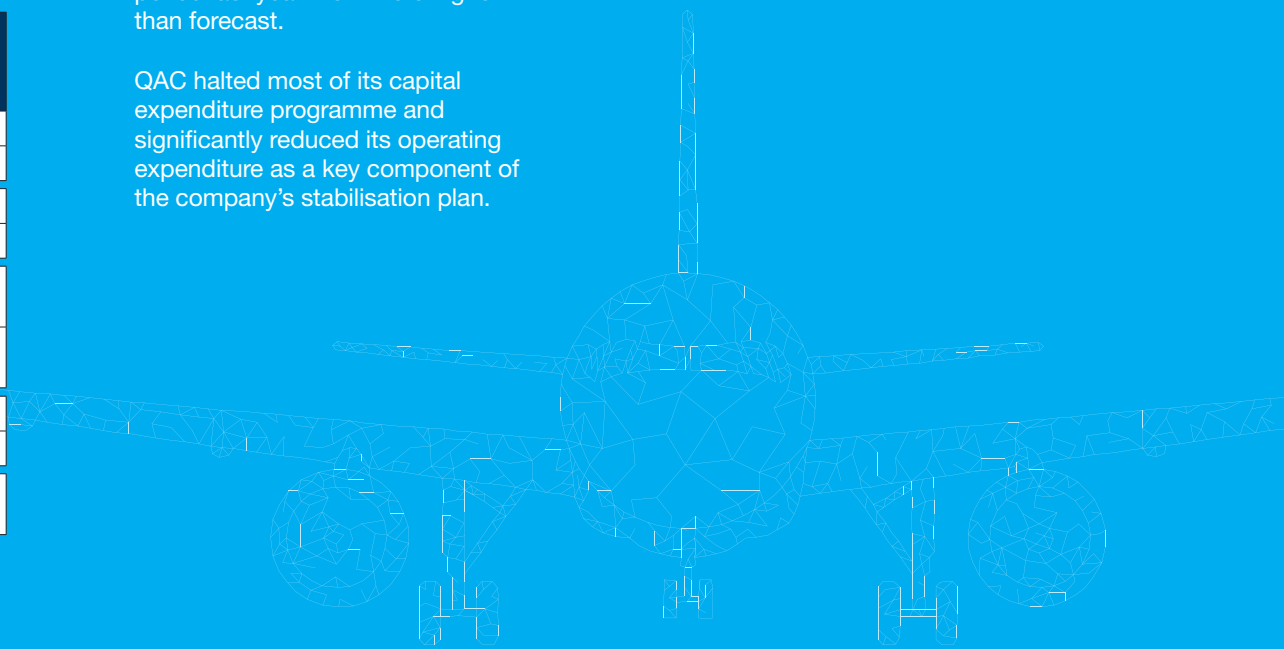
Earnings before interest, tax, depreciation and amortisation (EBITDA) decreased by 45% from \$31.3 million to \$17.1 million. The reported net profit after tax was down 91% to \$1.6 million, from \$18.0 million in the same period last year. Both were higher than forecast.

QAC halted most of its capital expenditure programme and significantly reduced its operating expenditure as a key component of the company's stabilisation plan.

Total operating expenditure decreased by 30% to \$10.7 million from \$15.3 million last year.

As at 30 June 2021, term debt was \$82 million, an increase of \$13 million from 30 June 2020. The movement in term debt was primarily a result of the payment for the acquisition of the 'Lot 6' land adjacent to the main runway.

Due to the continuing impact of COVID-19 on financial performance during the reporting period, no interim dividend or final dividend to shareholders was declared.



Funding Impact Statement Whole Council (QLDC only)



Funding Impact Statement - Whole Council (QLDC only)

	2020 Annual Plan \$000	2020 Actual \$000	2021 Annual Plan \$000	2021 Actual \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	3,338	3,450	3,324	3,476
Targeted rates	81,919	81,114	86,275	85,209
Subsidies & grants for operating expenditure	5,649	8,059	6,396	9,273
Fees & charges	39,760	32,637	31,960	34,813
Interest and dividends from investments	5,404	6,507	-	745
Fuel tax, fines, infringement fees & other receipts	9,027	11,477	5,921	7,151
Total sources of operating funding	145,097	143,244	133,876	140,667
Applications of operating funding				
Payments to staff and suppliers	118,563	127,755	116,531	155,871
Finance costs	8,747	3,751	7,178	5,086
Other operating funding applications	-	-	-	-
Total applications of operating funding	127,310	131,506	123,709	160,957
Surplus/(deficit) of operating funding	17,787	11,738	10,167	(20,290)
Sources of capital funding				
Subsidies & grants for capital expenditure	28,337	5,738	22,745	20,762
Development and financial contributions	19,422	21,425	15,297	17,392
Increase/(decrease) in debt	94,886	13,402	128,910	31,726
Gross proceeds from sale of assets	3,000	-	7,080	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	145,645	40,565	174,032	69,880
Applications of capital funding				
Capital expenditure				
- to meet additional demand	49,047	16,316	69,602	32,191
- to replace existing assets	37,913	17,873	40,892	32,509
- to improve the level of service	76,470	21,113	73,704	31,349
Increase/(decrease) in reserves	2	(2,999)	1	(46,458)
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	163,432	52,303	184,199	49,590
Surplus/(deficit) of capital funding	(17,787)	(11,738)	(10,167)	20,290
Funding balance	-	-	-	-

Reconciliation of Funding Impact Statement to Statement of Financial Performance

	2020 Annual Plan \$000	2020 Actual \$000	2021 Annual Plan \$000	2021 Actual \$000
INCOME				
Statement of Comprehensive Revenue and Expense:				
Total operating income	203,773	223,589	190,468	220,792
Funding Impact Statement:				
Total sources of operating funding	145,097	143,244	133,876	140,667
<i>Plus sources of capital funding:</i>				
Subsidies & grants for capital expenditure	28,337	5,738	22,745	20,762
Development and financial contributions	19,422	21,425	15,297	17,392
Other dedicated capital funding	3,000	-	8,000	-
Less cost of property sales	(3,000)	-	(920)	-
<i>Plus non-cash items:</i>				
Vested assets	10,917	53,182	11,095	41,971
Other gains/(losses)	-	-	375	-
Total income	203,773	223,589	190,468	220,792
EXPENDITURE				
Statement of Comprehensive Income:				
Total operating expenditure	153,829	167,057	158,889	202,974
Funding Impact Statement:				
Total applications of operating funding	127,310	131,506	123,709	160,957
<i>Plus non-cash items:</i>				
Depreciation & amortisation expense	26,519	35,551	35,180	42,017
Other	-	-	-	-
Total expenditure	153,829	167,057	158,889	202,974

Section 03: Financial statements

Wāhaka 3: Kā tauākī ahumoni



Statement of Financial Performance

	Notes	Council 2021 \$'000	Council Budget \$'000	Council 2020 \$'000	Group 2021 \$'000	Group 2020 \$'000
For the financial year ended 30 June 2021						
Operating revenue						
Revenue from non-exchange transactions						
Rates revenue	2 (a)	87,664	88,699	83,563	87,204	83,072
Other revenue	2 (a)	105,930	65,697	103,330	106,133	103,309
Revenue from exchange transactions						
Other revenue	2 (b)	27,198	28,617	36,696	54,536	76,848
Total revenue	2 (g)	220,792	183,013	223,589	247,873	263,229
Operating expenditure						
Employee benefits expense	2 (c)	34,639	35,978	33,593	39,724	40,515
Depreciation and amortisation expense	2 (d)	42,017	35,180	35,551	51,564	44,402
Borrowing costs	2 (e)	5,086	7,178	3,753	7,981	6,386
Other expenses	2 (f)	121,232	80,553	94,160	127,076	101,945
Total operating expenditure	2 (g)	202,974	158,889	167,057	226,345	193,248
Operating surplus before other gains/(losses)		17,818	24,124	56,532	21,528	69,981
Other gains/(losses)	2 (b)	(63)	7,455	(5,100)	(13)	(5,039)
Operating surplus before income tax		17,755	31,579	51,432	21,515	64,942
Income tax expense	3	-	-	-	2,119	1,735
Operating surplus for the year		17,755	31,579	51,432	19,396	63,207
Operating surplus attributable to:						
- Council	20	17,755	31,579	51,432	18,987	58,709
- Non-controlling interest	21	-	-	-	409	4,498
		17,755	31,579	51,432	19,396	63,207

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 2021 \$'000	Council Budget \$'000	Council 2020 \$'000	Group 2021 \$'000	Group 2020 \$'000
For the financial year ended 30 June 2021						
Surplus for the year		17,755	31,579	51,432	19,396	63,207
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)	45,160	-	180,588	79,755	180,588
Income tax relating to revaluation	19 (a)	-	-	-	(2,102)	-
Gain/(loss) on cash flow hedging	19 (d)	-	-	-	728	(503)
Realised losses transferred to the statement of financial performance	19 (d)	-	-	-	1	234
Income tax relating to cash flow hedging	19 (d)	-	-	-	(204)	141
Total comprehensive income		62,915	31,579	232,020	97,574	243,667
Attributable to:						
- Council		62,915	31,579	232,020	88,900	239,202
- Non-controlling interest		-	-	-	8,674	4,465
		62,915	31,579	232,020	97,574	243,667

