

Annual Report | Rīpoata ā-tau

2022 – 2023

Contents

| Rāraki take

Section One 3

OVERVIEW WHAKARĀPOPOTAKA

Chief Executive's Report	4
Population Data	11
Our Elected Members	12
Governance Report	15
QLDC Financial Results at a Glance	18
Contact Us	20
Statement of Compliance and Responsibility	21

Section Two 23

STATEMENT OF SERVICE PERFORMANCE | TE TAUĀKĪ Ā KĀ RATOKA KAUNIHERA

Vision Beyond 2050	24
Key Strategies	26
Community Services and Facilities	31
Environmental Management	43
Regulatory Functions and Services	54
Infrastructure	60
> Water Supply	63
> Wastewater	69

> Stormwater	73
> Transport, including Roothing, Parking and Footpaths	77
> Waste Minimisation and Management	82
Economy	87
Local Democracy	92
Finance and Support Services	101
Queenstown Airport Corporation	110
Funding Impact Statement	112
Reconciliation of Funding Impact Statement to Statement of Financial Performance	114

Section Three 115

FINANCIAL STATEMENTS | KĀ TAUĀKĪ AHUMONI

Statement of Financial Performance	116
Statement of Other Comprehensive Revenue and Expense	117
Statement of Financial Position	118
Statement of Changes in Equity	120
Statement of Cash Flows	121
Notes to the Financial Statements	122
Annual Report Disclosure Statement	169
Auditor's Report	176

Section 01: Overview

| Wāhaka 01: Whakarāpopototaka



Chief Executive's report



The financial year 2022-2023 saw activity in the district returning to levels not seen since 2019, with high volumes of new residents choosing to make Queenstown Lakes their home and place of work, with plenty of visitors coming to enjoy what is on offer in our district. That has meant many council activities have seen a sustained high pace and increases in demand. Council has endeavoured to keep meeting the needs of our growing communities and deliver the services and facilities they need. In that fast-paced context, it is important to reflect on what has been delivered, much of which has been in projects that directly benefit and underpin the wellbeing of our communities.

In October 2022, it was a time of change at Queenstown Lakes District Council (QLDC), with local elections held, with the previous Mayor and many Councillors choosing to stand down.

This was the first election since the 2021 Representation Review which saw changes to ward boundaries to create the new Arrowtown-Kawarau and Queenstown-Whakatipu wards, and an increase in representation in the Wānaka-Upper Clutha ward, reflecting the growth of communities in that area. Council welcomed a new Mayor, Glyn Lewers, four returning Councillors and seven new Councillors with an intensive programme of induction and onboarding. This is always a reminder of just how broad the activities and responsibilities of Council are, and the process of informing the elected members is a long but valuable one.

Following a Councillor resignation at the Council table early in the term, Council undertook a by-election at the start of 2023. This saw new Arrowtown-Kawarau Councillor Melissa White step into the role and make her formal declaration on 1 June.

Council also recognised the significant event of the passing of Queen Elizabeth II and subsequent coronation of King Charles III. It is an occasion that many throughout the Commonwealth have never experienced in their lifetime. Councils throughout Aotearoa New Zealand marked the event in many ways.

Our Council acknowledged the new sovereign with a tree planting ceremony in Te Kararo Queenstown Gardens. A young totara tree was planted by the Mayor, Southland MP Joseph Mooney, and General Manager Community Services Ken Bailey, alongside a plaque marking the occasion.

2022-2023 was Council's largest ever period of capital investment in the district and a great deal of that investment was facilities that our communities can enjoy. A unique opportunity came to fruition in May with the transfer from private to public ownership of Mount Iron in Wānaka being celebrated by the community. The Mayor, elected members, council staff, Kāi Tahu and members of the Cleugh family (the former owners) came together for a blessing ceremony, a ribbon cutting and the unveiling of new signage, all of which marked the beginning of a process to develop a reserve management plan with the wider community. Earlier in the financial year, Council signalled its application for the management of a further 52.8 hectares (ha) of adjacent reserve land on Mount Iron that is currently governed by the Department of Conservation Te Papa Atawhai, completing a unique reserve asset for community use. That process remains ongoing.

Also in Wānaka, locals were able to finally enjoy the completed stage two of the Wānaka Lakefront Development which opened in October.

A prime feature being a new three-and-a-half metre wide shared pathway running from the Mount Aspiring Road carpark through to the CBD, alongside new furniture, low-level native planting, and the historic Te Huruheru's map – a recreation of the first map of the area which aided early explorers. The installation of historic tiles along Te Ara Maumahara noting significant events that have taken place around the world, in Aotearoa New Zealand, and in Wānaka and the Upper Clutha between c.1000 – 2000, is now underway.

In the Queenstown CBD, Marine Parade was upgraded at the end of 2022 to improve public access and connect the lakefront, town centre and Te Kararo Queenstown Gardens. Alongside this, new public toilets, including an accessible toilet and a nappy-changing station were installed, as well as new turf, a raised concrete pathway, and new furniture that provides a welcoming area for people to enjoy.

Active travel for the district received a boost in December thanks to a Government Transport Choices award to council of \$8.56M. The funding is made up of \$7.06M to improve the Arthurs Point to Queenstown route and \$1.5M to scope options to improve active travel links in Wānaka. The fund aims to deliver strategic cycling/micro mobility networks; create walkable neighbourhoods; support healthy school travel; and make public transport easier to use.

Two active travel projects in Wānaka got underway earlier this year. In February, work on the much-anticipated active travel route began, by creating a shared pathway for children, families, and commuters between Wānaka's schools and the Wānaka Recreation Centre. This significant project will provide a safe route linking Holy Family Catholic School and Wānaka Primary School with Mount Aspiring College and into Three Parks, where both Te Kura O Take Kārara Primary School and the Recreation Centre are located. In March, enabling work on Anderson Road began with the first stage running from the southern end of Mount Iron Drive to the roundabout at State Highway 84. When completed the pathway will return to Aubrey Road and deliver a variety of road crossings and safety features that supports walkers, bikers, and scooter users to and from the Wānaka CBD.

Whilst it is the remit of the regional council, public transport has increasingly become a key part in the transition of travellers and commuters into alternative travel modes. It was disappointing for the community to see a sustained period last year with Queenstown Orbus bus services operating at a reduced level and with many cancellations. It was therefore a welcome move to see the Otago Regional Council increase wages for local bus drivers to address the publicised pay and immigration issues.

In the Upper Clutha district where there is no current provision for public transport, Council had the opportunity to support a community-driven initiative by partnering with Community Networks/LINK and Lake Wānaka Tourism in a community shuttle trial. The first phase of the trial ran from September to December and captured important data that will support future planning and investment. The second phase (ongoing at the time of this report) tests different network options and collects further patronage data and feedback, and Council looks forward to making further announcements on this great community initiative soon.

The district's growing communities continue to value shared spaces and Council has delivered and invested in venues over the past 12 months. In March, a Frankton community hub facility came closer to becoming a reality, when Council leased land at the north-eastern edge of Queenstown Events Centre to the Whakatipu Community Hub Charitable Trust. The planned hub promises a secure community asset which will bring together many of the area's community services to create a warm and welcoming environment that is open and available to all.

In the Upper Clutha, December marked the official opening of Whare Mahana Luggate Memorial Centre, Aotearoa New Zealand's first passive house community facility.

Replacing the former Memorial Hall, the innovative new facility creates a sustainable focal point for the local community and Council was pleased to hold its first formal meeting in the centre in June. In March another significant project for the Upper Clutha progressed with the fit-out beginning at the new Paetara Aspiring Central community facility on Plantation Road, Wānaka. Work at the former Mitre 10 building began with an extensive redesign of the space to create two multi-use indoor courts, a separate studio for dance, yoga and fitness classes or a meeting space, and dedicated areas for Kahu Youth and Aspiring Gymsports – with the latter being the first occupants to have already moved in.

2022-2023 saw the Tāhuna Queenstown CBD streetscapes upgrade complete significant parts of the project with an official opening ceremony on 23 June. The vision for this project was to create an inviting and accessible space for everyone to enjoy. The project was supported by funding from the Crown Infrastructure Partners, as the first “shovel ready” project to be approved through the central government response to the economic effects of COVID-19. Council has now completed work on Beach Street, Lower Brecon Street (between Shotover Street and the steps), Park Street and Rees Street. Designed in line with the Queenstown Town Centre Design Guidelines, the upgraded streets incorporate high quality materials, new native plants, create an accessible shared

space, and weave in local cultural storytelling. The design elements reflect the area’s traditional values, stories and rich history, and this space has quickly returned to a bustling place for business, locals, and visitors alike. The final parts of the project in Upper Brecon Street and Man Street are underway with good progress being made towards completion.

As the district’s communities continue to grow and become increasingly interconnected, the need for Council to continue to invest in roading infrastructure is crucial. That investment needs to alleviate congestion as well as provide for efficient public transport options. First and foremost, safety was the key driver for new traffic lights and pedestrian crossings on Frankton’s Hawthorn Drive. The upgrades included new lights to manage traffic better at the intersections at Red Oaks Drive and Cherry Blossom Drive, and crossings near Whakatipu High School and the supermarket to make travel safer with an increasing number of activities in the area.

In the Queenstown CBD, construction at the western end of the Arterial Road (stage 1) began in late October. During this part of the project, Council has been rebuilding a section of Gorge Road and all the connecting roads – while keeping all properties connected to underground services. Due to historic infrastructure, the work is intricate, taking approximately twice as long than if we were laying new services in a new subdivision.

Although not complete, the road reopened ahead of the ski season in June, however it will close again in Spring to excavate existing road and footpaths and to construct new intersections, including new kerb lines, the road carriageway, footpaths, lighting, and street furniture. Work at the Frankton Road end of this first stage has progressed well and from late March crews began building a new road layout to create this important new gateway which will include more space for buses and cycling. Council acknowledges that this work has been disruptive and is grateful for the patience of locals and businesses.

Councillors also made some significant decisions in support of Waka Kotahi’s NZUP¹ proposed improvements to the roading network in Frankton and the entranceway to Queenstown. This programme intends to help Queenstown locals and visitors choose alternative ways of getting around the town, with better access to public transport and safer active travel options. In September, Council completed a community consultation process and elected members approved the sale of land bordering the Queenstown Event Centre and Frankton Golf Centre, enabling the construction of a new signalised intersection replacing the existing SH6/6A roundabout which includes bus prioritisation and improvements to the existing Frankton bus hub. In March, Councillors also agreed to the sale of a section of land at 516 Ladies Mile

which was required by Waka Kotahi to enable the construction of a new roundabout at the intersection of State Highway 6 and Howards Drive. With continued residential growth in this priority development area, as identified by the Whaiora Grow Well Spatial Plan², and more people travelling in and out of Frankton and Queenstown, such improvements will keep people travelling safely.

On a lighter note, Council also got locals on board its regular Winter Road Report emails that include safer winter driving tips by running a competition to name four of QLDC’s winter road trucks that can grit, plough, and apply CMA to roads. An online competition also drew attention to community text alerts and chain fitting workshops. More than 200 suggestions to name the trucks finally saw them named ‘Gritty Gritty Bang Bang’, ‘The Crowned Ranger’, ‘The Big Leplowski’, and ‘The Fast and Flurryous’. The trucks are now proudly adorned with their new names and have been working hard to keep roads safe around the district.

Three Waters (3W) has continued to be a significant matter in the last year with Council working with central government on its reform of three water³ provision. Now reframed as the ‘Water Services Reform Programme’⁴, Queenstown Lakes has been identified as part of a new ‘Entity J’, one of ten new proposed entities replacing the originally intended four. Council staff have been engaging with central government

¹ NZ Upgrade Programme Queenstown Package

² Whaiora Grow Well Spatial Plan

³ Provision for stormwater, water supply and wastewater

⁴ www.dia.govt.nz/Three-Waters-Reform-Programme

to ensure this Council can deliver the best outcome for the district's communities in the future model.

In that context, Council has continued to invest in Three Waters infrastructure to meet increasing demand across the district. In February this year, Council awarded a contract to build four new water supply reservoir tanks to service Glenorchy. With the existing concrete tanks showing signs of age, new tanks are required to ensure they can stand up to seismic events and deliver enough capacity to meet the level of service requirements. It's currently a live project and will deliver resilience for the Glenorchy community.

Glenorchy and Luggate have also been part of a smart water meter trial with the installation of smart meters now completed. Currently, it is not possible to measure water usage across the district at a household level, and when it can, it is a manual task only occasionally completed. Smart water meters measure water usage continuously and support sustainable water use. Trialling a smart water meter solution allows us to measure the amount of water used and helps find and fix leaks quickly, optimising the ongoing management of the network. If the trial is successful, smart water meters could be used more widely across the district.

As 2022-2023 ended, work was completed on the north Wānaka wastewater scheme which will accommodate local population growth and provide more resilience in the network. This significant investment involved the upgrade and replacement of existing wastewater pipes and lateral pipes that connect the public system to residential houses on Aubrey Road, from Rata Street corner down to the lakeside, as well as installing a new water supply pipe to connect to the existing pipe under Sir Tim Wallis Drive roundabout, as well as a new wastewater connection to the existing network near the Albert Town wastewater pump station. Wastewater infrastructure on the Kelvin Peninsula was also addressed in the last year.

Council invested in Western Wānaka's water supply with a new water main pipe and pump station to improve capacity and increase the resilience of the drinking water supply and infrastructure in the area. The pipeline connects Anderson Road, crossing the state highway, and along McPherson Street and Golf Course Road, with the new pump station situated on Wānaka-Mount Aspiring Road.

Work to connect a new water and wastewater main at either end of the Shotover Bridge near Frankton was completed at the end of 2022. After a long period of speed reduction to ensure safety for works near the bridge, the completed work now

supplies water to Frankton and upgrades an existing sewerage pipe. As well as providing for resilience and growth, this connection ensures wastewater is managed safely and in a way that protects the local environment.

Queenstown Lakes was once again one of the councils that saw the highest level of growth in Aotearoa New Zealand at 3.5%. This level of sustained growth continues to apply pressure in all aspects of district life and on Council services to provide for that growth. Planning for the district to grow well in the context of living, working and investing here, has continued to be a priority for the Council in the last financial year. At the beginning of July 2022, the long-running development of the Te Pūhahi Ladies Mile masterplan achieved an important milestone when it was officially endorsed by full Council and approved for notification to begin changes to the land use rules in the Proposed District Plan. Council initially adopted a Masterplan for the area in October 2021, but requested that several matters be given further consideration, such as funding and management of stormwater, the location of education facilities and further ecological planning.

Then in March of this year, the opportunity to address Queenstown's pressing housing needs took another positive step with the government's approval of Council's application to streamline the planning process at Te Pūhahi Ladies Mile.

This allowed Council to progress the proposed variation to rezone the area from existing 'rural' and 'rural lifestyle' to enable integrated urban development as swiftly as possible, whilst still allowing community consultation. A focus of the variation was to encourage the creation of the types of housing currently in short supply in the Whakatipu basin, namely homes suitable for older households, smaller households, and lower and lower-middle income households.