Statement of Financial Position

	Notes	Council 2021 \$'000	Council Budget \$'000	Council 2020 \$'000	Group 2021 \$'000	Group 2020 \$'000
As at 30 June 2021						
Current assets						
Cash and cash equivalents	28	1,007	3,511	6,624	6,072	11,811
Trade and other receivables from non-exchange transactions	6	16,175	10,042	10,950	16,175	10,950
Trade and other receivables from exchange transactions	6	13,014	9,256	11,391	17,429	13,499
Inventories		44	53	64	44	65
Other financial assets	7	-	15	13	-	13
Other current assets	8	3,705	912	2,278	4,026	2,789
Asset held for Sale		-	1,237	1,237	-	1,237
Development property	9	-	28,393	-	-	-
Total current assets		33,945	53,419	32,557	43,746	40,364
Non-current assets						
Investment in subsidiaries	25	5,412	12,133	5,412	-	-
Other financial assets	7	3,628	-	2,028	3,628	2,028
Trade and other receivables from exchange transactions	6	-	-	-	1,036	807
Property, plant and equipment	10	2,093,383	1,923,369	1,946,950	2,492,133	2,321,158
Forestry assets	11	950	-	1,467	950	1,467
Intangible assets	12	4,989	-	5,383	8,523	10,091
Investment property	13	47,335	17,428	56,000	47,335	56,000
Development property	9	15,766	-	11,266	15,766	11,266
Total non-current assets		2,171,463	1,952,930	2,028,506	2,569,371	2,402,817
Total assets		2,205,408	2,006,349	2,061,063	2,613,117	2,443,181
Current liabilities						
Trade and other payables from exchange transactions	14	51,914	29,480	24,656	39,056	44,298
Borrowings	15	25,005	69,000	47,682	25,005	47,682
Other financial liabilities	16	1,382	25,746	1,248	1,388	1,359
Other current liabilities	17	47,534	-	22,756	47,534	22,643
Employee entitlements	18	2,840	-	2,673	3,538	3,676
Current tax payable	3 (c)	-	-	-	1,438	3,359
Total current liabilities		128,675	124,226	99,015	117,959	123,017

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

Statement of Financial Position continued

	Notes	Council 2021 \$'000	Council Budget \$'000	Council 2020 \$'000	Group 2021 \$'000	Group 2020 \$'000
As at 30 June 2021						
Non-current liabilities						
Borrowings	15	136,918	208,452	71,119	218,918	140,119
Other financial liabilities	16	2,780	-	5,876	3,377	7,097
Other non-current liabilities	17	-	-	10,933	-	-
Deferred tax liabilities	3 (d)	-	-	-	12,821	10,480
Total non-current liabilities		139,698	208,452	87,928	235,116	157,696
Total liabilities		268,373	332,678	186,943	353,075	280,713
Net assets		1,937,035	1,673,671	1,874,120	2,260,042	2,162,468
Equity						
Reserves	19	1,192,656	962,448	1,146,723	1,369,934	1,299,248
Accumulated funds	20	744,379	711,223	727,397	808,036	789,822
Total equity attributable to Council		1,937,035	1,673,671	1,874,120	2,177,970	2,089,070
Non-controlling interest	21	-	-	-	82,072	73,398
Total equity		1,937,035	1,673,671	1,874,120	2,260,042	2,162,468

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



Jim Boulton
Mayor
28 October 2021



Mike Theelen
Chief Executive
28 October 2021

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 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
For the year ended 30 June 2020									
Balance at 1 July 2019	19/20	917,349	22,719	21,243	-	680,789	1,642,100	-	1,642,100
Total comprehensive revenue and expense for the year		180,588	-	-	-	51,432	232,020	-	232,020
Transfers from/(to) accumulated funds	19/20	(2,647)	5,896	1,575	-	(4,824)	-	-	-
Disposals	19/20	-	-	-	-	-	-	-	-
Balance at 30 June 2020		1,095,290	28,615	22,818	-	727,397	1,874,120	-	1,874,120
Group									
	Notes	Revaluation Reserves	Operating Reserves	Capital Reserves	Hedging Reserve	Accumulated Funds	Attributable to Equity Holders of Parent	Non- Controlling Interest	TOTAL EQUITY
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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
For the year ended 30 June 2020									
Balance at 1 July 2019	19/20	1,070,703	22,719	21,243	(734)	735,937	1,849,868	71,006	1,920,874
Total comprehensive revenue and expense for the year	19/20	180,588	-	-	(95)	58,709	239,202	4,465	243,667
Dividends paid	21	-	-	-	-	-	-	(2,073)	(2,073)
Transfers from/(to) accumulated funds	19/20	(2,647)	5,896	1,575	-	(4,824)	-	-	-
Disposals	19/20	-	-	-	-	-	-	-	-
Balance at 30 June 2020		1,248,644	28,615	22,818	(829)	789,822	2,089,070	73,398	2,162,468

Statement of Cash Flows

	Notes	Council 2021 \$'000	Council Budget \$'000	Council 2020 \$'000	Group 2021 \$'000	Group 2020 \$'000
For the financial year ended 30 June 2021						
Cash flows from operating activities						
Receipts from customers		173,076	172,092	161,250	197,617	207,697
Interest received		631	-	56	636	57
Dividends received		-	-	6,248	-	25
Payments to suppliers and employees		(120,759)	(116,531)	(121,623)	(130,050)	(138,159)
Finance costs paid		(4,616)	(7,178)	(3,283)	(7,445)	(5,813)
Income tax paid		-	-	-	(4,068)	(5,660)
Net GST (payment) /receipt		(1,089)	-	330	(1,089)	330
Net cash inflow/(outflow) from operating activities	28 (c)	47,243	48,383	42,978	55,601	58,477
Cash flows from investing activities						
Purchase of investments		(1,600)	-	(160)	(1,600)	(160)
Sale of development property		420	10,080	-	420	-
Purchase of property, plant and equipment		(93,467)	(184,199)	(66,245)	(114,848)	(81,174)
Purchase of investment property		-	-	(92)	-	(92)
Purchase of intangible assets		(1,462)	-	(3,839)	(1,560)	(4,358)
Proceeds from sale of property, plant and equipment		8	-	201	-	201
Net cash inflow/(outflow) from investing activities		(96,101)	(174,119)	(70,135)	(117,588)	(85,583)
Cash flows from financing activities						
Proceeds from borrowings		63,241	175,910	13,796	76,241	20,096
Repayment of borrowings		(20,000)	(47,000)	(892)	(20,000)	(892)
Dividends paid		-	-	-	-	(2,072)
Net cash inflow /(outflow) from financing activities		43,241	128,910	12,904	56,241	17,132
Net increase/(decrease) in cash and cash equivalents		(5,617)	3,174	(14,252)	(5,747)	(9,974)
Cash and cash equivalents at the beginning of the financial year		6,624	337	20,876	11,811	21,785
Cash and cash equivalents at the end of the financial year		1,007	3,511	6,624	6,064	11,811
Represented by:						
Cash and cash equivalents		1,007	3,511	6,624	6,072	11,811
Bank overdraft		-	-	-	-	-
		1,007	3,511	6,624	6,072	11,811

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

Notes to the financial statements

1. 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 2021. The financial statements were authorised for issue by Council on 28 October 2021.

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 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 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:

- o Sewer, stormwater, water
- o Roads, bridges and lighting
- o 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 2021 by Aon New Zealand, independent valuers. The valuation has been undertaken using information at 30 June 2020 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 2020 by WSP Opus 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 Seagar & Partners, registered valuers, as at 30 June 2021. The runways, taxiways and aprons were independently valued by Beca Valuations Limited (Beca), registered valuers, as at the same date. The right of use asset and Wānaka assets were independently valued by Jones Lang Lasalle Limited (JLL), registered valuers, as at the same date.

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	2.0% – 33%	SL
Building improvements	1.67% – 6.67%	SL
Plant and machinery	5.5% – 28%	SL
Motor vehicles	20% – 26%	DV
Furniture and office equipment	10% – 33%	SL
Computer equipment	25%	SL
Library books	10%	SL

Infrastructural Assets	Rate (%)	Method
Sewerage	1.37% – 10%	SL
Water supply	1.42% – 10%	SL
Stormwater	1.55% – 10%	SL
Roading	1.68% – 10%	SL

Airport Assets	Rate (%)	Method
Buildings	2.5%-33%	DV
Airport runways, Taxiways & Aprons	1%-20%	SL
Roading and car parking	4.8%-50%	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:

3 Waters Reform

Following the announcement by the Local Government Minister on 27 October 2021 regarding central government proceeding with the three waters service delivery reforms using a legislated "all in" approach, Council continues to recognise its three waters assets at 30 June 2021 in accordance the accounting policies set out on pages 138 to 153. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected central government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2024. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

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 alleged weather-tightness building defects has not been established. It is not possible to determine the outcome of claims at this stage. 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.

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 2021.

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% - 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue from non-exchange transactions consisted of the following items:				
Rates revenue:				
General rates	2,455	2,449	2,450	2,444
Targeted rates	85,209	81,114	84,754	80,628
	87,664	83,563	87,204	83,072
Other revenue:				
User charges - subsidised	10,080	5,651	10,080	5,651
Development contributions	17,392	21,425	17,392	21,419
Grants and subsidies	30,034	13,797	30,237	13,797
Vested assets	41,971	53,182	41,971	53,182
Other revenue	6,453	9,275	6,453	9,260
	105,930	103,330	106,133	103,309

2. Surplus from Operations continued

(b) Revenue from exchange transactions

	Council		Group	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Revenue from exchange transactions consisted of the following items:				
Other revenue:				
User charges - full cost recovery	23,297	26,985	27,036	32,358
Landing dues	-	-	14,011	24,898
Dividend income	-	6,248	-	26
Operating lease rental revenue	1,437	1,752	10,926	17,104
Government grants	-	-	-	478
Other revenue - full cost recovery	1,719	1,452	1,818	1,724
<i>Finance Income:</i>				
Bank deposits	744	257	744	258
Inland Revenue Department	1	2	1	2
	27,198	36,696	54,536	76,848
Other gains/(losses)				
Gain/(loss) on revaluation of investment property	1,776	(2,417)	1,776	(2,417)
Gain/(loss) on disposal of development property	1,344	-	1,344	-
Gain/(loss) on disposal of property, plant and equipment	(5,628)	123	(5,628)	123
Gain/(loss) in fair value of forestry assets	(517)	(684)	(517)	(684)
Gain/(loss) in fair value of derivative financial instruments classified at fair value through profit or loss	2,962	(2,122)	3,012	(2,061)
	(63)	(5,100)	(13)	(5,039)