In November 2022, Council began the formal community consultation process on a proposed variation to the Proposed District Plan, requiring most new residential subdivisions and developments to pay an 'affordable housing financial contribution', with funds collected by Council and distributed to Queenstown Lakes Community Housing Trust (QLCHT) or another registered Community Housing Provider, providing them with an ongoing funding stream to provide access to affordable housing. The proposed Plan Change will support access to affordable housing for low to moderate income earners, helping to attract and retain skilled workers in the district. It will also support people to stay within Queenstown Lakes, rather than living further afield in cheaper locations and commuting long distances to work.

Since 2003, Council has successfully used inclusionary housing as a way of securing affordable housing contributions from developers on a case-by-case basis, with the proposed rules aimed to formalise this requirement and provide more certainty that the construction of affordable housing will continue. Council progressed that process in February this year, notifying a further round of submissions and outlining next steps. Access to affordable housing remains one of the biggest challenges currently faced by the district's communities and the proposed plan change is a proactive move to support low-to-moderate income earners, helping to attract and retain skilled workers.

Council took several steps to assist in tackling the local affordable housing issues, including supporting the Queenstown Lakes Community Housing Trust (QLCHT) to access much needed development opportunities. Back in 2019, Council agreed to transfer 3.7ha of land at Jopp Street, Arrowtown to the QLCHT for \$1 to enable its Tewa Banks development of 68 affordable homes, held under a mixed tenure of housing programmes, such as the Secure Home and Rent Saver products. The QLCHT successfully applied to the Ministry of Housing and Urban Development for an interest free loan, which was subject to resolution of an encumbrance issue as the land had been endowed to Council for the purpose of public utility.

In February 2023, Council was able to remove the encumbrance, instead negotiating a more enabling covenant and gave the green light to QLCHT to progress.

May of this year saw Council publish its first draft of the Joint Housing Action Plan (JHAP)⁵ for community feedback. Identified as a priority initiative in the Queenstown Lakes Spatial Plan by the Grow Well Whaiora partnership, the draft plan proposed nine solutions for tackling the district's housing challenges in both the short and long term. It is encouraging that the outcomes in the draft plan demonstrate the commitment from Council's central government partners including Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development and Kāinga Ora, alongside Kāi Tahu and QLCHT.

Another positive outcome to support the provision of affordable housing was Council's successful application to central government's Infrastructure Acceleration Fund. Council sought \$24M for critical water infrastructure in Hāwea, including a new water management programme installing around 900 smart meters to help address water demand challenges. It also included the construction of a new wastewater pipeline connecting to the Project Pure wastewater treatment plant that supports a more resilient network. It is expected these IAF-funded infrastructure projects will significantly enable affordable housing for the community.

However, planning for growth and the ability for our district to grow well is not just about ensuring sufficient capacity for affordable housing. It is also about ensuring our townships and neighbourhoods remain connected communities. Over many decades, Queenstown Lakes has welcomed waves of migrants from different parts of the world, as well as from all over Aotearoa New Zealand, producing diverse and vibrant local communities. Council recognises the importance of celebrating the broad range of people who have chosen to make this special place their home and in June 2021 joined the Welcoming Communities programme funded by central government. Whilst developing a welcoming communities plan remains work in progress, Council announced the establishment of two Welcoming Communities Advisory Groups (one in Queenstown-Whakatipu and the other in Wānaka-Upper Clutha). Made up of local representatives, these groups provide important leadership and advice on the development of the plan to ensure consistency across the district⁶.

Community events remained a cherished part of community life, notably the return of the New Year's Eve celebrations run by Council at Queenstown and Wānaka lakefronts. After a year off due to COVID-19 restrictions, it was fantastic to see locals and visitors alike ringing in the new year in a safe and family-friendly environment.

Autumn also saw the return of the popular Summerdaze events series with Rainbow Runs in Wānaka and Frankton to officially launch the programme for 2022-2023. Aimed at encouraging locals and visitors to come together and enjoy the summer months, Summerdaze ran until April and included a mix of events such as waterfront games, the pop-up library, and the ever-popular teddy bears' picnic. In partnership with Sport Central, Council took the fun along to other events with a trailer full of zorbs, inflatables, and games for all ages.

Libraries throughout the district continue to offer a wide variety of services to the community and visitors. The passionate team invest a lot of time and resource to facilitate a broad programme of events that caters to many different needs. The ever-popular Wriggle & Rhyme programme for parents and babies aged 0-2 is a great development opportunity, while programmes such as reading to dogs and the after-school LEGO® club for older children remains incredibly well attended. Reaching so many audiences with diverse programming such as the social English conversation group for non-English speakers to practice the language, the Autism support group, and te reo Māori storytime, the libraries have continued to develop new and engaging activities throughout the year. In August, the team sought community input to a special project to establish a world languages book collection.

⁵ At the time of preparing this report the draft Joint Housing Action Plan has subsequently been endorsed by Council

⁶ Information about the Welcoming Communities programme

The project stemmed from work the library team had been doing over several years to help the Japanese Family Society of Queenstown make its large collection of books more accessible to others. This important project has created a sense of belonging and connection through a celebration of language and culture. November saw the launch of an exciting new district-wide early learning literacy reading programme called 1,000 Books Before School. The goal of the programme is for families, educators, babies, and toddlers to begin reading together from an early age and to read 1,000 books before the child begins primary school. The programme has been very successful and will continue into the future.

Council employees, our front-line customer service, libraries, and sport and recreation staff, have again unfortunately had to endure some unpleasant behaviour from a minority in the community. There has been some aggression in opposition to Council's inclusive approach to embrace and reflect diversity in the community, whether that's the increasing use of bi-lingual signage and documentation to reflect te ao Māori and the use of te reo Māori, hosting events that celebrate the rainbow community, or multi-cultural events. Council cares about its whole community by supporting inclusion for our locals, visitors and employees so that everybody knows they can engage with Council in a meaningful and safe way.

Without a doubt, disrespectful and bullying behaviour is never OK and is not tolerated towards our employees. Council welcomes informed, reasonable, and respectful engagement and wants to thank community members who continue to engage with Council constructively.

In Council's sport and recreation facilities, the global sensation that is Pickleball made its mark. Earlier in 2023, the floor of Queenstown Events Centre's indoor stadium was sanded, re-marked and re-stained to include the specific court markings for pickleball, alongside the traditional sports enjoyed there such as volleyball, basketball, and badminton. The Wānaka Recreation Centre also officially opened a new play space with 130 people attending for the event. The project was a combined effort including QLDC Libraries, M!NT Trust, Wānaka Community Workshop MenShed and Mount Aspiring College's Students in the Community. It houses a Lilliput library, a sheltered reading area, and games such as table tennis. The Wānaka Recreation Centre also opened its new cricket nets in November, with new four-bay nets thanks to a partnership with Luggate Albion Cricket Club to help develop and grow the sport in the Upper Clutha. This was timed just ahead of the international cricket fixtures returning to the Sir John Davies Oval in Frankton. The Oval played host to the White Ferns vs. Bangladesh in December, and later in April the Blackcaps took on Sri Lanka for the T20, alongside many other domestic matches.

Like many organisations, Council's sport and recreation team were challenged by staffing issues during the last year with Alpine Aqualand closed at weekends for a brief period in Autumn. It is always a difficult decision, and not one taken lightly, to close a community facility, especially one of our pools, acknowledging that swimming is such an essential life skill. Council is grateful to everyone for their patience through this period and was delighted to be able to offer free hydroslide rides on the weekend the facility reopened.

The Council's commitment to its Climate & Biodiversity Plan has continued to be a defining driver across Council activities. Council has continued to invest in the conversion of its fleet to electric vehicles and installing chargers for them. Council partnered with Wao⁷ to launch a Food Resilience Project investigating and mapping out the strengths, opportunities, and vulnerabilities of our local food system. The project involved historical research, a community survey with 750 responses, a wide range of stakeholder interviews, research into international and national network models, and a hui of the district's food-system stakeholders. The report⁸ into phase one of the project was released and provides several interesting findings and insights. Other activities have included supporting and promoting composting week, plastic-free initiatives, and a waste free Christmas campaign.

In June, Council and its partner Scope Resources took the district another step forward on its environmental protection journey thanks to the successful application for a Unique Emissions Factor (UEF). The successful UEF application means the Victoria Flats landfill can now apply its own emissions factor when calculating its greenhouse gas emissions surrender obligation to the New Zealand Emissions Trading Scheme (NZETS) for the 2022 calendar year. This means the community will be saved from large waste disposal fee increases thanks to the new UEF. Council was able to track its greenhouse gases accurately using landfill gas capture and destruction systems, which provided concrete data to support the successful application. This information helps ensure Council is playing its part to protect the environment while demonstrating that it's paying a fair share for the environmental cost of Council activities.

One important milestone was Council's endorsement of the Destination Management Plan at the beginning of 2023. Developed by Destination Queenstown and Lake Wānaka Tourism in conjunction with QLDC, the plan⁹ is called 'Travel into a thriving future' and commits to decarbonising the tourism industry to carbon zero by 2030. It sets out to ensure that tourism supports a thriving community both environmentally, socially, culturally, and economically.

⁷ www.wao.co.nz

⁸ www.wao.co.nz/food-resilience?mc_cid=3ed8ca02c5&mc_eid=46e348d113

⁹ www.queenstownnz.co.nz/regenerative-tourism-2030

This was a significant message from Council to its community about its commitment to addressing and adapting to climate change and recognising the impact the tourism industry can make in reducing the negative effects of emissions.

For many, adaptation starts at home with the waste we produce. Council's annual waste minimisation funding round once again contributed towards waste reduction initiatives in the district, awarding \$122,000 to projects in July 2023. Grants come from the QLDC Waste Minimisation Community Fund, to increase the level of support for community-led waste minimisation initiatives that move the district towards achieving its ambition to be a sustainable, zero-waste district. Of 21 applications, 11 were successful including a bank of reusable nappies to be used by families in the Glenorchy area, and a pilot scheme by Wastebusters to rebrand and sell surplus uniforms¹⁰. The 2023 round of funding applications was launched in April with a funding pool of \$50,000 available for community projects that encourage enduring change in behaviour, and up to \$10,000 for commercial waste minimisation or resource recovery projects.

2022-2023 continued to see Council adversely affected by building defect claims. Many New Zealanders will be familiar with the term, "leaky buildings" which affected some properties built between the late 1980s and mid-2000s. Recent case law in Aotearoa New Zealand provides examples where developers, builders and other groups who were responsible for designing and constructing the buildings in question have often been wound up or declared bankrupt. Council has, in recent years, experienced an increase in the number of claims against it by property owners relating to weather tightness and other building defects; and a material increase in the operational expenditure by Council to defend and resolve such claims. Council's overriding objective continues to be to resolve such claims while minimising the financial impact on ratepayers now and in the future. Claims in the last financial year and the cost to defend them has impacted Council debt levels, the wider capital investment programme, and ultimately, ratepayers.

For legal reasons, Council is unable to disclose amounts relating to specific claims, however, coupled with the increase in servicing and repaying debt, Council must acknowledge the significance of

these claims and the need to respond to them. In June 2023, Council adopted its 2023-2024 Annual Plan as one of the last decisions of the financial year, confirming that these settlements have led to higher borrowings and higher interest costs. Council has continued to vigorously defend these types of claims and lobby for a change to the legal framework that exposes ratepayers to speculative claims with the risk of inequitable financial outcomes. However, pressure to meet these costs will impact Council's ability to deliver on the capital investment programme at the current pace, with several projects likely to be deferred as a result in the upcoming Long Term Plan.

2022-2023 has been a year with many challenges, but also with many successes. Several significant projects or project phases have successfully concluded, whilst other exciting new projects were initiated. As mentioned earlier, it is noteworthy that 2022-2023 was the year in which Council delivered its highest ever capital investment programme with an investment of more than \$180M across the district, despite many constraints such as staffing, sourcing materials, and contractor capacity.

Some of these projects have spanned multiple years and have challenged many due to roadworks, delays, or disruptions. Thank you to everyone for your patience and allowing Council to deliver these valuable improvements for the benefit of all our local communities.

Finally, I would like to acknowledge the elected members for both Council and the Wānaka-Upper Clutha Community Board and the contribution they make as representatives and decision-makers, and the ongoing commitment and dedication of all employees across every team at Queenstown Lakes District Council who continue to deliver outstanding service to our district's communities.



Mike Theelen
Chief Executive
Queenstown Lakes District Council

¹⁰ Full list of recipients available here: www.qldc.govt.nz/2022/july/22-07-18-qldc-gives-122-000-to-waste-minimisation-projects

Population data

USUALLY RESIDENT POPULATION

Usually Resident Population	2023	2033	2043	2053
Wānaka-Upper Clutha	17,819	22,230	26,336	30,252
Queenstown-Whakatipu	22,211	28,354	34,072	39,524
Arrowtown-Kawarau	11,993	13,052	14,038	14,978
Whole District	52,022	63,636	74,446	84,753

AVERAGE DAY POPULATION

Average Day Population	2023	2033	2043	2053
Wānaka-Upper Clutha	22,542	30,454	36,095	41,475
Queenstown-Whakatipu	34,724	47,776	56,029	63,892
Arrowtown-Kawarau	14,655	16,835	18,062	19,236
Whole District	71,921	95,065	110,185	124,602

The average day population for the district is expected to increase from an estimated 71,921 people in 2023 to an estimated 95,065 in 2033. This is a growth rate of 2.8% per annum. This consists of residents and visitors of all types.

Of the average day population, around 72% is the usually resident population. Approximately 43% of these residents will live in the Queenstown-Whakatipu ward, 34% in the Wānaka-Upper Clutha ward and 23% in the Arrowtown-Kawarau ward.

PEAK DAY POPULATION

Peak Day Population	2023	2033	2043	2053
Wānaka-Upper Clutha	36,572	51,695	60,515	68,926
Queenstown-Whakatipu	56,040	79,462	92,648	105,191
Arrowtown-Kawarau	22,179	26,766	28,502	30,184
Whole District	114,791	157,923	181,664	204,301

The peak day population for the district is expected to increase from an estimated 114,791 people in 2023 to an estimated 157,923 in 2033. This is a growth rate of 3.2% 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 Three Waters infrastructure is able to cope with peak activity.

AVERAGE DAY POPULATION

Average Day Population	2023	2033
Usually Resident Population	52,022	63,636
Total Visitor	19,899	31,429
Average Day Total	71,921	95,065

PEAK DAY POPULATION

Peak Day Population	2023	2033
Usually Resident Population	52,022	63,636
Total Visitor	62,769	94,287
Peak Day Total	114,791	157,923

Our elected members



Mayor
Glyn Lewers



Deputy Mayor
Quentin Smith



Councillor
Niki Gladding



Councillor
Esther Whitehead



Councillor
Matt Wong



Councillor
Gavin Bartlett



Councillor
Craig 'Ferg' Ferguson



Councillor
Lisa Guy



Councillor
Melissa White



Councillor
Barry Bruce



Councillor
Lyal Cocks



Councillor
Cody Tucker



Wānaka community board | Te Poari Hapori ki Wānaka



Chairperson
Simon Telfer



Deputy Chair
Chris Hadfield



John Wellington



Linda Joll



Councillor
Barry Bruce



Councillor
Lyal Cocks



Councillor
Cody Tucker



Management group



Mike Theelen,
Chief Executive



Meaghan Miller,
General Manager,
Corporate Services



Stewart Burns,
General Manager, Assurance,
Finance and Risk



Dave Wallace,
General Manager, Planning
and Development



Tony Avery,
General Manager, Property
and Infrastructure



Ken Bailey,
General Manager,
Community Services



Michelle Morss,
General Manager,
Strategy and Policy

Governance report

Role of council

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

- > formulating the district's strategic direction
- > managing principal risks facing the district
- > administering various regulations and upholding the law
- > ensuring the integrity of management control systems
- > safeguarding the public interest
- > ensuring effective succession of elected members
- > reporting to ratepayers.