2. Surplus from Operations continued

	Notes	Council		Group	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
(c) Employee benefits expense					
Salaries and wages		34,639	33,593	39,724	40,515
		34,639	33,593	39,724	40,515
(d) Depreciation and amortisation expense					
Depreciation of property, plant and equipment	10	39,548	34,392	48,770	42,918
Amortisation of intangible assets	12	2,469	1,159	2,794	1,484
		42,017	35,551	51,564	44,402
(e) Finance costs					
Interest on loans		5,086	3,753	7,981	6,386
		5,086	3,753	7,981	6,386
(f) Other expenses					
Increase/(decrease) in allowance for doubtful debts		284	662	284	934
Bad debts written off		166	466	166	508
Operating lease rental expenses:					
Minimum lease payments		1,936	1,720	1,936	1,720
Legal claims against Council		25,661	8,038	25,661	8,038
Operating expenses		93,185	83,274	99,029	90,745
		121,232	94,160	127,076	101,945

2. Surplus from Operations continued

	Council			Council	
	2021	2020		2021	2020
For the financial year ended 30 June 2021	\$'000	\$'000	For the financial year ended 30 June 2021	\$'000	\$'000
(g) Summary cost of services by group of activity (Council only)					
(i) Revenue*					
Local Democracy	955	9,118	Local Democracy	19	19
Community	17,234	23,581	Community	5,042	4,813
Economy	5,321	3,318	Economy	8	8
Environment	6,741	7,374	Environment	-	-
Roading and Parking	41,910	32,673	Roading and Parking	17,211	12,333
Water Supply	12,071	13,775	Water Supply	5,317	5,042
Stormwater	14,797	15,037	Stormwater	4,676	4,238
Wastewater	10,297	15,931	Wastewater	7,464	7,280
Regulatory	9,251	10,760	Regulatory	66	47
Waste Management	7,527	6,871	Waste Management	216	150
Other	7,024	1,588	Other	1,998	1,621
Targeted rates	86,108	81,995	Total depreciation and amortisation expense	42,017	35,551
General rates	2,455	2,449			
Internal rates	(899)	(881)			
Total revenue	220,792	223,589			
(ii) Expenditure*					
Local Democracy	7,112	9,340			
Community	37,474	33,498			
Economy	19,218	10,599			
Environment	16,011	15,532			
Roading and Parking	31,175	26,460			
Water Supply	12,025	11,973			
Stormwater	6,477	6,061			
Wastewater	17,275	18,775			
Regulatory	38,252	22,275			
Waste Management	13,595	12,956			
Other	5,259	469			
Internal rates	(899)	(881)			
Total operating expenditure	202,974	167,057			

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.

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

3. Income Taxes

(a) Income tax recognised in surplus or deficit

	Council		Group	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Tax expense/(income) comprises:				
Current tax expense/(credit):				
Current year	-	-	2,134	5,874
Adjustments for prior years	-	-	-	6
	-	-	2,134	5,880
Deferred tax expense/(credit):				
Origination and reversal of temporary differences	-	-	66	(4,057)
Amortisation of tax component of derivatives	-	-	(49)	(91)
Adjustments for prior years	-	-	(32)	4
	-	-	(15)	(4,144)
Total tax expense/(income)	-	-	2,119	1,735
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	17,755	51,432	21,516	64,942
Income tax expense calculated at 28%	4,971	14,401	6,024	18,184
Non assessable income and expenses	(4,971)	(14,401)	(4,435)	(12,563)
Reversal of temporary difference	-	-	579	(3,795)
Amortisation of tax component of derivatives	-	-	(49)	(91)
Income tax expense/(credit)	-	-	2,119	1,735

The tax rate used in the above reconciliation is the corporate tax rate of 28% (2020: 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 \$(2,306,000) 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 (2020: \$141,000).

(c) Current tax assets and liabilities

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current tax payable:				
Current tax payable	-	-	1,438	3,359

(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
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	(253)			(253)
Trade and other receivables	(474)	170	50	(254)
Gross deferred tax asset/(liability)	(10,480)	(34)	(2,306)	(12,821)

	Opening balance \$'000	Charged to income \$'000	Group	
			Charged to other comprehensive income \$'000	Closing balance \$'000
2020				
Gross deferred tax asset/(liability):				
Property, plant and equipment	(14,423)	4,514	-	(9,909)
Intangible assets	(350)	(37)	-	(387)
Employee entitlements	133	37	-	170
Derivatives	232	-	141	373
Trade and other payables	(253)	-	-	(253)
Trade and other receivables	(13)	(461)		(474)
Gross deferred tax asset/(liability)	(14,674)	4,053	141	(10,480)

3. Income Taxes continued

(e) Imputation Credit Account Balances

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance at beginning of year	589	589	22,296	19,862
Taxation paid	-	-	1,708	5,660
Imputation credits on dividends paid	-	-	-	(3,226)
Refund of tax	-	-	-	-
Prior year adjustment	-	-	-	-
Balance at end of year	589	589	24,004	22,296
Imputation credits available directly and indirectly to Council through:				
Council	589	589	589	589
Subsidiaries	-	-	23,415	21,707
	589	589	24,004	22,296

4. Key Management Personnel Compensation

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<i>Councillors</i>				
Remuneration	636	589	636	589
Full-time equivalent members	15	15	15	15
<i>Senior Management Team, including Chief Executive</i>				
Remuneration	1,540	1,522	3,081	3,038
Full-time equivalent members	6	6	13	11
Directors' fees	-	-	273	251
	2,176	2,111	3,990	3,878

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Audit fees for financial statement audit	205	200	270	268
Audit of long term plan	134	-	134	-
Audit fees for assurance and related services	7	7	34	33
	346	207	438	301

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

6. Trade and Other Receivables

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
From non-exchange transactions				
Trade receivables (i)	3,895	2,333	3,895	2,333
Infringement receivables (i)	2,096	2,145	2,096	2,145
Rates receivables (i)	5,275	6,443	5,275	6,443
New Zealand Transport Agency	6,608	1,838	6,608	1,838
Other (i)	152	116	152	116
Allowance for doubtful debts (ii)	(1,851)	(1,925)	(1,851)	(1,925)
	16,175	10,950	16,175	10,950
From exchange transactions				
Trade receivables (i)	7,217	7,671	10,416	10,905
Other (i)	6,916	4,549	9,487	4,549
Allowance for doubtful debts (ii)	(1,119)	(829)	(1,438)	(1,148)
	13,014	11,391	18,465	14,306
	29,189	22,341	34,640	25,256

- (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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade and other receivables (excluding rates)				
Current (0-30 days)	20,394	11,276	25,133	13,868
31-60 days *	1,477	1,570	1,790	1,691
61-90 days *	366	701	482	707
90 days + *	1,699	2,380	1,981	2,576
	23,935	15,927	29,386	18,842
Rates receivables				
Current (0-30 days)	1,924	3,028	1,924	3,028
31 days - 1 year *	2,064	2,063	2,064	2,063
1 year + *	1,266	1,323	1,266	1,323
	5,254	6,414	5,254	6,414
Total receivables	29,189	22,341	34,640	25,256

* Amounts are considered past due.

Disclosed in the financial statements as:

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current				
Exchange transactions	13,014	11,391	17,429	13,499
Non-exchange transactions	16,175	10,950	16,175	10,950
Non-current				
Exchange transactions	-	-	1,036	807
	29,189	22,341	34,640	25,256
(iii)				
Movement in the allowance for doubtful debts:				
Balance at beginning of year	(2,754)	(2,092)	(3,073)	(2,139)
Amounts written off during year	166	466	166	508
Amounts recovered during year	-	-	-	-
Additional allowance recognised in Statement of Financial Performance	(382)	(1,128)	(382)	(1,442)
	(2,970)	(2,754)	(3,289)	(3,073)

An allowance has been made for estimated irrecoverable amounts and has been calculated based on expected losses. Expected losses have been determined based on reference to past default experience and review of specific debtors.

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

For Council, the concentration of credit risk is limited due to the customer base being large and unrelated. 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Other investments held	2,669	1,569	2,669	1,569
Advances to community organisations	959	459	959	459
Term deposits	-	-	-	-
Short term investments	-	13	-	13
	3,628	2,041	3,628	2,041
Represented by:				
Current	-	13	-	13
Non-current	3,628	2,028	3,628	2,028
	3,628	2,041	3,628	2,041

8. Other Current Assets

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Prepayments	3,705	2,278	4,026	2,789
	3,705	2,278	4,026	2,789

9. Development Property

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Land	13,455	11,266	13,455	11,266
Work in progress	2,311	-	2,311	-
	15,766	11,266	15,766	11,266

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.

Land	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance at beginning of year	11,266	11,266	11,266	11,266
Reclassified from investment property	2,189	-	2,189	-
Balance at end of year	13,455	11,266	13,455	11,266

10. Property, Plant and Equipment

	Council 2021												
	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	Adjust Accumulated depreciation and impairment charges	Accumulated depreciation and impairment charges	Carrying amount
	1-Jul-20					30-Jun-21	1-Jul-20					30-Jun-21	30-Jun-21
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'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 168.

10. Property, Plant and Equipment

	Cost/ valuation 1-Jul-20 \$'000s	Additions \$'000s	Transfers \$'000s	Disposals/ write offs	Revaluation	Group 2021		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	Carrying amount 30-Jun-21 \$'000s
						Cost/ valuation 30-Jun-21 \$'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 ⁽ⁱⁱ⁾	263,596	18,530	(132)	(1,569)	3,611	284,036	(5,057)	10,090	-	(5,290)	59	(198)	283,838	
Sewerage ⁽ⁱⁱ⁾	354,555	36,869	(34)	(3,098)	6,830	395,122	(7,326)	14,440	-	(7,449)	114	(220)	394,902	
Stormwater ⁽ⁱⁱ⁾	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 168.

10. Property, Plant and Equipment

	Council 2020										
	Cost/ valuation 1-Jul-19 \$'000s	Additions \$'000s	Revaluations \$'000s	Cost/ valuation 30-Jun-20 \$'000s	Accumulated depreciation and impairment charges 1-Jul-19 \$'000s	Accumulated depreciation and impairment charges reversed on revaluation \$'000s	Depreciation expense \$'000s	Accumulated depreciation reversed on disposal \$'000s	Adjust Accumulated depreciation and impairment charges \$'000s	Accumulated depreciation and impairment charges 30-Jun-19 \$'000s	Carrying amount 30-Jun-20 \$'000s
Operational assets											
At cost											
Land ⁽ⁱ⁾	84,701	17,629	-	102,330	-	-	-	-	-	-	102,330
Buildings	87,519	9,960	-	97,421	(17,392)	-	(2,030)	58	(500)	(19,864)	77,557
Building improvements	48,486	3,261	-	51,747	(24,267)	-	(2,306)	-	-	(26,573)	25,174
Plant and machinery	12,375	565	-	12,940	(7,209)	-	(807)	-	-	(8,016)	4,924
Motor vehicles	297	12	-	289	(230)	-	(13)	18	-	(225)	64
Furniture and office equipment	7,287	346	-	7,633	(4,783)	-	(365)	-	-	(5,148)	2,485
Computer equipment	4,109	420	-	4,529	(3,454)	-	(273)	-	-	(3,727)	802
Library books	4,643	352	-	4,995	(4,092)	-	(55)	-	-	(4,147)	848
Total operational assets	249,417	32,545	-	281,884	(61,427)	-	(5,849)	76	(500)	(67,700)	214,184
Campground assets											
At fair value											
Land ^(vi)	35,925	-	(3,925)	32,000	-	-	-	-	-	-	32,000
Buildings ^(vi)	11,575	-	25	11,600	-	-	-	-	-	-	11,600
Total campground assets	47,500	-	(3,900)	43,600	-	-	-	-	-	-	43,600
Airport assets											
At fair value											
Land ⁽ⁱ⁾	5,250	-	-	5,250	-	-	-	-	-	-	5,250
Airport runway ⁽ⁱ⁾	6,685	-	-	6,685	-	-	-	-	-	-	6,685
	11,935	-	-	11,935	-	-	-	-	-	-	11,935
Infrastructural assets											
At fair value											
Water supply ⁽ⁱⁱ⁾	242,613	20,983	-	263,596	(15)	-	(5,042)	-	-	(5,057)	258,539
Sewerage ⁽ⁱⁱ⁾	333,026	21,530	-	354,556	(45)	-	(7,280)	-	-	(7,325)	347,231
Stormwater ⁽ⁱⁱ⁾	260,600	17,923	-	278,523	(3)	-	(4,238)	-	-	(4,241)	274,282
Roading ⁽ⁱⁱⁱ⁾	600,924	23,778	172,480	797,182	(32)	12,009	(11,983)	-	3	(3)	797,179
Total infrastructural assets	1,437,163	84,214	172,480	1,693,857	(95)	12,009	(28,543)	-	3	(16,626)	1,677,231
Total Council property, plant and equipment	1,746,015	116,759	168,580	2,031,276	(61,522)	12,009	(34,392)	76	(497)	(84,326)	1,946,950

(i), (ii), (iii), (vi) refer to explanatory notes on page 164.

10. Property, Plant and Equipment

	Group 2020											
	Cost/ valuation 1-Jul-19 \$'000s	Additions \$'000s	Disposals/ write offs	Revaluation	Cost/ valuation 30-Jun-20 \$'000s	Accumulated depreciation and impairment charges 1-Jul-19 \$'000s	Accumulated depreciation and impairment charges reversed \$'000s	Adjust depreciation and impairment charges \$'000s	Accumulated depreciation expense \$'000s	Accumulated depreciation reversed on disposal \$'000s	Accumulated depreciation and impairment charges 30-Jun-20 \$'000s	Carrying amount 30-Jun-20 \$'000s
Operational assets												
At cost												
Land ⁽ⁱ⁾	84,701	17,629	-	-	102,330	-	-	-	-	-	-	102,330
Buildings	87,519	9,960	(58)	-	97,421	(17,392)	-	(500)	(2,030)	58	(19,864)	77,557
Building improvements	48,486	3,261	-	-	51,747	(24,267)	-	-	(2,306)	-	(26,573)	25,174
Plant and machinery	53,608	4,119	-	-	57,727	(20,317)	-	-	(3,763)	-	(24,080)	33,647
Motor vehicles	297	12	(20)	-	289	(230)	-	-	(13)	18	(225)	64
Furniture and office equipment	7,287	346	-	-	7,633	(4,783)	-	-	(365)	-	(5,148)	2,485
Computer equipment	4,109	420	-	-	4,529	(3,454)	-	-	(273)	-	(3,727)	802
Library books	4,644	352	-	-	4,996	(4,093)	-	-	(55)	-	(4,148)	848
Total operational assets	290,651	36,099	(78)	-	326,672	(74,536)	-	(500)	(8,805)	76	(83,765)	242,907
Campground assets												
At fair value												
Land ^(vi)	35,925	-	-	(3,925)	32,000	-	-	-	-	-	-	32,000
Buildings ^(vi)	11,575	-	-	25	11,600	-	-	-	-	-	-	11,600
Total campground assets	47,500	-	-	(3,900)	43,600	-	-	-	-	-	-	43,600
Airport assets												
At fair value												
Land ^{(i), (iv)}	215,654	20,635	-	-	236,289	-	-	-	-	-	-	236,289
Land improvements ^(iv)	125	-	-	-	125	(125)	-	-	-	-	(125)	-
Buildings ^{(iv), (v)}	63,720	4,769	-	-	68,489	(5,532)	-	-	(2,909)	-	(8,441)	60,048
Airport runways, Taxiways & Aprons ^{(i), (iv)}	64,378	3,433	-	-	67,811	(4,067)	-	-	(2,661)	-	(6,728)	61,083
Roading and carparking ^{(iv), (v)}	1,112	-	-	-	1,112	(1,112)	-	-	-	-	(1,112)	-
Total airport assets	344,989	28,837	-	-	373,826	(10,836)	-	-	(5,570)	-	(16,406)	357,420
Infrastructural assets												
At fair value												
Water supply ⁽ⁱⁱ⁾	242,613	20,983	-	-	263,596	(14)	-	-	(5,042)	-	(5,056)	258,540
Sewerage ⁽ⁱⁱ⁾	333,028	21,530	-	-	354,558	(45)	-	-	(7,280)	-	(7,325)	347,233
Stormwater ⁽ⁱⁱ⁾	260,599	17,923	-	-	278,522	(3)	-	-	(4,238)	-	(4,241)	274,281
Roading ⁽ⁱⁱⁱ⁾	600,923	23,778	-	172,480	797,181	(32)	12,009	3	(11,983)	-	(3)	797,178
Total infrastructural assets	1,437,163	84,214	-	172,480	1,693,857	(94)	12,009	3	(28,543)	-	(16,625)	1,677,232
Total property, plant and equipment	2,120,303	149,150	(78)	168,580	2,437,955	(85,466)	12,009	(497)	(42,918)	76	(116,796)	2,321,158

(i), (ii), (iii), (iv), (v), (vi) refer to explanatory notes on page 164.

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 2021 by Aon New Zealand, independent valuers. The valuation is determined using asset information from 30 June 2020 with additions subsequent to 1 July 2020 at cost.
- (iii) Roading assets are stated at valuation which is optimised depreciated replacement cost value as at 30 June 2020 by WSP Opus New Zealand Limited, independent valuers. Additions subsequent to 1 July 2019 are at cost.
- (iv) Runways, taxiways and aprons airport assets held by QAC were independently valued by Beca Valuations Limited (Beca), registered valuers, as at 30 June 2021. The valuation of runways, taxiways and aprons prepared by Beca noted a significant market uncertainty as a result of the ongoing impacts of COVID-19.
- (v) Land, buildings, roading and carparking airport assets held by QAC were independently valued by JLL, registered valuers, as at 30 June 2021. The valuation of certain land, buildings, roading and carparks prepared by JLL noted a material uncertainty as a result of the ongoing impacts of COVID-19.
- (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 2021.

Methods and significant assumptions from the three waters valuation

The Three Waters Valuation, performed by AON New Zealand, compares the quantum and value outcome with the valuation undertaken for the period ending 30 June 2019 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 2021. Capital additions and vested additions for 2020/21 were valued separately and therefore excluded. Unit rates were reviewed and updated using recent construction schedules and average cost data. The majority of the facilities assets (treatment plants and pumpstations) were also inspected in person by the valuers to improve data quality and confidence in the unit rate assignment. Overall the replacement costs for Three Waters assets at QLDC have increased by 16.6% since the 2019 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Land	-	304	(760)	304
Buildings	4,957	7,260	7,277	8,197
Building Improvements	6,231	2,804	6,231	2,804
Plant and equipment	19	51	1,855	2,097
Computer equipment	-	-	-	-
Furniture and office equipment	-	-	-	-
Library books	-	84	-	84
Airport runway	-	-	93	73
Water supply	24,016	18,337	24,016	18,337
Sewerage	37,306	17,363	37,306	17,363
Stormwater	5,361	1,777	5,361	1,777
Roading & carparking	35,039	13,041	35,039	13,041
Foreshore Structures	162	162	162	162
	113,091	61,183	116,580	64,239

11. Forestry Assets

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance at beginning of year	1,467	2,151	1,467	2,151
Recognise value of asset on transfer to Council	-	-	-	-
Movement from harvesting	(569)	(394)	(569)	(394)
Gains/(losses) arising from changes in fair value less estimated point of sales costs	52	(290)	52	(290)
Balance at end of year	950	1,467	950	1,467

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.

28.1 Ha of forest has been harvested during the period (2020: 28.1 Ha).

Independent registered valuers, Venture Forestry limited, have valued forestry assets at \$949,842 (2020: \$1,466,897). 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Gross carrying amount				
Balance at beginning of year	11,782	7,943	18,817	14,458
Additions	1,462	3,855	1,462	4,375
Transfer to property, plant and equipment	613	(16)	613	(16)
Disposals	-	-	(849)	-
Balance at end of year	13,857	11,782	20,043	18,817
Accumulated amortisation & impairment				
Balance at beginning of year	6,399	5,240	8,726	7,242
Amortisation expense (i)	2,469	1,159	2,794	1,484
Transfer to property, plant and equipment	-	-	-	-
Disposals	-	-	-	-
Balance at end of year	8,868	6,399	11,520	8,726
Net book value	4,989	5,383	8,523	10,091

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

The gross carrying amount of \$20,043,000 for the Group comprises:

- The finite life intangible asset of \$13,857,000 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 \$6,185,000 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance at beginning of year	56,000	58,325	56,000	58,325
Additions from subsequent expenditure	-	32	-	32
Transfer to development property	(2,189)	-	(2,189)	-
Transfer to land reserves	(8,252)	-	(8,252)	-
Net gain/(loss) from fair value adjustments	1,776	(2,357)	1,776	(2,357)
Balance at end of year	47,335	56,000	47,335	56,000

The fair value of the Council's investment property at 30 June 2021 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade payables (i)	39,816	14,645	26,407	14,907
Other accrued charges	5,879	4,645	6,430	5,625
Deposits and bonds	6,219	5,366	6,219	5,366
Other (ii)	-	-	-	18,400
	51,914	24,656	39,056	44,298

(i) Trade payables for Council includes \$14.7m repayment to QAC for the Wanaka airport lease and assets. The average credit period on purchases is 30 days.