Council operations

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

Council committees

In addition to full Council meetings approximately every six weeks, Council has four standing committees and various other committees to monitor and assist in the effective delivery of Council's specific responsibilities. The current committee structure and meeting cycle was adopted by Council in December 2022.

Council committees include:

- > Audit, Finance and Risk Committee | Te Komiti Ahumoni i Tūraru
- > Planning and Strategy Committee | Te Komiti Whakarite Rautaki Mahere
- > Infrastructure Committee | Te Komiti Hakaka
- > Community and Services Committee | Te Komiti Hapori
- > District Licensing Committee
- > Chief Executive Performance Review Committee
- > Governance Subcommittee | Te Komiti Kāwanataka

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.

Community board

The Wānaka-Upper Clutha community board | Te Poari Hapori ki Wānaka is QLDC's only Community Board. It 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-Upper Clutha Community Board is to represent and act as an advocate for the Upper Clutha community. Council has given delegations to the Wānaka-Upper Clutha Community Board to make decisions on many of the facilities and services located within the Wānaka-Upper Clutha ward.

Audit

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



Division of responsibility between Council and management

Key to the efficient running of QLDC is the clear division between the role of elected members and that of management. Council concentrates on setting policy and strategic direction, while management is concerned with providing policy advice to inform Council's decision-making, implementing policy and strategy, and monitoring these approaches. Council's regulatory function, in adherence to legislation must maintain an appropriate separation from political influence, however management reports to Council and the community against a suite of Key Performance Indicators (KPI's) in terms of its performance of these activities. Both Council and management have indicated their responsibility with their signing of the Statement of Compliance and Responsibility on page 21 of this report.



Risk management

The Council established an Audit, Finance and Risk Committee in November 2013 that is comprised of both Councillors and independent external members. The Audit, Finance and Risk Committee endorsed a new Risk Management Framework in 2019, which included a new QLDC Risk Management Policy, new online risk management system and updated 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 compliance management culture across all management and governance tiers is maintained.

Council is making strong progress with regards to its risk management maturity and is in the process of leveraging its risk management system to support compliance management.

Independent feedback on the Council's progress was provided by the Office of the Auditor-General Tumuaki o te Mana Arotake in a report on local government risk management practices that was presented to parliament in early 2022. QLDC was one of four councils who were selected as case studies for this investigation. The report provides a comprehensive overview of risk management best practice across the local government sector with QLDC receiving positive feedback for its approach to risk management.



Legislative compliance

As a regulatory body Council administers various regulations and laws. As part of its Risk and Compliance function, Council is in the process of developing systems and processes that will be consistent with ISO37301 'Compliance management systems'. Council's Risk and Compliance team is working closely with its in-house legal team to support legislative compliance and to document compliance obligations and associated controls. The Council currently employs two risk and compliance staff and six staff lawyers.




Relationship with Māori – Tākata Whenua

Maintaining and cultivating Council's relationship with Māori is an important commitment.

The district is part of the Kāi Tahu Iwi, straddling both the Murihiku and Ōtākou rohe. Council continues to develop relationships with both te ao Mārama and Aukaha representing local rūnaka. These are essential and genuine partnerships that Council values.

At a practical level, Council endeavors to seek early input from both organisations into important planning, policy, cultural and environmental matters, and they are important and respected partners of the Queenstown Lakes Spatial Plan Steering Group.



They also provide valuable guidance on many cultural and design matters that influence aspects of Council's work such as parks and the Queenstown streetscape upgrades.

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

In the last year, Council has continued to focus on staff development to develop a great understanding and application of te reo Māori and tikaka Māori. New in-person and online development opportunities have, and continue to be, rolled out for staff.

Te reo is increasingly seen as a core part of Council communications, signage and in venues and facilities, and is encouraged in both spoken and written form.

Many meetings include the use of karakia or mihi mihi, and resources are available for staff that wish to develop their use of te reo further. A good example of integration is the Whare Mahana Luggate Memorial Centre which recently formally opened and has fully bilingual signage throughout the building. The same approach is being adopted with the recently named Paetara Aspiring Central (with Paetara being the te reo name gifted by Kāi Tahu).

Council has implemented quarterly hui with its iwi partners to enable a regular opportunity for all parties to share information, key priorities and discuss programmes of work, and to ensure alignment. Seen as a measure of success for all parties, the kanohi ki te kanohi (face to face) protocol hui involving Council's executive leadership team is a key activity in honouring the partnership with mana whenua and all Māori in the district.

QLDC financial results at a glance 2022/23



Statement of financial performance

QLDC recorded a deficit of \$53.8M for the financial year. This is well down from the \$65.8M surplus recorded last year, and the \$96.1M surplus budgeted.

A large defective building claim settlement was the main reason for the deficit. The settlement was funded by debt which resulted in increased annual borrowing costs for the year.

Excluding the impact of the settlement results in a normal operating surplus of \$46.2M, and is \$49.9M below the budgeted surplus of \$96.1M.

Revenue was over budget by 2.0% or \$5.3M, and expenditure excluding the settlement was over by 17.9% or \$34.0M mainly due to variances in depreciation of \$11.8M, interest costs of \$7.5M, and other expenses of \$14.7M. An explanation of costs is provided on page 19.

Other gains were \$22.1M below budget. Surplus property sales including Commonage and Lakeview were planned but are behind schedule. The commonage is expected to go on the market within the year. The \$4.0M actual balance in other gains represents net unrealised gains as a result of positive valuation movements for investment property and interest rate swaps.

The following major items contributed to the favourable revenue variance of \$5.3M.

- > Operational income was \$6.6M over budget, with \$2.7M of unbudgeted forestry income (which was offset by \$2.7M of unbudgeted felling costs), \$1.5M over budget for turnover based rents and sports and recreation revenue as a result of a better than expected pandemic recovery. Consent income was \$1.2M over budget due to the continued growth in the construction industry, and operational grants revenue \$0.8M over budget due to a government grant.
- > Development contributions were \$3.7M lower than expected at \$17.5M for the year. This revenue stream depends on the timing of the completion and size of developments in the district.
- > Capital grants revenue was \$18.7M below budget due to the timing of the Arterial and Queenstown Street upgrade capex projects. The grants revenue for these two projects is received from the government on a monthly basis as the construction is completed.
- > There was an increase in vested asset income which created a favourable variance of \$19.8M. 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.

The major remaining operational cost variances are as follows:

- > Interest expense for the year was \$7.5M greater than budget. This is a result of higher interest rates with the rise in the official cash rate, increased borrowings for the leaky building claim settlement, and the timing of some capital works.
- > Depreciation expense was higher than budget by \$11.8M, largely as a result of a flow on effect of the prior year's increase in valuations for infrastructure assets for both Three Waters and roading assets.

Other expenses were \$14.7M above budget.


Legal costs associated with weather tightness were \$2.0M above budget, and an associated \$0.3M increase in the leaky building loss provision.

There were \$2.5M above budget costs for asbestos removal/demolition works at the Lakeview Development.

Coronet forestry felling continued longer than expected. This year saw unbudgeted costs of \$2.6M which was fully offset by unbudgeted forestry revenue of \$2.6M.

There were \$1.9M higher salary and wage contract costs, \$0.9M within consents, which was fully offset by labour recoveries and \$0.7M additional costs to cover budgeted staff vacancies.

Electricity costs were \$1.0M more than budgeted due to significant rises in prices and network costs. Insurance costs were \$0.8M over budget due to higher asset valuations for Three Waters and roading assets.



Statement of financial position


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

- > \$501.1M above budget for fixed assets largely due to movements in infrastructure values as a result of infrastructure revaluations with a \$337.8M increase in 2021-2022, and a \$142.2M increase for 2022-2023.
- > For 2022-2023 Three Waters asset values increased by \$101.0M, and roading asset values increased by \$41.2M. Overall capital expenditure was \$179.4M, up \$19.0M on the prior year's spend of \$160.4M, although \$17.0M was below the estimate for the financial year ending 30 June 2023.
- > Borrowings are \$110.9M above forecast. Total debt as at 30 June 2023 is \$526.7M compared to a forecast of \$415.8M mainly as a result of the large leaky building settlement which was not fully budgeted.



Statement of changes in equity

Accumulated differences between actual and budgeted net surpluses as described above, as well as the impact of infrastructure asset revaluations and increased borrowings, has resulted in an equity variance of \$431.3M above forecast.



Statement of cash flows

The budget variations explained above contribute to budget variations in the Statement of Cash Flows. Cash payments for the purchase of property, plant and equipment (i.e. capital expenditure) were \$29.7M below estimate. Net borrowings were around \$148.3M more than expected. Cashflows from operating activities were \$161.1M above budget due to the large leaky building settlement, and higher than budgeted costs and lower than budgeted revenue (excluding non cash items such as vested assets).

Contact us

| Whakapā mai

QUEENSTOWN OFFICE

10 Gorge Road
Queenstown
P: +64 3 441 0499

E: services@qldc.govt.nz

W: www.qldc.govt.nz

AUDITORS

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

WĀNAKA OFFICE

47 Ardmore Street
Wānaka
P: +64 3 443 0024

[facebook.com/QLDCinfo](https://www.facebook.com/QLDCinfo)
twitter.com/QueenstownLakes
[instagram.com/queenstownlakes](https://www.instagram.com/queenstownlakes)

SISTER CITY

Aspen, Colorado, USA
(Queenstown)

Private Bag 50072
Queenstown 9348
New Zealand

QUEENSTOWN AIRPORT CORPORATION*

PO Box 2641, Queenstown, 9349
P: +64 3 450 9031

* A Council-controlled trading
organisation

FRIENDSHIP CITY

Hangzhou, China

Statement of compliance and responsibility



Compliance

The Council and management of Queenstown Lakes District Council confirm that all the statutory requirements of Schedule 10 Part 3 of 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 2023 fairly present the financial position and operations of Queenstown Lakes District Council and Group.

A white ink signature of Glyn Lewers, written in a cursive style.

GLYN LEWERS
Mayor
Queenstown Lakes District Council

A white ink signature of Mike Theelen, written in a cursive style.

MIKE THEELEN
Chief Executive
Queenstown Lakes District Council



Section 02: Statement of service performance

Wāhaka 2: Te tauākī ā kā ratoka kaunihera



Vision Beyond 2050

Vision statement and community outcomes

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

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

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

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

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

Thriving people | Whakapuāwai Hapori

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



COMMUNITY OUTCOMES

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.

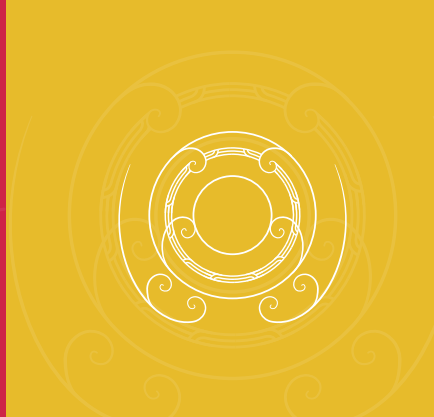
Everyone can find a healthy home in a place they choose to be.

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

Our doors and minds are open; everybody is warmly welcomed.

Living Te Ao Māori | Whakatinana i te ao Māori

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



COMMUNITY OUTCOMES

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.



COMMUNITY OUTCOMES

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

| Whakaohooho Auahataka

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



COMMUNITY OUTCOMES

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 guardianship.



COMMUNITY OUTCOMES

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

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

Our waterways and lakes are drinkable.

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.



COMMUNITY OUTCOMES

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.



COMMUNITY OUTCOMES

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 tahi tātou katoa

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



COMMUNITY OUTCOMES

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.

Key strategies

Spatial Plan

The first Spatial Plan for the district was adopted by Council on 29 July 2021 and endorsed by the Grow Well Whaiora Partnership Governance Group on 22 September 2021 (commonly referred to as Spatial Plan Gen 1.0). The purpose of the Spatial Plan is to create a well functioning urban environment; it is wider than just land use planning as it also influences policy development and investment. The Spatial Plan is a vision and framework for how and where the communities of the Queenstown Lakes District can 'Grow Well'. It also guides decisions and investment across local, regional and central government.

The three principles underpinning the Spatial Plan are:

- > Hauora | Wellbeing
- > Aumangea | Resilience
- > Whakauku | Sustainability

The Spatial Plan's five outcomes and 22 priority initiatives were developed taking Vision Beyond 2050 and the 2021-2031 Long Term Plan community outcomes into consideration. The Spatial Plan also includes Kāi Tahu Outcomes.

The five outcomes in the Spatial Plan are:

- > consolidated growth and more housing choice
- > public transport, walking and cycling is the preferred option for daily travel
- > a sustainable tourism system
- > well-designed neighbourhoods that provide for everyday needs
- > a diverse economy where everyone can thrive.

Climate and Biodiversity Plan

On 30 June 2022, Council adopted the 2022-2025 Climate and Biodiversity Plan | Te Mahere Āhuarangi me te Rereka Rauropi that sets out how the district will respond to climate and ecological emergencies over the next three years.

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

A major strategic shift in the plan was to ensure that an equal focus was directed towards biodiversity protection as well as climate action. Reducing carbon emissions, adapting to a changing climate and restoring indigenous biodiversity needs to be approached in an integrated and holistic way. The plan attempts to do this with 70 actions spread across six outcome areas relating to leadership, transport, buildings and infrastructure, communities, economy and the natural environment. The 2022-2025 plan represents a step change in the ambition and scope of the previous 2019-2022 Climate Action Plan. To help deliver this, Council committed an additional \$420,000 to the plan's actions through the 2022-2023 Annual Plan process.

The 2022-2025 Climate and Biodiversity Plan supports the following Vision Beyond 2050 outcomes:

- > Deafening dawn chorus
- > Disaster defying resilience
- > Zero carbon communities

The plan supports these outcomes through the following goals:

- > Biodiversity - The mauri (life force or essence) of our ecosystems is protected and restored. Indigenous biodiversity is regenerated.
- > Adaptation - Queenstown Lakes is a place that is ready and prepared to adapt to a changing climate.
- > Mitigation - Our district reduces its greenhouse gas emissions by 44% by 2030* and achieves net-zero greenhouse gas emissions by 2050.