(ii) Relates to Lot 6 payable for QAC in 2020

15. Borrowings

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At amortised cost				
Bank borrowings (secured) (ii), (iii)	-	-	82,000	69,000
Bonds (secured) (ii), (v)	155,009	115,113	155,009	115,113
Other borrowings (iv)	6,914	3,688	6,914	3,688
	161,923	118,801	243,923	187,801
Disclosed in the financial statements as:				
Current (i)	25,005	47,682	25,005	47,682
Non-current	136,918	71,119	218,918	140,119
	161,923	118,801	243,923	187,801

- (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). No bank borrowings were drawn down by Council as at 30 June 2021 (2020: nil).
- (iii) Queenstown Airport Corporation Ltd (QAC) loans of \$82.0m (2020: \$69.0m) 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 2021 was \$6.91m (2020: **\$3.69m**)
- (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.

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 2021, NZLGFA had borrowings totalling \$13,604m (2020: \$11,908m).

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Interest rate swaps (i), (ii)	4,162	7,124	4,759	8,456
Foreign exchange forward contracts (iii)	-	-	6	-
	4,162	7,124	4,765	8,456
Disclosed in the financial statements as:				
Current	1,382	1,248	1,388	1,359
Non-current	2,780	5,876	3,377	7,097
	4,162	7,124	4,765	8,456

- (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 (2020: four interest rate swap agreements, one for \$15m and three for \$10m, which are effective from 16 March 2015, 11 December 2018 and 15 March 2019). The interest rate is fixed at 4.355%, 3.595%, 3.1875% and 2.584% respectively (2020: 4.355%, 3.955%, 2.584% and 3.1875% respectively).
- (ii) QAC holds 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. (2020: three interest rate swap agreements, one for \$5m and one for \$10m, which are all effective from 15 June 2016 and one for \$8m, which is effective from 29 March 2019). The interest rates range from 2.008%-2.623% (2020: 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 \$6k (2020: \$nil)

17. Other Liabilities

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Income in advance (i)	8,051	16,461	8,051	5,415
Rates in advance	783	528	783	528
Other provisions (ii)	38,700	16,700	38,700	16,700
	47,534	33,689	47,534	22,643
Disclosed in the financial statements as:				
Current	47,534	22,756	47,534	22,643
Non-current	-	10,933	-	-
	47,534	33,689	47,534	22,643

- (i) Income in advance consists of lease income in advance (including Wanaka Airport prepaid lease by QAC in 2020), 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Opening balance	16,700	10,100	16,700	10,100
Increased provision	22,000	6,600	22,000	6,600
Amounts utilised	-	-	-	-
Closing balance	38,700	16,700	38,700	16,700

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. An additional \$22.0m was added to the provision following further work performed in assessing the claims in the current year.

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 cases further work is necessary for Council to assess the claim in more detail. At 30 June 2021 the Council was preparing for potential mediation of a significant building related claim. This claim subsequently settled via mediation on 15 October 2021. A provision for the final settlement of this claim is included above along with the remaining provisions reflecting Council's best estimate for remaining claims.

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Accrued salary and wages	1,040	913	1,279	1,319
Annual leave	1,800	1,760	2,259	2,357
	2,840	2,673	3,538	3,676

Disclosed in the financial statements as:

Current	2,840	2,673	3,538	3,676
Non-current	-	-	-	-

19. Reserves

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revaluation reserve (a)	1,141,708	1,095,290	1,319,327	1,248,644
Operating reserves (b)	30,987	28,615	30,987	28,615
Capital reserves (c)	19,961	22,818	19,961	22,818
Cash flow hedge reserve (d)	-	-	(341)	(829)
	1,192,656	1,146,723	1,369,934	1,299,248

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance at beginning of year	1,095,290	917,349	1,248,644	1,070,703
Revaluation of roading assets	-	184,488	-	184,488
Revaluation of sewerage assets	21,268	-	21,268	-
Revaluation of water supply assets	13,702	-	13,702	-
Revaluation of stormwater assets	11,439	-	11,439	-
Revaluation of campground assets	(1,250)	(3,900)	(1,250)	(3,900)
Revaluation of airport assets, net of deferred tax	-	-	24,265	-
Transferred from/(to) accumulated surplus:				
Revaluation of forestry assets	(517)	(290)	(517)	(290)
Revaluation of investment property	1,776	(2,357)	1,776	(2,357)
Balance at end of year	1,141,708	1,095,290	1,319,327	1,248,644

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Individual reserve balances are as follows:				
Investment property	71,400	69,624	71,400	69,624
Campground assets	30,953	32,203	30,953	32,203
Forestry Assets	(120)	397	(120)	397
Roading	417,754	417,753	417,754	417,753
Sewerage	223,413	202,144	223,413	202,144
Water supply	171,286	157,584	171,286	157,584
Stormwater	216,832	205,395	216,832	205,395
Airport assets	10,190	10,190	187,809	163,544
	1,141,708	1,095,290	1,319,327	1,248,644

(b) Operating reserves

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance at beginning of year	28,615	22,719	28,615	22,719
Transferred from/(to) accumulated surplus:				
Contributions	17,391	21,425	17,391	21,425
Disbursements	(15,019)	(15,529)	(15,019)	(15,529)
Balance at end of year	30,987	28,615	30,987	28,615

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance at beginning of year	22,818	21,243	22,818	21,243
Transferred from/(to) accumulated surplus:				
Contributions	14,688	20,598	14,688	20,598
Disbursements	(17,545)	(19,023)	(17,545)	(19,023)
Balance at end of year	19,961	22,818	19,961	22,818

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance at beginning of year	-	-	(829)	(734)
Gain/(loss) recognised on cash flow hedges:				
Interest rate swaps	-	-	551	(386)
Forward foreign exchange contracts	-	-	(5)	9
Realised losses transferred to Statement of Financial Performance	-	-	95	176
Income tax related to gains/losses recognised in other comprehensive income	-	-	(153)	106
Balance at end of year	-	-	(341)	(829)

19. Reserves continued

(e) Reserve funds held for a specific purpose

	Opening Balance 1 July 2020 \$'000	Deposits \$'000	Withdrawals \$'000	Closing Balance 30 June 2021 \$'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	28,615	17,391	15,019	30,987
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.	4,282	14,545	17,165	1,662
Transport improvement fund Funds set aside to subsidise public transport and the development of public transport infrastructure.	1,924	143	380	1,687
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	-	-	10,355
Arrowtown endowment land reserve Proceeds from assets sales from Arrowtown endowment land.	-	-	-	-
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
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	51,433	32,079	32,564	50,948
QAC cash flow hedge reserve	(829)	646	158	(341)
Total Council reserve funds	50,604	32,725	32,722	50,607

20. Accumulated Funds

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance at beginning of year	727,397	680,789	789,822	735,937
Net surplus	17,755	51,432	18,987	58,709
Transfers from/(to) reserves:				
Revaluation reserve	(1,258)	2,647	(1,258)	2,647
Operating reserves	(2,372)	(5,896)	(2,372)	(5,896)
Capital reserves	2,857	(1,575)	2,857	(1,575)
Balance at end of year	744,379	727,397	808,036	789,822

21. Non-Controlling Interest

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance at beginning of year	-	-	73,398	71,006
Share of surplus for year	-	-	410	4,498
Coronet Forest 25% buyout	-	-	-	-
Dividends paid	-	-	-	(2,073)
Share of other comprehensive income	-	-	8,264	(33)
Balance at end of year	-	-	82,072	73,398

22. Commitments for Expenditure

(a) Capital expenditure commitments

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Queenstown Lakes District Council (i)	43,496	33,205	43,496	33,205
Queenstown Airport Corporation Limited	6,867	-	6,867	-
Balance at end of year	50,363	33,205	50,363	33,205

- (i) This year we have a number of significant contracts progressing through the end of year process including Ka Hunui a Tahuna (Whakatipu Transport Programme Alliance) with a forward work programme in excess of \$100M excluding the Arterials. Our three waters programme is also entering a significant construction phase with a number of project going to Market before the end of the Calendar Year including Project Pure, Western Wanaka Water Supply Levels of Service Improvements, Project Shotover, Glenorchy Reservoirs, Kingston and Wanaka Stormwater.

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 2021 Council has received a significant building related claim for which it has been unable to reliably determine a liability provision. This is because there is insufficient information supporting the claim at this time to allow Council to evaluate possible or likely outcomes. The Council awaits further submissions of evidence and expert assessments in order to determine a reliable estimate of Councils liability, if any. Council has not disclosed details of the amounts claimed as it believes the initial claim submission is grossly overstated and to disclose such amounts would be misleading. 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 (NZLGFAL). The NZLGFAL 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

QAC 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. This programme was put on hold in the prior year due to the significant negative impact on the Companys financial performance as a direct result of COVID 19. The programme is being continually assessed and will progress when increased levels of airline activity return post COVID 19.

Inner Noise Mitigation

As at 30 June 2021, 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 closure of New Zealand borders since March 2020. Accordingly, noise mitigation works have been suspended until the Company has greater clarity of the future of domestic and international aircraft movements and the impact on its noise boundaries. 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 2020, 18 homeowners had replied and requested to proceed with design prior to determining whether to accept the offers.

Lot 6

During the current period the Company made a compensation payment of \$18.34 million for land known as 'Lot 6'. While compensation has been paid, the previous owner has the option to refer the matter to the Land Valuation Tribunal, at which any change to the compensation value will be determined by adjudication. The Company's compensation was supported by an independent valuation.

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Not longer than 1 year	1,707	1,610	1,707	1,610
Longer than 1 year and not longer than 5 years	3,136	3,537	3,136	3,537
Longer than 5 years	116	562	116	562
Balance at end of year	4,959	5,709	4,959	5,709

(c) Non-cancellable operating lease receipts

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Not longer than 1 year	2,488	3,983	12,854	13,958
Longer than 1 year and not longer than 5 years	7,270	17,401	21,575	30,552
Longer than 5 years	19,558	27,835	24,502	30,663
Balance at end of year	29,317	49,219	58,932	75,173

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Queenstown Airport Corporation Limited	5,412	5,412	-	-
	5,412	5,412	-	-

Council	Country of incorporation	Ownership interest		Principal activity of the entity
		2021 %	2020 %	
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 2020/21 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)

On 13 August 2021 the QAC Board resolved that no final dividend for the year ended 30 June 2021 would be paid to shareholders. (2020: \$nil).

Covid-19 impact

On August the 17th, Queenstown Lakes along with the whole of New Zealand shifted back into alert Level 4 for 2 weeks, followed by 1 further week at Level 3 with Auckland remaining in level 4. Queenstown Lakes remains at Level 2 while preparing the annual report however this had no further impact on our financial position as at 30 June.

Three waters reform

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated "all in" approach. The three waters reform involves the creation of four publicly-owned water services entities to take over responsibilities for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities, and the control and governance of these entities. Notwithstanding the current uncertainty the announcement once legislated will mean Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024.

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

	Group	
	2021 \$'000	2020 \$'000
The following transactions took place between QLDC and related parties:		
Queenstown Airport Corporation Limited *		
Payment of rates on its property	460	491
Resource consent costs and collection fees	24	-
Payment for construction works	-	21
Frankton Golf Club lease	44	43
Parking infringement services	8	76
Dividends	-	6,222

Balances owed (to) / from at 30 June were:

Owed (to)/from Queenstown Airport Corporation Ltd (i) (14,732) 3

(i) Balances owed relate to the repayment of the Wanaka airport lease and assets.

*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	-	(5)
- Director fees	(50)	(43)
BNZ (P Flacks, Director) - Interest paid, other bank fees and interest received	-	(801)

Balances owed (to)/from at 30 June were:

Owed to BNZ - (15,001)

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 (2020: \$43,000).
- 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'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 \$790,022 (2020: \$514,921) for Council and \$915,333 (2020: \$533,921) for Group held on trust which are payable by the Council/Group respectively on completion of contractual obligations by third parties. 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	1,007	6,624	6,072	11,811
Bank overdraft	-	-	-	-
	1,007	6,624	6,072	11,811
(b) Borrowings - facilities				
Details of the amounts drawn down on the available borrowing facility are as follows:				
Amount used	162,179	118,938	244,179	187,938
Amount unused	77,921	76,160	135,921	147,160
	240,100	195,098	380,100	335,098

28. Notes to the Statement of Cash Flows continued

	Council		Group	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
(c) Reconciliation of surplus/(deficit) for the period to net cash flows from operating activities				
Surplus for the year	17,755	51,432	19,396	63,207
Add/(less) non-cash items:				
Depreciation and amortisation	42,017	35,551	51,564	44,402
Loss provision	22,000	6,818	22,000	6,818
Vested assets	(41,971)	(53,182)	(41,971)	(53,182)
(Gain)/loss on sale of property, plant & equipment	5,628	(123)	5,628	(123)
(Gain)/loss on revaluation of property, plant & equipment	-	-	-	-
(Gain)/loss on revaluation of forestry investment	517	684	517	684
(Gain)/loss on revaluation of investment property	(1,776)	2,417	(1,776)	2,417
(Gain)/loss on sale of development property	(1,344)	-	(1,344)	-
Net change in fair value of derivative financial instruments	(2,962)	2,122	(3,012)	2,061
Other	-	(76)	679	(90)
	39,864	45,643	51,681	66,194
Movement in working capital:				
Trade and other receivables	(6,847)	(3,024)	7,886	(2,082)
Inventories	20	(12)	20	(12)
Current tax refundable/payable	-	-	(421)	291
Other current assets	(1,427)	(1,366)	(1,238)	(1,525)
Deferred tax asset/liability	-	-	-	(4,053)
Trade and other payables	27,258	(3,028)	9,511	12,100
Employee entitlements	167	878	(138)	717
Other financial liabilities	(8,155)	1,344	(8,063)	1,458
	11,016	(5,208)	7,557	6,894
Movement in items treated as investing activities	(3,637)	2,543	(3,637)	(14,611)
Net cash inflow from operating activities	47,243	42,978	55,601	58,477

29. Remuneration (Council Only)

During the year to 30 June 2021, 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	
	2021	2020
	\$	\$
Elected Representatives		
Council		
Jim Boulton - Mayor	129,150	126,035
Calum McLeod - Deputy Mayor - Wanaka Ward/Wanaka Community Board ¹	67,596	52,197
John MacDonald - Councillor Wakatipu/Committee Chair	35,379	40,385
Penny Clark - Councillor Wakatipu/Committee Chair	45,599	40,385
Val Miller - Councillor Wakatipu	39,368	36,748
Craig Ferguson - Councillor Wakatipu	45,599	40,385
Heath Copland - Councillor Arrowtown	38,965	26,606
Niki Gladding - Councillor Wakatipu	39,365	26,606
Glyn Lewers - Councillor Wakatipu	39,365	26,606
Niamh Shaw - Councillor Wanaka/Wanaka Community Board	39,365	26,606
Quentin Smith - Councillor Wanaka/Wanaka Community Board ²	54,419	42,669
Esther Whitehead - Councillor Wakatipu (elected)	1,732	-
Wanaka Community Board		
Edward Taylor - Board Member/Deputy Chair	11,979	11,979
Judith Battson - Board Member	11,979	11,979
Barry Bruce - Board Chair	23,959	16,840
Chris Hadfield - Board Member	12,379	8,420

¹ Remuneration includes \$18,880 for attending District Plan hearings on behalf of QLDC.

² Remuneration includes \$8,820 for attending District Plan hearings on behalf of QLDC.

Chief Executive

For the year ended 30 June 2021, 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 \$347,166 (2020: \$351,885).

Employee staffing levels and remuneration

The number of employees employed by Queenstown Lakes District Council at 30 June 2021 was 529 (30 June 2020: 497). The number of full-time employees and full time equivalents of all the other employees as at 30 June 2021 was 315 and 137 respectively (30 June 2020: 309 and 76).

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:

	2021	2020
< \$60,000	280	253
\$60,001 to \$80,000	101	90
\$80,001 to \$100,000	58	49
\$100,001 to \$120,000	42	53
\$120,001 to \$140,000	19	23
\$140,001 to \$160,000	18	18
\$160,001 to \$220,000	6	6
\$220,001 to \$360,000	5	5
Total number of employees	529	497

30. Severance Payments

For the year ended 30 June 2021 QLDC made two severance payments to employees (2020: nil)

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
2021			
Productive area (hectares)	296	n/a	296
Opening balance	-	68,549	68,549
NZUs purchased during the year	-	84,500	84,500
NZUs allocated/transferred internally during the year	-	-	-
NZUs transferred to Scope Resources Ltd during the year	-	(58,837)	(58,837)
NZUs on hand at balance date	-	94,212	94,212

Under the ETS liabilities can accrue as follows:

Pre-1990 forests: liabilities accrue if the pre-1990 forest land is deforested and not replanted. QLDC does not anticipate any future liabilities will arise in relation to pre-1990 forest land.

32. Explanation of Major Variances against Budget

Statement of Financial Performance

QLDC recorded a surplus of \$17.8m for the year. This is well down from the \$51.4m surplus recorded last year and the budget of \$31.6m. The main reasons for the lower surplus against budget, which is not profit, are related to an increase in loss provision to defend and resolve a number of building related legal claims against the Council.

Revenue was above estimate by 20.6% or \$37.8m and expenditure was over by 27.7% or \$44.1m. The increase in revenue reflects better than expected levels of activity for the financial year. Overall, the impact of Covid19 was less than expected on both revenue and expenditure for the year.

The following major items contributed to this variance:

- Increased vested asset income of \$30.9m 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.
- A increase in development contribution income of \$2.1m which is related to the level of development activity within the district. This income can only be used to fund growth related capital expenditure.
- There was also an increase for grants and subsidies which created a favourable variance of \$0.9m.

The surplus includes the following:

- \$4.2m of net unrealised gains as a result of the revaluation of investment property, interest rate swaps and forestry assets as at 30 June 2021. This is offset by \$4.3m net of loss on disposal of council assets.

Operating expenditure was \$44.1m (27.7%) over budget for the year ended 30 June 2021. Most of this negative variance (\$22.0m) is due to an increase in loss provision to defend and resolve a number of building related legal claims against the Council.

The major remaining operational cost variances are as follows:

- Depreciation and amortisation expense higher than budget by \$6.8m, largely as a result of updated valuations for infrastructure assets for both 3 waters assets (2019 and 2021) and roading assets (2020).
- Interest expense for the year is \$2.1m less than budget. This is a result of the timing of some capital works and lower than expected interest rates.
- Costs for road maintenance were \$2.2m above budget for the year, mainly as a result of emergency work along with internal time allocations (both partially offset by increased subsidy).
- There was \$12.4m of costs originally included within capital budgets which have been transferred to operational costs as they cannot be capitalised. This included \$8.5m Lakeview Development site clearance (demolition and asbestos removal), \$0.7m preliminary costs for analysis of various parking options, \$0.6m Lakes District Museum grant funding and \$0.4m for responsible camping initiatives (100% funded by MBIE).

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 in both 2021 and 2020, these are summarised below:
 - 2021 Increase in infrastructure value: \$134.5m with 3 Waters asset values increasing by \$46.5m. Offsetting this, capital expenditure was \$105.3m which is below estimate by \$89.0m for the year ended 30 June 2021.
 - 2020 Increase in infrastructure value: \$262.5m with Roothing asset values increasing by \$184.5m.
- Lower than forecast capital expenditure in the last 5 years, as well as the sale of the Scurr Heights land in 2016 and the prepayment for the Wanaka Airport lease in 2018, results in borrowings that are \$115.5m below forecast. Total debt as at 30 June 2021 is \$161.9m compared to a forecast of \$277.5m.