**Against a 2019 baseline and aligned with the 1.5 degree science-based target pathway outlined in the 2020 Emissions Reduction Roadmap.*

Financial Strategy and Infrastructure Strategy

The Financial Strategy and the Infrastructure Strategy are key to Council's planning and reporting. They are aligned to provide strategic direction and context for planning and lay the foundations that support prudent financial management and efficient asset management over the long-term. Both strategies are integral to the way we work. The Financial Strategy describes the challenges that will impact the district over the 2021-2031 Long Term Plan, and how the Council will respond in a responsible and affordable way. The Financial Strategy aims to achieve the following:

- > a prioritised capital programme, delivering the 'right' projects:
 - in order to achieve compliance with water supply and wastewater services within statutory timeframes
 - ahead of growth so that development is supported in appropriate areas, as identified in the Spatial Plan
- > a QLDC visitor levy introduced within four years as an alternative funding method
- > rates increases set at maximum of 9% gross (6% net) per annum (subject to changes in growth forecasts)
- > debt levels maintained at affordable levels, within borrowing limits
- > debt levels at the end of the 2021-2031 Long Term Plan period stabilised, with sufficient headroom to provide financing flexibility for future councils.

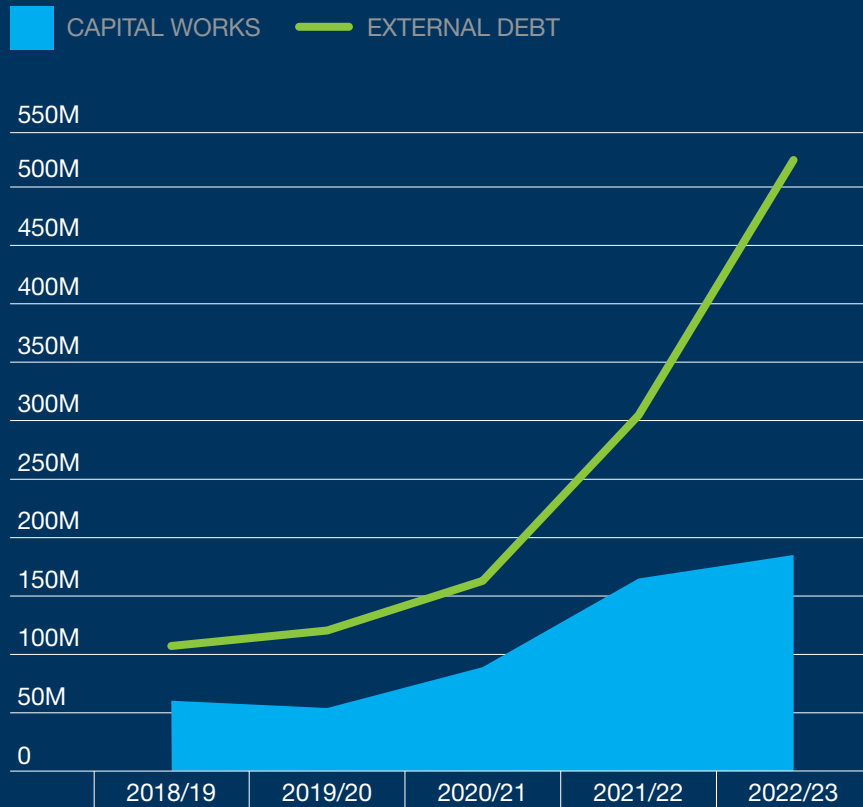
The Infrastructure Strategy details the challenges that will impact the district over the next 30 years (2021- 2051), as they relate to transport, water, wastewater, stormwater and solid waste. By covering 30 years the Infrastructure Strategy aims to accommodate both the needs of current and future generations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

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

REPORTING BACK ON FINANCIAL STRATEGY

The graph below shows that the actual spend on capital projects has increased in recent years. This has been due to some large projects including the Queenstown Arterial and Street Upgrades (CIP funded), Lakeview Development as well as upgrades in Three Waters infrastructure. The capital works result for 2022-2023 was \$10.4M short of (FY22 \$86.9M below) the original 2021-2031 Long Term Plan budget for 2022-2023. This is due primarily to the deliberate re-programming of the Three Waters capital programme. Gross debt (excludes cash on hand) has increased from \$303.6M to \$526.7M due to capex spend which is funded by debt, and also due to the large leaky building claim settlement.

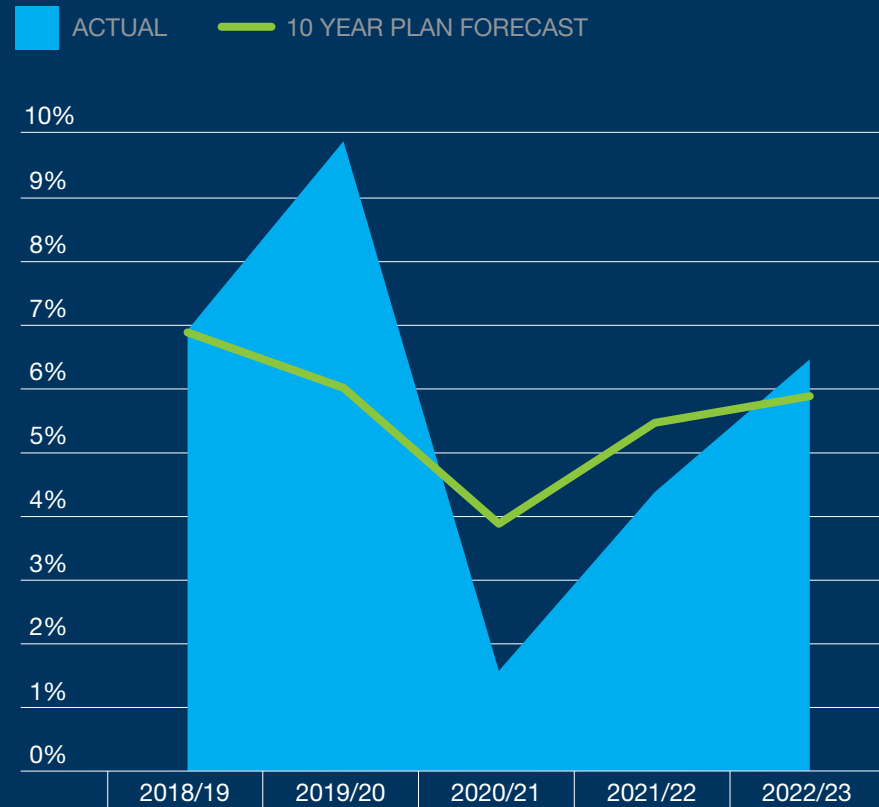
EXTERNAL DEBT VS CAPTIAL WORKS



RATES

The graph below shows the actual rates increase over the past five years compared to the increases forecast in the 2021-2031 Long Term Plan. The total rates for 2022-2023 are higher than forecast mainly due to additional cost as a result of inflationary pressure and increasing interest rates.

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



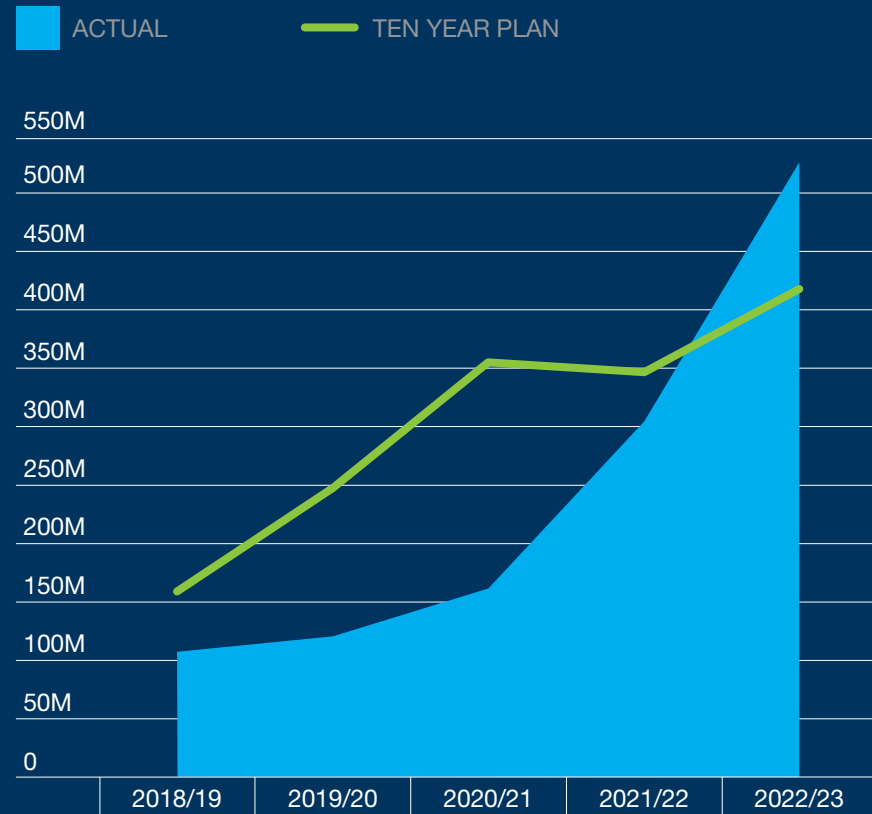
DEBT LEVELS

In order to deliver the large capital programme included in the 2021-2031 Long Term Plans, the Council will need to rely on borrowing. Council has spent a considerable amount of time and effort working through the capital programme to ensure it is affordable and deliverable. The actual net debt (includes cash on hand) as at 30 June 2023 was \$525.4M; this is \$240.1M more than June 2022, and \$109.6M more than forecast in the 2021-2031 Long Term Plan. Debt is within Council's borrowing limits, although it is higher than forecast due to the large leaky building settlement and the increased debt due to capital programme funding. This has resulted in higher interest costs coupled with the impact of increasing interest rates.

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

Council's Borrowing Limits	Actual 2020/21	Actual 2021/22	Actual 2022/23	Forecast 2022/23
Interest Expense/ Rates < 30%	5.8%	6.1%	17.5%	10.4%
Interest Expense/ Total Revenue < 20%	3.2%	3.0%	8.8%	4.9%
Net Debt/Total Revenue < 280%	100.3%	149.2%	253.4%	189.5%

EXTERNAL DEBT (000s)



CAPITAL WORKS 2022-2023

Notable infrastructure projects that have been substantially advanced or completed during the 2022-2023 financial year:

Project	Cost at Year End 2023 (\$)
Queenstown Town Centre Arterials - Crown Investment Partner Stage 1	35,150,589
Queenstown Street Upgrades - Crown Investment Partner	26,540,922
Project Pure Upgrade	14,113,165
Purchase of Mount Iron Reserve Land	7,599,032
Lakeview Development Road & Public Realm	7,054,936
Western Wānaka Level of Service	4,006,293
Whakatipu - Road to Zero Minor Improvement Programme Low Cost Low Risk	3,458,341
Lakeview Development - Transportation	3,428,368
Beacon Point New Reservoir	3,313,670
Shotover Country New Water Treatment Plant	3,228,817
Lakeview Ancillary - Thompson St upgrade	3,197,792
Marine Parade Upgrade - Parks	2,854,703
Wānaka Lakefront Development Plan	2,491,663
North Wānaka Conveyance	2,466,230
Paetara Aspiring Central (Mitre 10 Youth Community Centre)	2,015,224
Lakeview Ancillary Brunswick St Retaining Wall	1,890,069
Glenorchy Reservoir upgrade	1,756,443
Albert Town Reticulation Improvement	1,754,595
Lakeview Storm Water Upgrade	1,710,807
Whakatipu Public Transport Low Cost Low Risk	1,688,937
Whakatipu - Sealed road resurfacing	1,651,285
Water Supply - Renewals - Wānaka	1,650,430
Wastewater - Renewals - Queenstown	1,601,379
Whakatipu - Sealed road pavement rehabilitation	1,581,185
Lakeview Ancillary - Site clearance	1,400,000

Carry-forward projects totalling \$45.46M were approved by the Council in August for completion in 2023-2024 and 2024-2025. Projects in excess of \$500,000 are as follows:

Project	Budget deferred at Year End 2023 (\$)
516 Ladies Mile Community Centre	3,444,999
CBD to Frankton Conveyance (Wastewater)	3,059,291
Mitre 10 Youth & Community Centre	2,083,326
Glenorchy Reservoir upgrade	1,969,898
Lakeview Ancillary - Thompson St upgrade	1,880,684
Wānaka - Road to Zero Minor Improvement Programme Low Cost Low Risk (Transport)	1,871,999
Lakeview Ancillary - Isle Street upgrades	1,739,917
Project Pure Upgrade (Wastewater)	1,591,634
Lakeview Development	1,514,792
Lakeview storm water upgrade	1,495,775
Queenstown Street upgrades - Crown Infrastructure Partners	1,422,530
New Whakatipu Waste Facilities (Waste management)	1,390,455
Kingston Housing Infrastructure Fund New Scheme (Storm water)	1,354,453
Ballantyne Rd Recreation Center - Wastewater site preparation	1,056,902
Beacon Point new reservoir	840,668
Water Sports Facility & Parking - Wānaka	816,815
Wānaka Show Grounds field development	815,486
Frankton Golf Course reconfiguration	800,000
Wānaka - Sealed road pavement rehabilitation	763,524
Wānaka New Waste Facilities (Waste management)	745,918
Glenorchy Carpark & Marina improvements	723,479
Cardrona Water Supply Scheme (Water supply)	671,687
Butlers Green Retaining Wall (Transport)	633,785
Wānaka Pool to School Active Travel (Transport)	551,852
Shotover Country New Water Treatment Plant (Water supply)	549,326
Lake Whakatipu Ferry Inf Improvements	547,676
Kingston Housing Infrastructure Fund new scheme (Wastewater)	532,204
Performing Arts Centre	523,996
Lakeview Development Hay St Upgrade (Transport)	521,487
Wānaka Water Treatment (Water)	505,557

Community services and facilities



Community development

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



THRIVING PEOPLE | WHAKAPUĀWAI HAPORI

People of all ages are able to seek a future here

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

Our doors and minds are open; everybody is warmly welcomed



DISASTER-DEFYING RESILIENCE | HE HAPORI AUMANGEA

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



LIVING TE AO MĀORI | WHAKATINANA | I TE AO MĀORI

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

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



PRIDE IN SHARING OUR PLACES | KIA NOHO TAHI TĀTOU KĀTOA

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

What we deliver

Council supports and delivers key community development initiatives and relationship management across the district. It partners with many organisations and the wider community to develop and deliver an effective strategic approach to community wellbeing. Council funds community groups and activities through in-kind support and grants, which are approved through the Annual Plan and Long Term Plan consultation processes for one-off amounts towards specific projects and activities.

As part of a workforce review, the Community Partnerships Team moved from Corporate Services into the Community Services division in 2022-2023. This allowed the Community Partnerships Team to be more closely aligned to the council's operational delivery of community services, with a focus on working with community partners to develop and deliver an effective strategic approach to community wellbeing in the district.

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

Progress against the 2021-2031 Long Term Plan

- > The Welcoming Communities | Te Waharoa ki ngā Hapori programme ensures positive settlement outcomes for all newcomers. Council completed a stock take report relating to the Welcoming Communities Standard which comprises eight outcomes and 30 sub-outcomes, and hosted multiple community hui to gather feedback on ways to be more welcoming and inclusive. Two local advisory groups of community volunteers (Whakatipu and Upper Clutha) have been established to develop the Welcoming Plan 2023-2026 for our district which is due to be completed by the end of 2023. There has been increased participation of newcomers and ethnic community groups in the district's cultural and social life as they have become more aware of opportunities to access services, venues and funding schemes.
- > In response to growing community accommodation pressures in the lead up to the winter 2023 season, the Council developed Winter Manaaki. This is an online information hub containing links and resources for those affected by the housing crisis. It also includes information for people who want to help, perhaps by offering a spare room or a place to live. This immediate action was part of a wide range of housing solutions presented in the Joint Housing Action Plan, which was endorsed by Council in August 2023.
- > The role of Community Associations Relationship Manager commenced in late 2022 and provides a valuable contribution to Council's community engagement. This role has developed improved communication and connection with community associations across the district, with a focus on building community association capability/capacity, improving community representation, building sustainable and respectful relationships, supporting effective community project management and building community connection and local resilience.
- > The role of Programme Coordinator Wellbeing was partly funded by Te Hau Toka Southern Lakes Wellbeing Group in 2022-2023, with further funding approved for 2023-2024. This role has worked with teams across the council and with community partners to deliver a range of community wellbeing initiatives and events through the Summerdaze and Winterdaze programmes. With a focus on supporting community connection and mental wellbeing (the five ways to wellbeing) this role provides an essential function for enhancing community resilience.
- > In partnership with Three Lakes Cultural Trust, Council has started the development of an Arts, Culture and Heritage Strategy and Action Plan for the district. Arts, culture and heritage have been identified as playing a key role in the Queenstown Lakes District via a number of critical outcomes including social, community, economic and individual. The strategy will focus on enhancing and supporting local culture and creativity, connecting our past, present and future. The final strategy and action plan will be completed by early 2024.
- > The Community Partnerships Team took over delivery of the Responsible Camping Programme in 2022-2023. Council was successful in its application to the Ministry of Business, Innovation and Employment for funding from the Freedom Camping Transition Fund, receiving \$450,000 to deliver a Summer Responsible Camping Programme for 2022-2023. This programme included increased communication resources and monitoring, recruitment of Responsible Camping Ambassadors to provide guidance to visitors on responsible camping behaviour and local information, alongside increased freedom camping enforcement. The programme was successfully delivered over the summer with no significant illegal camping hot spots identified and little visible poor behaviour from campers around the district. Whilst the district has seen an increase in campers this summer, it has not resulted in a return to pre-COVID levels of non-compliance.
- > The annual community funding process was further streamlined and funding was made available for a new Community Funding Advisor role, which will be recruited to in 2023-2024 to support the implementation of a revised community funding and investment approach.

Library services

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:

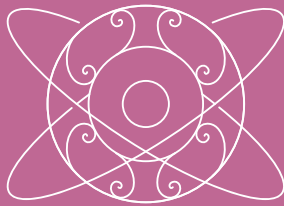


THRIVING PEOPLE | WHAKAPUĀWAI HAPORI

Our doors and minds are open; everybody is warmly welcomed

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



BREATH-taking CREATIVITY | WHAKAOHOHO AUHATAKA

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

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



LIVING TE AO MĀORI | WHAKATINANA I TE AO MĀORI

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

Our kōrero is strong in both Te Reo and English

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

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 network service provides borrowers with free access to all 15 branches across both districts and online services through the library website.

Progress against the 2021-2031 Long Term Plan

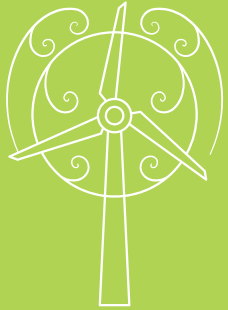
2020-2030 Queenstown Lakes District Council (QLDC) Library Strategy Implementation:

- > QLDC Libraries continue to work in partnership with local iwi and ensure libraries reflect the district's unique culture and heritage. Working with Ngā Manu Hou o Whakatipu, Arrowtown, Frankton and Queenstown, Libraries have delivered monthly preschool te reo story times during the year. Matariki was celebrated with three well attended sessions in each of the three main libraries (Frankton, Queenstown, Wānaka). During the year Wānaka Library hosted a series of 'Campfire Stories: Ngā Kōrero ahi Kōpae o te rohe o Wānaka' discussing Māori history in Upper Clutha, which attracted between 40 to 90 people to each session. Te reo Māori language courses were held for adults at both Frankton and Wānaka libraries. Two of the library team, fluent in te Reo, are involved in the ongoing QLDC workplace Iti Rearea: Internal Cultural Competency Training workshops which provide an environment for learning and sharing te ao Māori. QLDC library's collections reflect an increasing number of books and eResources in te reo Māori as publishers increasingly focus on the language.
- > The QLDC Library Team has worked with the Welcoming Communities team during 2022-2023. This has resulted in increased services and collections which reflect the need for access to world language resources for local communities. Collections in physical and eFormat have been purchased to serve the increasing demand for world languages, including French, Spanish, German, Mandarin, Japanese, Korean, Portuguese, Vietnamese, Scandinavian, Czechoslovakian and Hindi. The self-check kiosks can be accessed in languages other than English and Social English sessions are held for speakers of other languages. Storytimes in languages including French and Spanish have been introduced for younger library visitors. In addition, the World Language Lilliput Collection was launched in March 2023 – a New Zealand first – in conjunction with community partners including Mitre 10 MEGA, Menzshed, the Catalyst Trust and local-migrant artists. It provides a book exchange space in what is now called Lilliput Lane outside Frankton Library.

- > Removing barriers to lending: The fine free initiative for junior members has encouraged increased use of libraries by children and their parents. New junior memberships have increased by 87% this year across the district's libraries – a total of 1,289 new junior members, compared to 690 the previous fine-free annual period. The 1,000 Books Before School literacy programme has also worked to improve access for junior borrowers – a total of 346 children are participating in the programme which encourages reading to, and independent reading by, children of preschool age starting them on the literacy track for life. QLDC Libraries no longer requires temporary residents to have a permanent address to join, enabling them to join free of barriers and charge. Outreach library services to retirement villages and housebound patrons continues across Upper Clutha and Whakatipu.
- > Arrowtown Library's premises were re-painted and re-carpeted during the year. Upgrades to the front desk and children's spaces have created a friendly, open, light, and inviting area with improved collection display and access. Frankton Library lease has been renewed for a further four years, set to expire in December 2027. An additional 58 square metre space adjacent to the existing premises is included in the current lease. A combined area of 616.8 square metres is available for library services, staff workspace and community meeting rooms.
- > Digital services: Digital collections and digital literacy have been a major focus during the 2022-2023 financial year. eLending has increased by 26% compared to the previous year - 99,298 items (eBooks and eAudio) were borrowed over this annual period across Central Otago Queenstown Lakes Libraries, compared to 78,854 eCheckouts in the previous financial year. Community Engagement Librarians have conducted digital drop-ins at all QLDC library branches including rural branches and attracted mostly senior residents, with Glenorchy and Hāwea sessions particularly well attended. Feedback has been consistently excellent on the quality and need for these sessions. ChromeBooks funded by Otago Community Trust and Te Hau Toka have been distributed to libraries and these have assisted with promoting digital skills and literacy to patrons on site. The 'Epic' suite of ePlatforms has increased and includes a selection of recreation, reference, language, science, auto repair, history, poetry and short story, magazines, films and health which are current, relevant, and available to all library members for free. A new digital statistics dashboard tracks use and highlights demand for future acquisition. A monthly digital newsletter is in place and readership has increased to 1,500.
- > Sustainability: The library's sustainability collection is now available on shelves across all branches. This growing collection can be accessed by junior and adult borrowers and has an emphasis on sustainable living, climate control and environmental practices providing current ideas, methods, inspiration, innovation and awareness of national and international trends. In pursuit of improved sustainable practices, libraries are implementing changes to book covering and trialling eco adhesive covers. As of May 2023, all new adult fiction is covered with clear plant-based material. Audio technology advances have resulted in a change to audio collection items this year. Previously, 'kits' (consisting of a book and CD) were available for children to read a book accompanied by audio. These have been replaced with 'VOX' (Voice Operated Exchange) books which have a permanently attached VOX Reader – no need for computers, tablets or CDs – children simply push a button to listen and read. DVD checkouts are declining, a sign of the increasing popularity of free streaming services available via the library website (Beamafilm & Bloomsbury).
- > New membership cards were released in 2023. Eight separate scenes representing each branch of the district are portrayed on the cards including the Remarkables, Queenstown Bay, the historic Kingston Library, Blue Pools, the Wānaka Tree and Lake Hāwea. The library mascot, Kiki the Kea features on the junior card and has been popular with young borrowers.

Parks and open spaces

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



ZERO CARBON COMMUNITIES | PARAKORE HAPORI

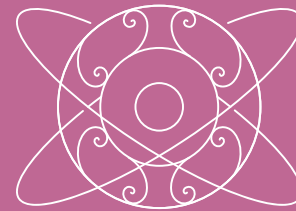
Active travel is an integral part of an accessible and safe network for all of our people



THRIVING PEOPLE | WHAKAPUĀWAI HAPORI

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

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



BREATHTAKING CREATIVITY | WHAKAOHOHO AUAHATAKA

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



DEAFENING DAWN CHORUS | WARAKI

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

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

We set the standard for combating biodiversity loss

What we deliver

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

Progress against the 2021-2031 Long Term Plan

- > In December 2021, QLDC reached an agreement to purchase nearly 100 ha of land around Mount Iron and Little Mount Iron in Wānaka. Council will work closely with the local community, iwi and the Department of Conservation on plans for Mount Iron's long-term future, acting as kaitiaki and holding the land as public reserve in perpetuity on its behalf. On 16 May 2023, Land Information New Zealand (LINZ) issued a new property title for the 100 ha of land around Mount Iron and Little Mount Iron in Wānaka, which means this much-loved landmark is the district's newest Recreation Reserve. Mount Iron is a cherished community asset which is now protected for the enjoyment of generations of locals and visitors to come.
- > The work on Marine Parade to enhance and improve public access and connection between Queenstown's town centre, lakefront, and Te Kararo Queenstown Gardens has been completed. The work included new lawns, drainage, an additional accessible four-bay public toilet, and new furniture. The upgrade has created a premium space for people to gather and enjoy Queenstown's lakefront.
- > The Arrowtown tennis court upgrade has been completed. The final surfacing was laid in 2022 and the courts are now open to be enjoyed by the wider community.
- > Stage Two (of five) of the Wānaka Lakefront Development Plan was constructed. This is the area of lakefront running from the Wānaka-Mt Aspiring Road carpark through to Dungarvon Street and the Wānaka town centre. Stage Two delivered Te Ara Wānaka (a shared pathway) for pedestrians and cyclists, the second stage of the continuous lakefront active travel path, and 114 new car parking spaces along the lakeside of Ardmore Street. This project provides improved land use with the recreational lawn expanded and improved ecology with native planting and trees. The finishing touches are currently being completed including informative signage and installation of the historical tiles alongside the shared pathway.
- > The updated Tree Policy 2022 was adopted in August 2022, with a review of the implementation of the policy due at the end of 2023. Trees are a vital part of our district's long-term health and wellbeing. They provide wildlife habitats, carbon sequestration, shade, and reduce stormwater flows. The Tree Policy provides guidance on planting, maintenance, working around, and removal of trees on council land. It aims to manage trees to meet community aspirations, manage service requests, and provide clear direction for decision making while maintaining consistency in the approaches taken by QLDC, consultants and contractors.
- > Several areas in the Queenstown Lakes District are subject to a total fire ban due to the high fire risk created by dense fire prone vegetation, steep topography, and the values they contain. The Queenstown Red Zone and Mount Iron are recognised nationally as high fire risk areas. QLDC commissioned a report from an external wildfire expert to better understand the threat that wildfires pose to, and from, council administered land. QLDC is assessing the recommendations in the report to understand what is practical and reasonable to implement. This assessment requires a multi-agency partnership between Fire Emergency New Zealand, Emergency Management Otago, QLDC, and other stakeholder groups. A recommendation in the report was to investigate wildfire monitoring systems that uses sensors to monitor heat and smoke to provide warnings of an approaching fire. The council is rolling out a trial of the sensors across Queenstown and Wānaka, these will be in place ahead of the 2023-2024 summer season.

- > The Warren Park Development Plan was adopted by the Community and Services Committee in June 2023. Warren Park is a large flat recreation reserve located alongside Gorge Road in Queenstown. The vision for the future of Warren Park is to create a community park providing a variety of recreation opportunities for residents and visitors, along with showcasing Horne Creek and its natural ecological and cultural connection between the Matakauri Wetlands and Queenstown Bay.
- > The harvest of 172 ha of Douglas fir from the Coronet Forest is now complete. Established over several years between 1984 and 1996, Coronet Forest was a significant seed source, contributing to the wilding pine problem on neighbouring indigenous tussock grassland. QLDC adopted the Coronet Forest Management Plan in August 2017 and began the harvest in January 2020. Planning for the large revegetation programme is underway. The plan is to re-grass the site for two years after harvest to allow any Douglas fir seed to germinate before the site is planted out in natives.
- > Successful noxious weed control continues to be carried out in the Matakauri Wetlands. Extensive helicopter work to control broom and gorse on Pigeon Island and Pig Island in Lake Whakatipu was completed and approximately 1,500 plants were planted. Willow and weed work and 500 plants were planted at the Albert Town Lagoon and an information day was held in conjunction with Otago Regional Council. A lagarosiphon control programme was carried out in Lakes Wānaka and Whakatipu in conjunction with Land Information New Zealand (LINZ).
- > Council continues to be involved in the wilding conifer programmes in the Whakatipu and Upper Clutha districts. The Whakatipu Wilding Control Group received a grant of \$500,000 this year and in-kind support of QLDC staff time, supporting finance, administration and secretary roles.
- > Pest programme rabbit control operations were carried out across the district on council reserves. This included night shooting, fencing, gassing of burrows, and using ferrets to control rabbits.
- > A total of 316 trees were planted throughout the district as part of a tree planting initiative. 145 found their roots in Wānaka while another 158 were established in Whakatipu. This initiative prioritised biodiversity, with a total of 233 native tree species included in the planting.
- > The first year of a proactive and strategic pest plant management plan returned the following results:
 - 120 hours spent removing Old Mans Beard
 - 2,370 kg of wilding pine removed
 - 24,340 kg of broom removed
 - 6,350 kg of buddleia removed
 - 1,810 kg of sycamore removed
 - 6,000 m² of hemlock removed
 - 10 m² of blackberry removed.
- > 3,500 native species were planted in the Upper Clutha, in conjunction with Te Kāhano.
- > Whakatipu Reforestation Trust has four key planting sites on council land and has planted approximately 6,000 plants. A new keystone site was established at Lake Hayes below the pavilion.
- > Upgrades to the Gladstone Track in Hāwea were undertaken as part of the annual renewals programme. Heavy maintenance and repairs were made to the western end. To the east, widening of the existing trail and resurfacing, drainage improvements, culvert replacements and vegetation trimming were undertaken. The trail width now sits between 2.2m and 2.4m. A higher level of service was identified as necessary to acknowledge the importance of this trail to the district and the community. This section is part of Te Araroa Trail.
- > Partnering with Wao Aotearoa has delivered many food sustainability initiatives in the district.
- > Council has 30 active community volunteer agreements to help facilitate and enable communities to carry out activities such as planting, trapping and wilding removal on council owned land across the district. Council also has a new trapping line in Queenstown Gardens.