Statement of Changes in Equity

Accumulated differences between actual and budgeted net surpluses as described above for 2021 and 2020, as well as the impact of infrastructure asset revaluations; prior investment property revaluations and reduced borrowings, has resulted in an equity variance of \$263m 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 \$91.3 million below estimate and consequently, net borrowings were around \$85.7 million less than expected. Cashflows from operating activities were in line with budget as a result of a Covid-19 revised budget.

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 2021 and 2020.

(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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Financial assets				
Cash and cash equivalents (AC)	1,007	6,624	6,072	11,811
Trade and other receivables (AC)	29,189	22,341	33,604	24,449
Other financial assets (AC)	959	472	959	472
Other financial assets (FVTSD)	-	-	-	-
Other financial assets (AFS)	2,669	1,569	2,669	1,569
Financial liabilities				
Trade and other payables (AC)	51,914	24,656	39,056	44,298
Borrowings (AC)	161,923	118,801	243,923	187,801
Other financial liabilities (FVTSD)	4,162	7,124	4,765	8,456

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	
		2021 \$'000 +50 bps	2020 \$'000 +50 bps	2021 \$'000 +50 bps	2020 \$'000 +50 bps
Financial Liabilities					
Borrowings	(i)	(250)	(150)	(660)	(495)
		(250)	(150)	(660)	(495)

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 \$50m (2020: \$30m)
QAC has floating rate debt with a principal amount totalling \$23m (2020: \$32.7m)

(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.

Council	Maximum credit risk	
	2021 \$'000	2020 \$'000
Financial assets and other credit exposures	33,824	31,006
Group		
Financial assets and other credit exposures	43,304	38,301

(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 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'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	-
	Total	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
2020				
Council				
Financial assets				
Other investments	1,569	-	-	1,569
Financial liabilities				
Derivatives	7,124	-	7,124	-
Group				
Financial assets				
Other investments	1,569	-	-	1,569
Financial liabilities				
Derivatives	8,456	-	8,456	-

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	Undiscounted contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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

	Weighted average effective interest rate	Carrying amount	Undiscounted contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Council 2020									
Financial liabilities									
Trade and other payables	-	24,656	24,656	24,656	-	-	-	-	-
Borrowings	3.11%	119,065	129,642	51,078	2,379	22,126	11,523	21,980	20,557
		143,721	154,298	75,734	2,379	22,126	11,523	21,980	20,557

	Weighted average effective interest rate	Carrying amount	Undiscounted contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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

	Weighted average effective interest rate	Carrying amount	Undiscounted contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group 2020									
Financial liabilities									
Trade and other payables	-	44,298	44,298	44,298	-	-	-	-	-
Borrowings	3.43%	188,065	204,335	53,832	58,822	37,622	11,523	21,980	20,557
		232,363	248,633	98,130	58,822	37,622	11,523	21,980	20,557

34. Queenstown Airport Corporation

	QAC	
	2021 \$'000	2020 \$'000
Queenstown Airport Corporation Limited		
Revenue	27,759	46,667
Operating Expenditure	10,661	15,338
EBITDA	17,098	31,329
Interest Expense	2,895	2,633
Depreciation and Amortisation	9,638	8,965
Profit Before Tax	3,761	19,731
Net Profit After Tax	1,642	17,996
Dividends Paid	-	8,295
Total Assets	427,877	398,525
Total Liabilities	99,459	104,819
Shareholders Funds	328,418	293,706
Operating Cash Flow	8,357	21,721
Closing Debt	82,000	69,000

Annual report disclosure statement for the year ended 30 June 2021

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.

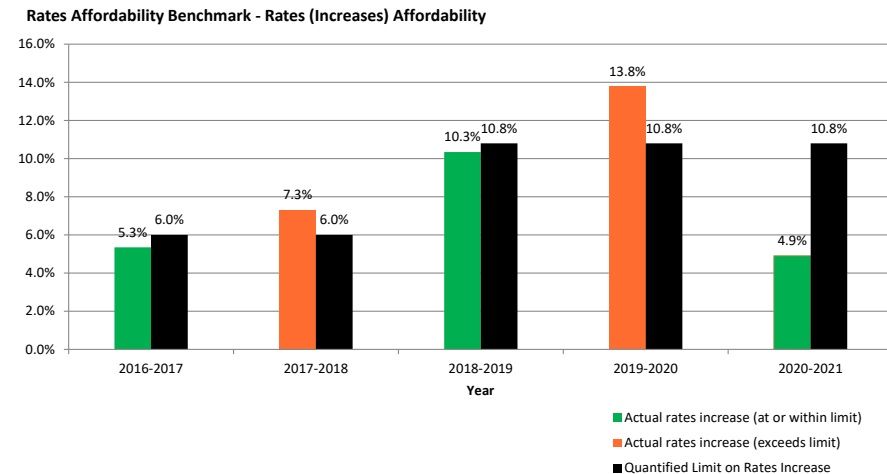
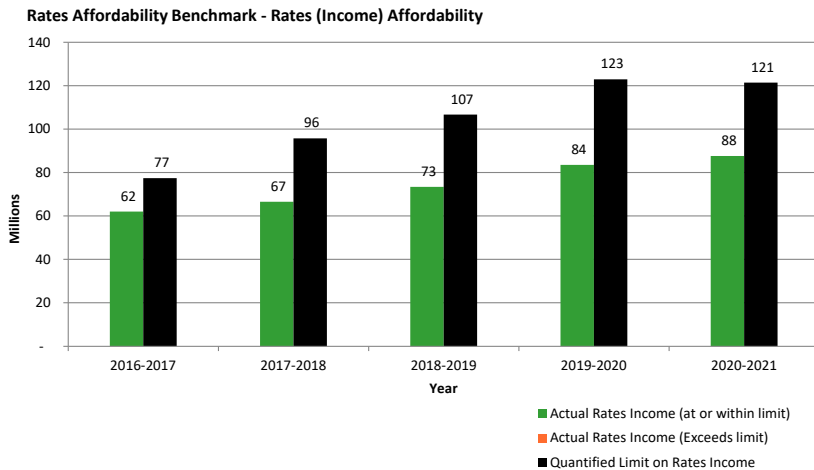
RATES AFFORDABILITY BENCHMARK

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 10.8% per annum (subject to changes in growth).

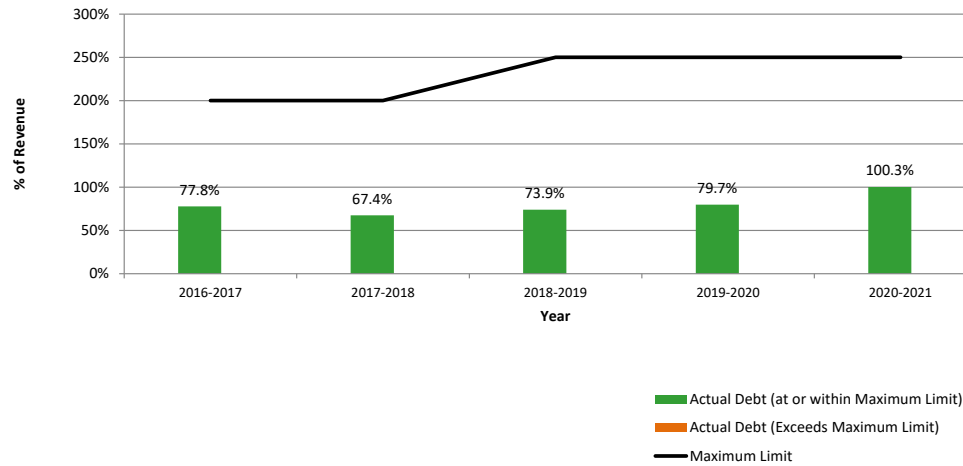


DEBT AFFORDABILITY BENCHMARKS

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

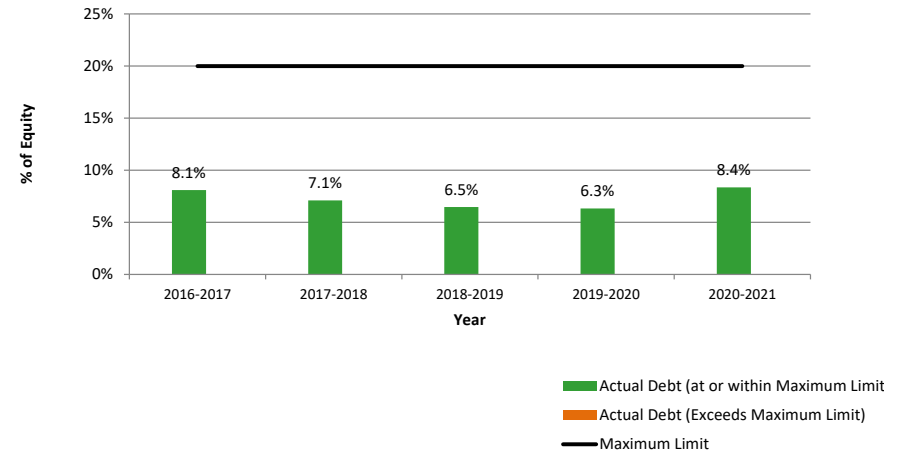
The following graphs compare the council’s actual borrowing with the quantified limits on borrowing stated in the financial strategy included in the council’s long-term plan. The quantified limit is that the debt to revenue ratio will be under 250%.

Debt Affordability Benchmark (Debt/Total Revenue)



The quantified limit is that the debt to equity ratio will be under 20%.