Sport and recreation facilities

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



THRIVING PEOPLE
WHAKAPUĀWAI HAPORI

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

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

What we deliver

Queenstown Lakes District Council's venues and facilities provide a range of sport, recreation and aquatic opportunities throughout the district. Pool facilities include Alpine Aqualand, Arrowtown Memorial Pool and the Wānaka Recreation Centre. Council also supports the operations of the Glenorchy and Hāwea Flat community pools. The Wānaka Recreation Centre and Queenstown Events Centre also have indoor courts, artificial turfs and outdoor sport fields. At the Queenstown Events Centre (QEC), further facilities include a fitness studio, gym and an indoor climbing wall. Council provides a range of programmes, including swim school, climbing programmes, fitness classes and sports leagues. QLDC also provides a wide range of community centres that offer local communities a space for a variety of activities from boot camps, meetings, sports leagues and other passive and active recreation opportunities. Council's sport and recreation mantra is, "more people, more active, more often".

Progress against the 2021-2031 Long Term Plan

- > Paetara Aspiring Central youth and community centre in the old Mitre 10 building in Wānaka now provides homes for Kahu Youth and Aspiring Gymnastics and provides further indoor courts and training space (due for completion in September 2023).
- > A new artificial turf development was completed at QEC for hockey and football.
- > QLDC began the sports field renovation and upgrade programme for QEC Fields 1a and 1b and McBride Park in Lake Hayes Estate. The upgrades provide improved irrigation, drainage and turf. QEC Fields 1a and 1b are of significant importance to the Queenstown sporting community as they are the only grass fields with lighting. McBride Park was an underutilised park due to its prior substandard condition, but this upgrade will serve the current and future demands for a growing community.
- > Frankton Golf Centre was remodified to allow Waka Kotahi to undertake the upgrade of the State Highway 6/6A Intersection as part of the New Zealand Upgrade programme. Golf has seen a 44% increase in green fees and driving range fees.
- > A draft masterplan for the Ballantyne Road oxidation ponds site in Wānaka has been developed.
- > In partnership with Upper Clutha Cricket Club, QLDC built a 4-bay cricket training net at Wānaka Recreation Centre. In addition to this a play space was created with a few key partners as an informal play space at Wānaka Recreation Centre.
- > Training and game facilities were provided for several international cricket teams during and after the COVID-19 pandemic, including a Blackcaps men's game at QEC in April 2023.

Community facilities and venues

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:

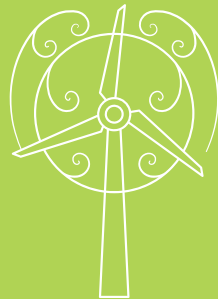


THRIVING PEOPLE | WHAKAPUĀWAI HAPORI

Our doors and minds are open; everybody is warmly welcomed

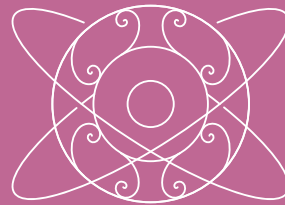
Ours is the most accessible, barrier-free district in Aotearoa New Zealand for all people

People of all ages are able to seek a future here



ZERO CARBON COMMUNITIES | PARAKORE HAPORI

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



BREATHTAKING CREATIVITY | WHAKAOHOHO AUHATAKA

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

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

What we deliver

QLDC's venues provide a range of facilities throughout the district. While size and scale vary, the focus of all community facilities is to support our community with places for passive and active recreation activities and events. Future investment is required to meet community expectations and population growth in new housing areas.

Progress against the 2021-2031 Long Term Plan

- > Council approved the QLDC Community Facility Strategy to enable a strategic view of community facilities across the district.
- > QLDC leased two buildings in Remarkables Park to enable the development of an arts and culture centre (Te Atamira). This has resulted in over 100,000 people visiting the facility over the last year.
- > There were 543,593 visits to QEC and 236,625 visits to Wānaka Recreation Centre in the financial year 2022-2023.
- > Whare Mahana Luggate Memorial Centre, Aotearoa New Zealand's first Passive Haus Community Centre opened to the public and has received several local and national awards.
- > Planning for community facilities in Te Tapuae/the Southern Corridor and Te Pūtahi/Ladies Mile areas has begun and will be finalised once Structure Planning is completed.

HOW MUCH IT COST

Breakdown of service cost

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$265,965,000 (excluding depreciation)

Community services expenditure of 40,954,000



15%

Community Services & Facilities	2022 LTP \$000	2023 LTP \$000	2022 Actual \$000	2023 Actual \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	1,901	2,099	1,916	3,288
Targeted rates	23,534	24,763	24,216	24,888
Subsidies & grants for operating expenditure	331	336	553	570
Fees & charges	10,521	6,921	9,312	9,616
Interest and dividends from investments	-	-	-	7
Fuel tax, fines, infringement fees & other receipts	2,533	3,210	2,180	3,967
Total sources of operating funding	38,820	37,329	38,177	42,337
Applications of operating funding				
Payments to staff and suppliers	30,049	28,069	28,631	34,162
Finance costs	1,323	1,585	1,093	2,471
Internal charges applied	4,827	4,902	4,827	4,322
Other operating funding applications	-	-	-	-
Total applications of operating funding	36,199	34,556	34,551	40,955
Surplus/(deficit) of operating funding	2,621	2,773	3,626	1,382
Sources of capital funding				
Subsidies & grants for capital expenditure	1,963	89	-	879
Development and financial contributions	1,714	3,389	3,439	3,775
Increase/(decrease) in debt	27,787	3,557	5,695	7,451
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	31,464	7,035	9,134	12,105
Applications of capital funding				
Capital expenditure				
- to meet additional demand	6,991	2,370	2,428	4,330
- to replace existing assets	8,463	4,672	7,957	6,445
- to improve the level of service	5,714	3,193	5,324	14,331
Increase/(decrease) in reserves	12,917	(427)	(2,949)	11,619
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	34,085	9,808	12,760	13,488
Surplus/(deficit) of capital funding	(2,621)	(2,773)	(3,626)	(1,382)
Funding balance	-	-	-	-
Significant cost of services variances	Significant capital expenditure		Significant capital expenditure variances	
Fees and charges over budget due to forestry revenue of \$2.7M which was unbudgeted as the felling income offsets with the felling expenditure. Payments to staff and suppliers was \$6.1M over budget with \$2.6M unbudgeted forestry felling costs, \$1.1M due to the workforce review and \$0.9M higher than budget finance costs due to higher than expected interest rates.	\$7.6M actual spend on purchasing Mount Iron Reserve Land, \$2.9M on the Marine Parade Upgrade, \$2.5M on Wānaka Lakefront Development Plan, \$1.1M on Lakeview Rockfall Mitigation, \$0.8M QEC Sports Field Improvements and \$0.6M Lake Hayes Estate Park Improvements.		\$7.6M spend (unbudgeted) on purchasing Mount Iron Reserve Land as the opportunity arose to purchase it.	

How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 2	Annual Result 2021-2022	Annual Result 2022-2023	Commentary
Library circulation per capita (including books, e-books, e-audio and magazines) (based on usually resident population)	32,580 avg per month 390,960 total	Improve year on year	485,907	534,164	QLDC library checkouts between 1 July 2022 and 30 June 2023 totalled a record 534,164 items. This is an increase of 9.9% (+48,257 checkouts) compared to the 2021-2022 year. 2016/17 = 380,540 2019/20 = 390,962 2022/23 = 534,164 2017/18 = 383,749 2020/21 = 489,867 2018/19 = 402,744 2021/22 = 485,907
Percentage of Request For Service resolved within specified timeframe for parks, reserves, trails, gardens and playgrounds	80.6%	>90%	84%	95%	Tree-related requests accounted for nearly 25% of all requests received by the Parks team in 2022-2023. Gardens, parks and reserves followed with approximately 15%. Tracks requests and maintenance requests followed respectively with 10% each. 52 tree removal requests were received.
Total number of gym and pool visits per capita (based on usually resident population)	New measure	Improve year on year	23,564 visits	35,058 visits	The total number of gym and pool visits per capita (based on usually resident population) was 35,058 visits for 2022-2023. A 49% increase on 2021-2022. Per capita has been calculated as visits per 1000 residents.
Percentage of residents who are satisfied with the range of community facilities (pools, sport & recreation facilities, community venues, libraries and parks)	New measure	Improve year on year	71%*	Trails, walkways, cycle ways 86% Parks, reserves, gardens 87% Gym(s) 37% Public toilets 67% Playgrounds 46% Indoor sports facilities 43% Sports grounds 49% Swimming pools 50% Libraries 65% Community halls 44% Community arts centres 31% Museums 29%	These results include residents who may not use these facilities and therefore include a large proportion of results in the 'don't know' category. Satisfaction amongst users was considerably higher, with all facility types between 52% and 88%. Community facilities satisfaction has not been monitored in this way previously.
Percentage of residents who are satisfied with the financial support Council provides for the community	33%	>80%	32%	33%	This result has remained relatively consistent since 2019, with the largest proportion of residents, 34%, in the 'don't know' category. As a result, the 80% target is difficult to achieve. A further 7% of residents thought the amount was too much, and 26% too little.
Percentage of total community grants to total Council operating expenditure excluding depreciation and personnel costs.	0.83%	1.65%	2.08%	1.87%	The amount of grants paid is above the target.
Percentage of capital works completed annually, including renewals, against the 2021-2031 Long Term Plan budget adopted by the Council for community facilities and property	New measure	80%-110%	81%	223.43%	The percentage of capital works is above the target due to spend not budgeted in year two of the 2021-2031 Long Term Plan. This spend mainly relates to the purchase of Mount Iron, Lakeview Rockfall Mitigation, and the Wānaka Lakefront Development Plan.

* Note last year this was asked as one generic question for all community facilities and this year has been split out into facilities.

Environmental management



Queenstown Lakes Spatial Plan

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



DEAFENING DAWN CHORUS | WARAKI

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



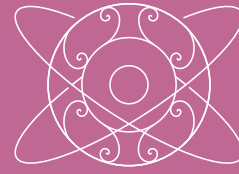
LIVING TE AO MĀORI | WHAKATINANA I TE AO MĀORI

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



THRIVING PEOPLE | WHAKAPUĀWAI HAPORI

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



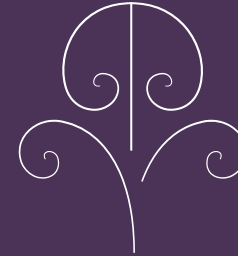
BREATHTAKING CREATIVITY | WHAKAOHOHO AUHATAKA

Our breathtaking landscapes and diverse people attract strong talent and create space for reflection



ZERO CARBON COMMUNITIES | PARAKORE HAPORI

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



OPPORTUNITIES FOR ALL | HE ŌHAKA TAURIKURA

Our economy is strong and diverse with sustainable and inclusive growth



DISASTER-DEFYING RESILIENCE | HE HAPORI AUMANGEA

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

What we deliver

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

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

The Spatial Plan presents information visually and sets out:

- > areas to protect and enhance, such as locations with high natural values and culturally important sites
- > areas subject to constraints to urban development, such as locations at high risk from natural hazards, including climate change
- > the existing and future structure of urban areas, such as where people may live, work and how they get around
- > existing and future infrastructure needs and services
- > priority areas for investment and action
- > other strategically significant priorities.

The Spatial Plan Gen 2.0 is in its early stages of development, and it builds on the earlier work completed in 2021. It will become part of Council's Future Development Strategy, which is a government requirement for all high growth councils in Aotearoa New Zealand.

Progress against the 2021-2031 Long Term Plan

The Grow Well Whaiora Partnership is implementing the 22 priority initiatives of the Spatial Plan and developing the next version (Spatial Plan Gen 2.0) to form part of the Future Development Strategy.

Six priority initiatives chosen by the Partnership Governance Group have been the key areas of focus for 2022-2023 and project updates applicable to the Environmental Management activity are below:

1. Joint Housing Action Plan (JHAP)

- > A joint working group was established consisting of officers from Te Tuapapa Kura Kainga | Ministry of Housing and Urban Development, QLDC, Kainga Ora, and the Queenstown Lakes Community Housing Trust to find solutions and commit to undertaking these together. The draft JHAP was developed, and community feedback was sought between 3 May 2023 – 9 June 2023, with 36 submissions received.
- > Officers conducted a webinar to showcase the housing difficulties in the district and the work undertaken across the Grow Well Whaiora Partnership to address the issues. Key social agencies and the Queenstown Chamber of Commerce were approached to facilitate feedback into the process.

2. Priority Development Areas

- > The Queenstown Lakes Spatial Plan identifies six priority development areas. These are strategically important locations to provide for future growth in a way that will contribute towards achieving the outcomes of the Spatial Plan. The delivery of the Priority Development Areas requires working in partnership with the Grow Well Whaiora Partners, developers and the community to unlock their potential.
- > The key purpose of the structure plans is to provide a concise overview of the timings, dependencies, and types of infrastructure investment (renewal, enhancement, and growth) required and outline funding, timings, and risk/barriers. The plans will also include the social infrastructure needs of each area and ensure the prioritisation of the delivery of affordable housing through a mixture of lot sizes and housing choice.

- > As per the Partnership Steering Group recommendation on 28 November 2022, the Te Tapuae/Southern Corridor is the first Priority Development Area to be structure-planned through this process. Funding has been confirmed through Tranche One of the Three Waters Better Off funding allowing the project to commence at pace. Work undertaken includes information gathering, gap analysis, meetings with key developers and stakeholders, and development of technical documents. This information will input into the key stakeholder co-design workshop, scheduled for late 2023. A draft plan will then be produced for community feedback.
- > Noting that the Te Pūtahi Ladies Mile structure plan process began in August 2020, with the final plan adopted on 30 June 2022. It is currently going through the Streamlined Planning Process.

3. NPS-UD implementation

- > The National Policy Statement – Urban Development (NPS-UD) directs QLDC to enable building heights and housing density commensurate with urban form. The Planning Policy team is currently working on a District Plan Change to give effect to the requirements of Policy 5. At the Council meeting on 1 June 2023, Councillors endorsed the Urban Intensification Variation for notification via Schedule One of the Resource Management Act (RMA). This is an important milestone for the project, which implements priority actions in the Spatial Plan, Climate and Biodiversity Plan, draft JHAP, and the NPS-UD.

4. Mode Shift Plan

- > The Mode Shift Plan titled Better Ways to Go was jointly prepared by QLDC, Otago Regional Council and Waka Kotahi. It was approved by the Way to Go Board on 26 May 2022 and endorsed by the Infrastructure Committee on the 25 August 2022. Its vision is for more people walking, cycling and using public transport in the Queenstown Lakes District. Getting people out of cars is the key to achieving the strategic direction of both the Spatial Plan and the Climate and Biodiversity Plan. Funding for Transport demand management has been partly secured through Tranche One of the Three Waters Better Off funding.

5. Destination Management Plan (see pg. 89)

6. Economic Diversification Strategy (see pg. 89)

Spatial Plan Gen 2.0 (Future Development Strategy)

- > The Spatial Plan Gen 2.0 is being jointly prepared by QLDC and Otago Regional Council. One of the overarching benefits of a Spatial Plan is that it becomes a strategic document that Resource Management Act (RMA) documents (i.e. the District Plan) must have regard to when they are being prepared or changed. The Spatial Plan is also designed to inform other future long-term plans and infrastructure strategies to promote long-term strategic planning and to integrate planning, infrastructure and funding decisions.

Key progress in 2022-2023 includes:

- > Queenstown Lakes District and Otago Regional Councillors have jointly workshopped the Spatial Plan Gen 2.0 draft principles, outcomes and strategies
- > initial Kāi Tahu engagement on Kāi Tahu Values Framework and Kāi Tahu Outcomes and improving visibility of these in the Future Development Strategy (FDS)
- > a call for Urban Growth Sites was launched on the QLDC's Let's Talk engagement platform on 16 June 2023, formally ending on 16 July 2023.

Next steps include:

- > Urban Growth Sites identified as suitable or potentially suitable will undergo a Multi Criteria Assessment aligned to statutory requirements and the draft FDS Strategic Framework
- > development and evaluation of spatial scenarios
- > infrastructure integration and implementation plan
- > community engagement on spatial scenarios
- > FDS drafting and preparation for Special Consultative Procedure.

District Plan

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



DEAFENING DAWN CHORUS | WARAKI

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



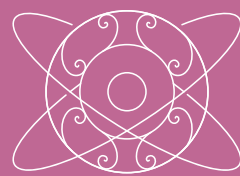
LIVING TE AO MĀORI | WHAKATINANA I TE AO MĀORI

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



THRIVING PEOPLE | WHAKAPUĀWAI HAPORI

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



BREATHTAKING CREATIVITY | WHAKAOHOHO AUHATAKA

Our breathtaking landscapes and diverse people attract strong talent and create space for reflection



ZERO CARBON COMMUNITIES | PARAKORE HAPORI

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



OPPORTUNITIES FOR ALL | HE ŌHAKA TAURIKURA

Our economy is strong and diverse with sustainable and inclusive growth



DISASTER-DEFYING RESILIENCE | HE HAPORI AUMANGEA

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

What we deliver

The District Plan explains how QLDC will manage the environment, in accordance with the requirements of the Resource Management Act 1991. It sets out what activities can be done as of right, what activities resource consents are needed for and how certain activities may be carried out. It also sets out a strategic direction for the district in terms of where and how development should occur.

Progress against the 2021-2031 Long Term Plan

- > A review of the District Plan is being completed in stages by the Planning Policy 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 greater direction and certainty.
 - > Decisions of Council on Stages One, Two and Three of the District Plan review received a substantial number of appeals, many of which have now been resolved through either mediation or Environment Court. For Stage One, 1,124 appeal points are now resolved (57 remaining); for Stage Two, 819 appeal points are now resolved (191 remaining); and for Stage Three, 169 appeal points are now resolved (276 remaining).
- > Plan changes and variations that are currently in progress include the Northlake Private Plan Change to the Operative District Plan (ODP), Inclusionary Housing Variation to the Proposed District Plan (PDP), Te Pūtahi Ladies Mile Variation to the PDP, the Priority Area and Rural Character Landscape Schedule variations to the PDP, and the Urban Intensification Variation to the PDP. Hearings for all except the intensification variation are scheduled within the 2023-2024 financial year.
 - > Background work continued on the assessment of the Gorge Road natural hazard risk.
 - > The planning policy team continued to have direct involvement with the development of wider strategic Council policy, including the Future Development Strategy, Joint Housing Action Plan and implementation of the Climate and Biodiversity Plan. The team is also actively involved with influencing regional policy through submissions on the Otago Regional Policy Statement and working collaboratively with Otago Regional Council on the amendments to the Otago Regional Policy Statement to implement the National Policy Statement on Highly Productive Land.

Climate and Biodiversity Plan

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



DEAFENING DAWN CHORUS | WARAKI

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

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

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



DISASTER-DEFYING RESILIENCE | HE HAPORI AUMANGEA

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

What we deliver

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

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

A major strategic shift in the plan was to ensure that an equal focus was directed towards biodiversity protection as well as climate action. Reducing carbon emissions, adapting to a changing climate and restoring indigenous biodiversity needs to be approached in an integrated and holistic way. The plan attempts to do this with 70 actions spread across six outcome areas relating to leadership, transport, buildings and infrastructure, communities, economy and the natural environment. The 2022-2025 plan represents a step change in the ambition and scope of the previous 2019-2022 Climate Action Plan. To help deliver this, Council committed an additional \$420,000 to the plan's actions through the 2022-2023 Annual Plan process.

Progress against the 2021-2031 Long Term Plan

An ambitious programme of 62 actions were scheduled to commence in the first year (2022-2023) of the Climate and Biodiversity Plan. Council's progress towards this target is as follows:

- > Five actions are complete:
 - 1.1b¹² Council will join a certified carbon reduction programme which includes 2030 emissions reduction targets.
 - 1.5a Conduct a carbon baseline of the 2021-2031 Long Term Plan.
 - 2.1e Support local organisations to run public transport trials in the Upper Clutha

¹² Numbers taken from Queenstown Lakes Climate and Biodiversity Plan 2023-2025, p.44 - 62

- 5.1 Partner with the Regional Tourism Operators to create a Destination Management Plan
 - 4.7 Launch a Queenstown Lakes Food Network that brings together community stakeholders to develop a shared vision of a resilient, low carbon and regenerative local food system.
 - > Two actions have been delayed until year two (2023-2024) due to resourcing or timing constraints:
 - 1.7 Develop a QLDC internship pathway for students to support their career progression into the field of sustainability, biodiversity, or climate action.
 - 4.8 Develop a roadmap of initiatives and funding opportunities to accelerate and scale up community food system projects across the district.
 - > Three actions that were scheduled to start in year two, have commenced early to capitalise on opportunities for partnered delivery. These are:
 - 1.12. Partner with Otago Regional Council on a programme of climate change risk assessments, adaptation plans and natural hazard risk assessment studies.
 - 2.9. Partner with businesses to deliver active travel and shared transport solutions and innovations.
 - 5.2. Implement the actions outlined in the Destination Management Plan.
 - > Of the 55 actions that are in progress the following highlights are noted:
 - 1.14. An Organisation Emissions Reduction Plan (ERP) is under development to evaluate the opportunities for scope 1 and scope 2 emissions reduction within Council operations through to 2030.
 - 1.22. A new website to communicate the progress of the Climate and Biodiversity Plan is nearing completion.
 - 4.6a. A Wildfire Working Group has been established to coordinate several workstreams that focus on public education and risk communication, vegetation management and investment in early warning detection systems.
 - 5.2. Funding and resourcing support has been provided for the Carbon Zero Discussion Paper which was released as an action from the Queenstown Lakes Regenerative Tourism Plan.
 - 6.1. Funding and resourcing support has been provided for an optimal biodiversity mapping project that will help evaluate the impacts of climate change on the restoration of indigenous ecosystems across the district.
 - 6.5. QLDC has commenced work on the Blue-Green Network Plan, which will support the future planning for open space reserves, native vegetation corridors and waterway connections for communities across the district.
- > Further information on action implementation can be found within the Climate and Biodiversity Plan Update reports that are provided to the Audit, Finance & Risk committee.
- > Council support has also been provided to the Queenstown Lakes Climate Reference Group.

Resource consents

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



DEAFENING DAWN CHORUS | WARAKI

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

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

We set the standard for combating biodiversity loss



THRIVING PEOPLE | WHAKAPUĀWAI HAPORI

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

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

What we deliver

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

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

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

Progress against the 2021-2031 Long Term Plan

The resource consents team continues to provide planning leadership to achieve efficient and cost effective resource consenting services for the community, including providing assistance on interdisciplinary QLDC projects and taskforce groups.

HOW MUCH IT COST

Breakdown of service cost

**AS A PERCENTAGE
OF TOTAL EXPENDITURE**Total Operating Expenditure
of \$265,965,000 (excluding
depreciation)Environmental management
expenditure of \$16,984,000**6%**

Environmental Management	2022 LTP \$000	2023 LTP \$000	2022 Actual \$000	2023 Actual \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	-	-	-	-
Targeted rates	5,087	5,010	4,608	3,386
Subsidies & grants for operating expenditure	100	100	323	178
Fees & charges	7,408	8,080	7,124	8,802
Interest and dividends from investments	-	-	-	-
Fuel tax, fines, infringement fees & other receipts	111	115	139	37
Total sources of operating funding	12,706	13,305	12,194	12,404
Applications of operating funding				
Payments to staff and suppliers	11,564	12,063	12,376	12,275
Finance costs	249	301	244	535
Internal charges applied	3,694	3,541	3,694	4,175
Other operating funding applications	-	-	-	-
Total applications of operating funding	15,507	15,905	16,314	16,984
Surplus/(deficit) of operating funding	(2,801)	(2,600)	(4,120)	(4,581)
Sources of capital funding				
Subsidies & grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	2,800	690	2,175	45
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	2,800	690	2,175	45
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)	(1,910)	(1,945)	(4,535)
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	(1)	(1,910)	(1,945)	(4,535)
Surplus/(deficit) of capital funding	2,801	2,600	4,120	4,581
Funding balance	-	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
\$0.7M above budget fees and charges with \$0.5M above budget Engineering Consent labour recoveries. \$0.2M higher payments to staff and suppliers due to higher staff costs associated with higher labour recoveries. \$0.2M above budget interest costs for district planning due to higher than budgeted interest rates.	Not applicable	Not applicable

How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 2	Annual Result 2021-2022	Annual Result 2022-2023	Commentary				
Percentage of resource consents processed within statutory timeframes	82%	100%	81.71%	84%	This year's result saw an improvement on last year with 84% of applications being processed within timeframes. Council formally received 1,068 applications over the year and 1,035 decisions were issued. Over the last three years the number of applications received by council has remained consistently between 1,068 (lowest) and 1,250 (highest). The number of decisions issued has also remained consistent over this period though has been declining each year from 1,263 in 2020-2021 to 1,035 in 2022-2023. The ability to process resource consents within timeframes has continued to be affected by the tight recruitment market (and ability to attract people to the district). The quality of application information has been identified as a contributor to resource consents taking longer to issue. QLDC is working on systems to improve application content by providing more guidance to the community regarding what is required and improved application vetting processes to improve the quality of applications lodged with the council. Work is also progressing to amend in-house processes to improve overall efficiency and effectiveness.				
Compliance with two year timeframe of notification to decision, in accordance with clause 10 of Section 1 of the RMA	New measure	Full compliance	Full compliance	Full compliance	All decisions to the District Plan were made within two years of notification as required by the Resource Management Act.				
The carbon budgets for QLDC's direct emissions set in the Emission Reduction Roadmap have been met	New measure baseline – (2019) 2,992 tCO ₂ e	<2,485 tCO ₂ e	2,315.49 tCO ₂ e (unaudited)	2,941.10 tCO ₂ e (estimate)	<p>The quality of emissions data has significantly improved since the carbon budget targets in the 2020 Emissions Reduction Roadmap meaning that the Long Term Plan KPI targets and the 2019 emissions baseline are now out of date.</p> <p>For the purposes of providing indicative emissions reduction progress we have presented council's scope one and two greenhouse gas emissions (i.e. direct energy emissions only, excluding wastewater and refrigerants) between the following annual periods:</p> <table border="0"> <tr> <td>July 2021 – June 2022</td> <td>2,315.49 t CO₂e (unaudited)</td> </tr> <tr> <td>July 2022 – June 2023</td> <td>2,941.10 t CO₂e (estimate)</td> </tr> </table> <p>Increase 625.61 tCO₂e (27%)</p> <p>Based on this methodology there has been an estimated 27% increase in scope one and two emissions between the 2021-2022 and 2022-2023 periods. This increase is largely being driven by:</p> <ul style="list-style-type: none"> > Increase in Liquefied Petroleum Gas (LPG) demand to heat swimming pools – caused by increased demand following COVID-19 restrictions and the reopening of the hydro-slide in July 2022 following repairs. > Increase in electricity – caused by increased demand on water services and sport and recreation centres. <p>Council has recently received its Toitū Envirocare CarbonReduce certification, which involves annual third-party auditing of council's annual emissions inventory (scope one, two and three) as well as its tracking towards emission reduction targets. Looking ahead, this independent verification audit will be utilised to verify council's performance in pursuit of its emissions reduction targets.</p>	July 2021 – June 2022	2,315.49 t CO ₂ e (unaudited)	July 2022 – June 2023	2,941.10 t CO ₂ e (estimate)
July 2021 – June 2022	2,315.49 t CO ₂ e (unaudited)								
July 2022 – June 2023	2,941.10 t CO ₂ e (estimate)								

Regulatory functions and services



Building services

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



DEAFENING DAWN CHORUS | WARAKI

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

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

We set the standard for combating biodiversity loss



THRIVING PEOPLE | WHAKAPUĀWAI HAPORI

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

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

What we deliver

The Building Services Team is responsible for ensuring buildings are constructed in a safe manner and all aspects of the building code and the Building Act 2004 are complied with. This is achieved through the consenting and compliance process. Council employs internal staff and external contractors to ensure this is delivered efficiently and effectively. This includes processing approximately 1,700 residential and commercial building consents (with a built value of over \$1bn) and undertaking 16,000 inspections annually. For financial year 2022-2023, QLDC ranked fourth in Aotearoa New Zealand for the total value of building consents issued and fifth for number of building consents issued. The Building Services team is also responsible for ensuring all public buildings are safe and sanitary for occupancy. This is achieved by administering and ensuring compliance with the Building Warrant of Fitness scheme. Building work is regulated to ensure the health and safety of people and sustainability in design and construction methods.

Progress against the 2021-2031 Long Term Plan

In financial year 2022-2023, 609 building consents were processed, which is a historically low number. 97% of building consents were processed within the 20-day statutory timeframe. Interest rate rises and the increasing cost of building could see this reduction in consent applications continue. Built value continues to exceed \$1bn. However, 19,500 building inspections took place during the same year, which is a record high number. It is expected that this figure will reduce over time as inspection numbers naturally follow consent numbers.

Regulatory and enforcement

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



DEAFENING DAWN CHORUS | WARAKI

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

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

We set the standard for combating biodiversity loss



PRIDE IN SHARING OUR PLACES | KIA NOHO TAHI TĀTOU KĀTOA

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

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



THRIVING PEOPLE | WHAKAPUĀWAI HAPORI

Our doors and minds are open; everybody is warmly welcomed

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

What we deliver

Resource consent monitoring

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

Freedom camping

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

Bylaw enforcement and complaint response

This involves the monitoring, enforcement, and complaint response to Requests for Service regarding 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. Most complaints are regarding stereo noise and associated people noise, with people noise deemed a police matter.

Parking

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

Responding to complaints takes place 24 hours a day, seven days a week.

Alcohol licensing

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

Litter

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

Waterways

Council provides a range of recreational boating facilities so that the community can safely use waterways for recreation and commercial activity. This includes a waterways regulatory service (harbourmasters) to enforce bylaws and regulations to promote water safety regulations and enforce bylaws. 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 2021-2031 Long Term Plan

A review of the Alcohol Restrictions in Public Places Bylaw and Activities in Public Places Bylaw were completed during financial year 2022-2023. While outside this period, both updated bylaws were adopted by Council in August 2023. Review of the Brothels Bylaw and Navigation Safety Bylaw is underway.