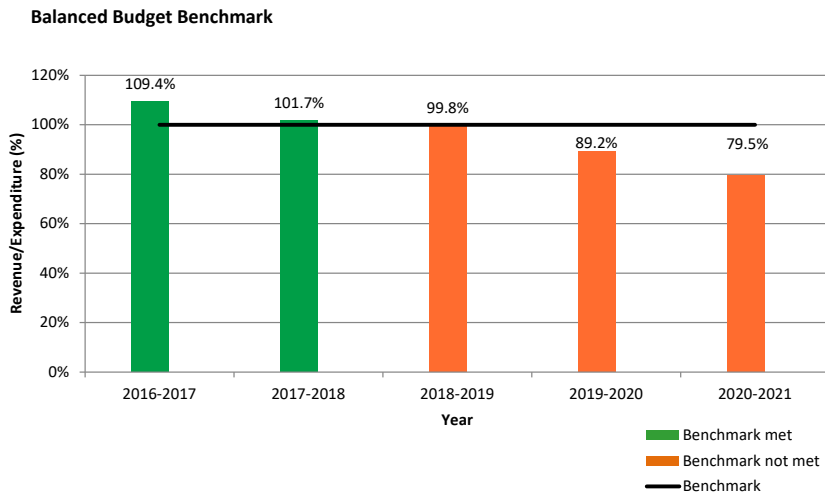
Debt Affordability Benchmark (Debt/Equity)



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).

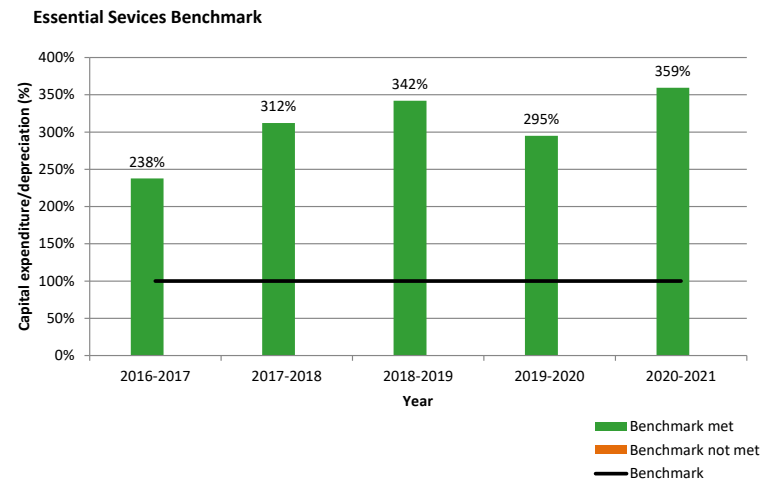
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



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.



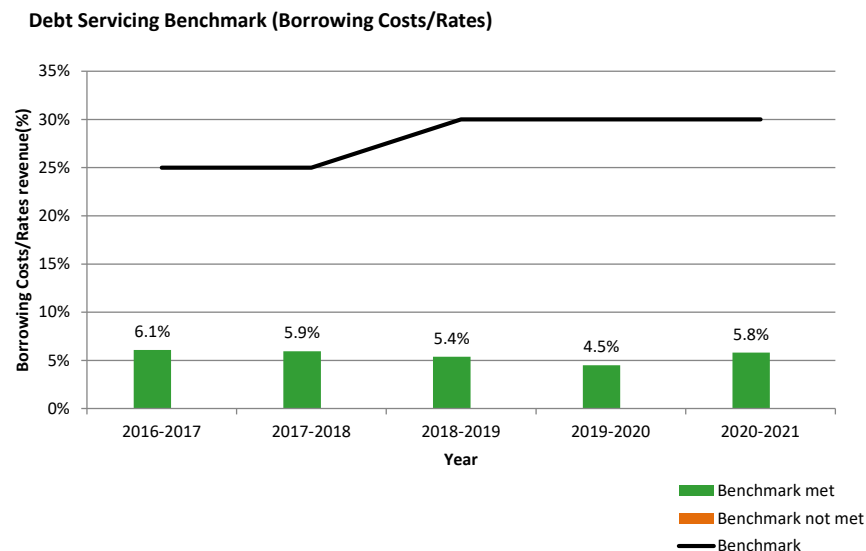
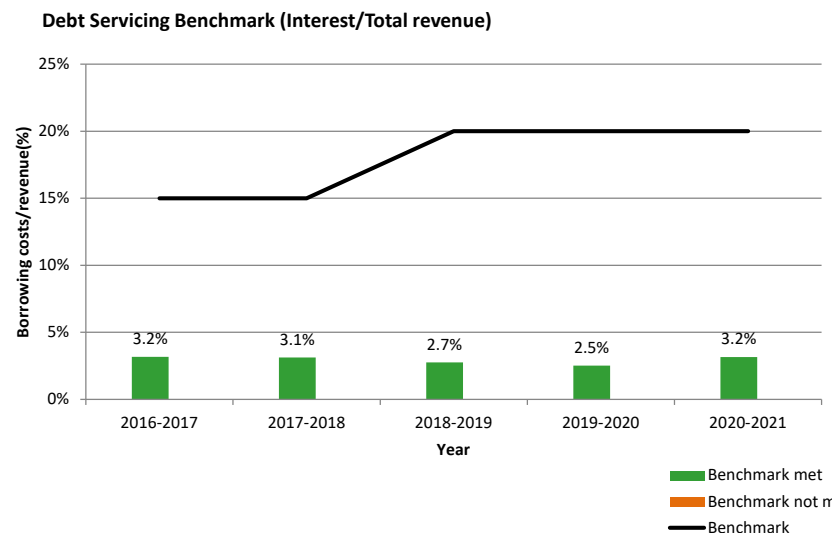
DEBT SERVICING BENCHMARK

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 20% of its revenue.

The following graph displays the council's borrowing costs as a proportion of rates revenue. The quantified limit is that its debt servicing costs equal or are less than 30% of its rates revenue.

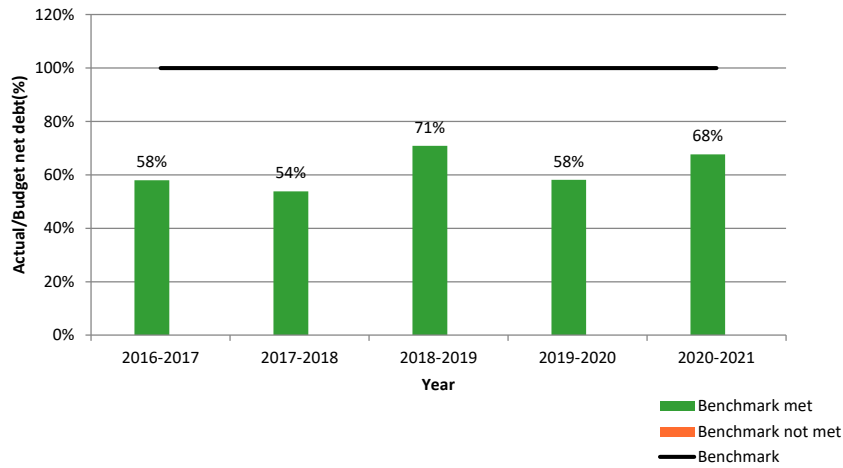


DEBT CONTROL BENCHMARK

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

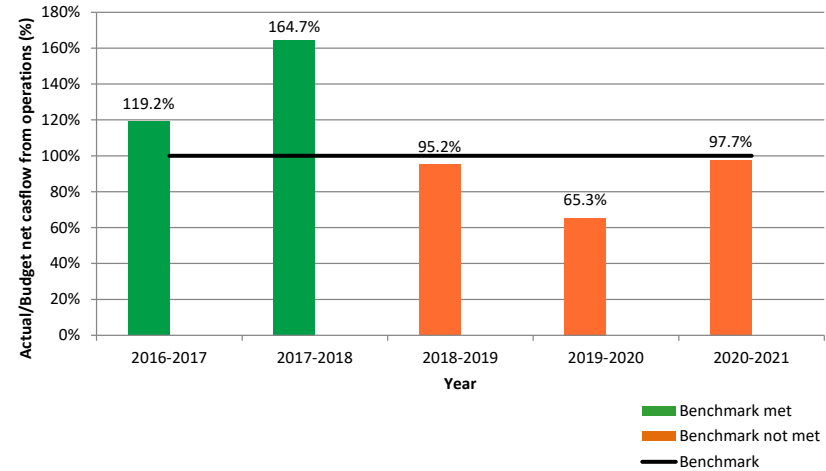


OPERATIONS CONTROL BENCHMARK

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” in 2020-21 and 2019-20 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

Core Assets Disclosure

		Closing Book Value 30-Jun-21 \$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	36,694	2,694	0	75,883
Water Supply	Other assets (such as reticulation systems)	223,128	2,051	8,110	304,286
Sewerage	Treatment plants and facilities	59,191	2,690	0	103,097
Sewerage	Other assets (such as reticulation systems)	298,403	5,883	8,353	402,765
Stormwater Drainage		293,666	459	15,366	375,413
Roads & Footpaths		791,064	13,930	9,042	943,909

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 2020

The number of rating units 28,470

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 \$366,132,392. This is made up of \$258,658,300 for Property and Plant and \$107,474,092 under the 3 Waters Assets noted below. The insurance is based on full Replacement Value. We have combined the previous two policy to one and 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 Wakatipu. 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 5% of the sum insured minimum \$5,000 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.

3 Waters Asset - Buildings/Plant & Equipment

The Council has a total asset value for insurance purposes of \$107,474,092. This is made up of Replacement Value \$63,936,432 and Indemnity Value \$43,537,660. 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 5% of the sum insured minimum \$5,000 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.

Vehicles

The Council has a total asset value for insurance purposes for vehicles of \$3,755,982. 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 \$1,042,314,380. 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.

Auditor's report





INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF QUEENSTOWN LAKES DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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, M 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 28 October 2021. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 132 to 185:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2021;
 - 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 129, 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 28 to 127



- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2021, 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 44 to 125, 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 44 to 125, 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 187 to 191, 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.

Emphasis of Matter

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

Significant Valuation Uncertainty

Note 10 on page 168 of the financial statements outlines the revaluation of property, plant and equipment related to Queenstown Airport Limited as at 30 June 2021. Due to the ongoing impact of Covid-19, the valuers of the company highlighted a significant valuation uncertainty over certain land, buildings, roading and car parks, runways, taxiways and aprons.



The Government's three waters reform programme announcement

Note 26 on page 177 of the financial statements outlines that subsequent to year end, the Government announced it will introduce legislation to establish four publically owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

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 entities or business activities within the Group to express an opinion on the consolidated audited information.

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.

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 25, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.



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.

A handwritten signature in blue ink, appearing to read "M Hawken".

M Hawken

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