HOW MUCH IT COST

Breakdown of service cost

**AS A PERCENTAGE
OF TOTAL EXPENDITURE**Total Operating Expenditure
of \$265,965,000 (excluding
depreciation)Regulatory functions and services
expenditure of \$118,202,000**44%**

Regulatory Functions and Services	2022 LTP \$000	2023 LTP \$000	2022 Actual \$000	2023 Actual \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	-	-	-	-
Targeted rates	3,803	3,694	2,330	3,940
Subsidies & grants for operating expenditure	-	-	-	-
Fees & charges	7,812	8,299	8,001	9,625
Interest and dividends from investments	-	-	-	-
Fuel tax, fines, infringement fees & other receipts	2,798	3,163	1,392	3,087
Total sources of operating funding	14,413	15,156	11,723	16,652
Applications of operating funding				
Payments to staff and suppliers	9,503	10,224	12,605	112,806
Finance costs	6	7	4	33
Internal charges applied	5,106	5,116	5,106	5,363
Other operating funding applications	-	-	-	-
Total applications of operating funding	14,615	15,347	17,715	118,202
Surplus/(deficit) of operating funding	(202)	(191)	(5,992)	(101,550)
Sources of capital funding				
Subsidies & grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	53	- 1	22	(30)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	53	(1)	22	(30)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	-	16	188
- to replace existing assets	-	-	57	660
- to improve the level of service	78	27	86	482
Increase/(decrease) in reserves	(227)	(219)	(6,130)	(102,910)
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	(149)	(192)	(5,970)	(101,580)
Surplus/(deficit) of capital funding	202	191	5,992	101,550
Funding balance	-	-	-	-
Significant cost of services variances	Significant capital expenditure		Significant capital expenditure variances	
\$1.3M above budget for fees and charges due to \$0.9M greater than budget received from legal road closure property sale. \$0.7M below budget for fuel tax, fines, infringement fees and other receipts due to \$0.6M below budget in traffic, parking and campervan infringements, and \$0.3M below budget due to lower Shotover Jet concessions due to COVID recovery assumptions. \$102.6M above budget for payments to staff and suppliers due to the leaky building settlement, and \$2.0M greater than budgeted weather tightness legal fee costs.	Not applicable		Not applicable	



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 2	Annual Result 2021-2022	Annual Result 2022-2023	Commentary
Resource Consents listed as 'priority' in the Monitoring Strategy are pro-actively monitored	100%	100%	100%	100%	Monitoring is undertaken in accordance with the Monitoring Strategy. The result was 100% monitored for the year. Following consents being processed and issued by the Planning Team, consents identified as priority in accordance with the Monitoring Strategy have been monitored by the Monitoring and Enforcement Team.
Every food business that is due an audit is audited within the statutory timeframes (according to the Food Act 2014)	44%	100%	61.08%	81.8%	Data records the number of businesses that have been audited in the statutory time frame excluding any audits that were not completed due to notifications from the business. These notifications include requests for changes to the audit appointment and changes to the food registration. The number of food operators registered with QLDC continues to increase. This along with higher workloads and difficulties in recruitment continue to have an impact on the KPI results. Priority is given to businesses with higher risk.
Number of Request For Service freedom camping complaints	120	Improve on the previous year	42	98	There were 98 complaints about freedom camper non-compliance. Most were already on our regularly patrolled areas and issued a ticket. Whilst we saw an increase in campers this summer, this did not result in a return to pre-COVID levels of non-compliance. No significant illegal camping hot spots were identified during the summer and overall, behaviour from campers around the district was good. Both the Enforcement Team and the Responsible Camping Team expected the return of campers this season and were prepared to respond to the increased demand. The main complaints received were regarding signage, with some signs going missing and needing replacement. Some community members also requested additional signs be installed to make it more obvious where campers are not permitted to stay. The Responsible Camping Ambassadors were able to quickly respond to these requests. It is anticipated that freedom camping numbers will increase further for the 2023-2024 summer season.
Percentage of building consents processed within statutory timeframes	98%	100%	96.80%	97%	The target of 100% of building consents to be processed within the 20-day statutory timeframe was not achieved in 2022-2023. This was due to resource issues and one particularly high month of consents due to changes in insulation requirements. These changes prompted an unusually high level of applications submitted in May 2023 to avoid higher costs of compliance with the new insulation requirements. The team has been working through this influx of building consent applications and that has affected overall timeframes.

Infrastructure





About Infrastructure

What we deliver

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

- > Water supply
- > Stormwater
- > Wastewater
- > Waste minimisation and management
- > Transport, including roading, parking and footpaths.

These subsections describe what has been delivered, progress in these areas against the Long Term Plan, Financial Statements and KPI reporting.



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 2	Annual Result 2021-2022	Annual Result 2022-2023	Commentary
Percentage of capital works completed annually, including renewals, against the 2021-2031 Long Term Plan budget adopted by the Council for three waters, waste management and roading	82%	100%	69%	88.53%	This target was not achieved. Significant work on projects including Queenstown Arterials and Street Upgrades (CIP funded), Lakeview Development as well as upgrades in Three Waters infrastructure including Project Pure in Wānaka has been undertaken.
Percentage of external contractor and internal Requests For Service (RFS) resolved within specified timeframe (three waters, solid waste, roading)	Three Waters 94%	>95%	Three Waters 95%	Three Waters 73.8%	73.8% of Three Waters RFS were resolved on time in 2022-2023. There were 2,991 requests received in total for Three Waters, of which 783 were overdue. The number of requests received in 2022-2023 was significantly higher than 2021-2022. This year's performance represents a decline over the previous year and does not achieve the target set. This has been a primary focus of the contract team and recent response rates are improving and tracking back towards target.
	Solid Waste 76%		Solid Waste 98%	Solid Waste 97.4%	97.4% of solid waste related RFS were resolved on time in 2022-2023. There were 3,966 requests received in total for solid waste, of which 102 were overdue. This year's performance is in line with the previous year and achieved the target set.
	Roading 83%		Roading 86%	Roading 87.4%	87.4% of roading RFS were resolved on time in 2022-2023. There were 2,071 requests received in total for roading, of which 261 were overdue. This year's performance is in line with the previous year and failed to achieve the target set. A larger than expected volume of requests, paired with staff availability and a system changeover have contributed to missing the annual target.

Water supply



Water supply

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



DEAFENING DAWN CHORUS WARAKI

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

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

We set the standard for combating biodiversity loss



DISASTER-DEFYING RESILIENCE HE HAPORI AUMANGEA

Our infrastructure is as resilient as our people

What we deliver

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

The transfer of three waters is planned for no later than 1 July 2026 as part of the Three Waters Reform Programme.

Progress against the 2021-2031 Long Term Plan

> Wānaka water supply:

- Work on holistically planning upgrades across Wānaka continued through 2022-2023.
- The contract for the construction of a new reservoir at Beacon Point has been awarded and construction is underway.
- Timing for treatment plant upgrades and associated reticulation upgrades will be confirmed through the 2024-2034 Long Term Plan planning process.
- The project to achieve suitable water supply pressure for areas of western Wānaka is complete.

> Whakatipu water supply:

- The new intake and treatment plant at Shotover Country is nearing completion and will be functional in September 2023, supplying Lake Hayes Estate, Shotover Country, Frankton, Kelvin Heights, Quail Rise and through to Hanleys Farm.
- Planning continues on the new treatment plant to supply Fernhill, Queenstown and along Frankton Road. Timing of upgrades will be confirmed through the 2024-2034 Long Term Plan planning process.

- > The design phase for the Luggate water supply upgrades has been completed, with construction deferred to 2027-2028.
- > The design for the new Glenorchy reservoir is complete, the construction contract has been awarded and construction work is underway. Work continues on the treatment plant design with construction deferred to 2025-2026. At this point, further design work for the water bore is on hold and timing will be confirmed through the 2024-2034 Long Term Plan planning process.
- > The water supply design for Kingston is complete and ready for construction, but further work is on hold due to the projected cost escalation for the construction phases, with work underway to understand how the additional cost can be funded.
- > QLDC is working with a major developer in Cardrona to deliver a compliant water treatment plant. The design of the water treatment plant is complete and construction has begun. QLDC is delivering the reticulation to allow supply to the wider community and design is currently being finalised.

HOW MUCH IT COST

Breakdown of service cost

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$265,965,000 (excluding depreciation)

Water supply expenditure of \$12,812,000

5%

Water Supply	2022 LTP \$000	2023 LTP \$000	2022 Actual \$000	2023 Actual \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	44	-	44	-
Targeted rates	10,253	11,732	10,144	10,975
Subsidies & grants for operating expenditure	-	-	-	200
Fees & charges	85	69	107	44
Interest and dividends from investments	-	-	-	-
Fuel tax, fines, infringement fees & other receipts	-	-	-	-
Total sources of operating funding	10,382	11,801	10,295	11,219
Applications of operating funding				
Payments to staff and suppliers	5,652	6,625	6,148	9,472
Finance costs	1,923	2,709	1,007	2,161
Internal charges applied	1,018	1,005	1,018	1,180
Other operating funding applications	-	-	-	-
Total applications of operating funding	8,593	10,339	8,173	12,812
Surplus/(deficit) of operating funding	1,789	1,462	2,122	(1,593)
Sources of capital funding				
Subsidies & grants for capital expenditure	6,650	4,607	-	-
Development and financial contributions	4,695	5,913	4,044	4,253
Increase/(decrease) in debt	38,175	20,125	8,155	12,608
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	49,520	30,645	12,199	16,861
Applications of capital funding				
Capital expenditure				
- to meet additional demand	23,820	20,789	6,672	9,916
- to replace existing assets	5,556	3,681	6,866	5,161
- to improve the level of service	22,943	19,653	13,944	8,101
Increase/(decrease) in reserves	(1,010)	(12,016)	(13,160)	(7,910)
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	51,309	32,107	14,321	15,268
Surplus/(deficit) of capital funding	(1,789)	(1,462)	(2,122)	1,593
Funding balance	-	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
\$2.8M above budget for payments to staff and suppliers due to \$2.7M above budget spend for water maintenance contract costs. \$0.5M below budget for finance costs due to timing of capital expenditure spend due to deferrals of projects. \$1.7M below budget for development and financial contributions due to timing and size of developments that bring rise to these.	Actuals of \$4.0M for Western Wānaka Level of Service, \$3.3M for Beacon Point new reservoir, \$3.2M for Shotover Country New Water Treatment Plant, \$1.8M for Albert Town Reticulation Improvement, \$1.8M for Glenorchy Reservoir Upgrade, \$1.7M for Water Supply Renewals in Wānaka.	Budget of \$6.5M with \$0.1M spend for Beacon Point Intake and Rising Main, budget of \$6.7M for Cardrona Water Supply Scheme with \$0.4M of actuals, \$6.2M budget for Wānaka Water Treatment with \$0.7M of actuals, \$4.0M budget for BP Roundabout Kawarau Bridge Retic with \$0.2M actuals, and \$3.3M budget with \$NIL spend for Fernhill Reservoir Access.



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 2	Annual Result 2021-2022	Annual Result 2022-2023	Commentary
Average consumption of water per person per day	515 litres on average per person per day	<505L	441L	508L	508 litres of water were consumed on average per person per day for the 2022-2023 financial year. This represents a decline on the past year but continues to show a long-term improvement on historical usage. The result narrowly misses the target set.
Compliance of each municipal water supply with the New Zealand Drinking Water Standards for protecting public health, specifically:					The compliance status of each water supply is summarised below: <ul style="list-style-type: none"> > Arrowtown - Fully compliant > Arthurs Point - Fully compliant > Glenorchy - Non-compliant for protozoa and insufficient contact time > Queenstown* - Non-compliant for protozoal treatment and contact time > Hāwea - Fully compliant > Lake Hayes - Fully compliant > Luggate - Non-compliant for protozoal treatment and insufficient contact time > Wānaka Airport - Non-compliant for protozoal treatment > Wānaka - Non-compliant for protozoal treatment > Corbridge - Non-compliant for protozoal treatment Changes to the drinking water standards have meant that several plants that were previously able to demonstrate bacterial compliance are now unable to.
Bacteriological compliance	93%	100%	100%	55%	
Protozoal compliance	14%	>50%	11%	40%	
Percentage of water lost from each municipal water reticulation network	33%	<30% overall	25%	32%	Target narrowly missed across the year, but largely consistent with longer term trends.

* See Subsequent Events on page 161

KPIs	Baseline Performance at 30 June 2020	Target Yr 2	Annual Result 2021-2022	Annual Result 2022-2023	Commentary
Median response time to attend to urgent and non-urgent issues resulting from municipal water reticulation network faults and unplanned interruptions a) between the time of notification and the time when service personnel reach the site	Urgent 26 mins	Urgent <60 minutes	Urgent 24 minutes	Urgent 38 minutes	The median response time to attend a site for urgent issues was 38 minutes for 2022-2023. There were 186 urgent requests raised in the period. This achieved the target set.
	Non-urgent 1,101 mins	Non-urgent <1,440 mins (1 day)	Non-urgent 994 minutes	Non-urgent 975 minutes	The median response time to attend a site for non-urgent issues was 975 minutes for 2022-2023. There were 1,381 non-urgent requests raised in the period. This achieved the target set.
Median response time to attend to urgent and non-urgent issues resulting from municipal water reticulation network faults and unplanned interruptions b) between the time of notification and resolution of the blockage or other fault	Urgent 407 mins	Urgent < 1,440 mins (1 day)	Urgent 210 minutes	Urgent 869 minutes	The median response time for resolving urgent issues was 869 minutes for 2022-2023. This achieved the target set.
	Non-urgent 3,185 mins	Non-urgent <10,080 mins (7 days)	Non-urgent 3,139 minutes	Non-urgent 4,428 minutes	The median response time for resolving non-urgent issues was 4,428 minutes for 2022-2023. This is well within the target set.
<i>Number of complaints per 1000 connections to a public water reticulation network about</i>					All categories met the annual target and were mostly consistent with the previous year's results.
The clarity of drinking water	0	<4	1.05	0.48	
The taste of drinking water	0	<4	0.2	0.1	
The odour of drinking water	0.04	<4	0.07	0	
The pressure or flow of drinking water	2.06	<4	3.46	3.56	
The continuity of supply of drinking water	2.22	<4	2.65	2.97	
The way in which a local government organisation responds to issues with a water supply	0	<2	0	0	

Wastewater



Wastewater

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



DEAFENING DAWN CHORUS WARAKI

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

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

We set the standard for combating biodiversity loss



DISASTER-DEFYING RESILIENCE HE HAPORI AUMANGEA

Our infrastructure is as resilient as our people

What we deliver

QLDC is responsible for the collection, transfer, treatment and disposal of the district's wastewater and trade waste. Wastewater and trade waste are discharged from properties into a network of gravity and pressure pipelines, which take the wastewater to the treatment plant. QLDC oversees approximately 485km of wastewater mains, 71 pump stations and four treatment plants serving approximately 29,900 demand units that between them discharge a total of approximately 13,400 cubic metres of wastewater per day. This includes the larger plants, namely Project Pure (wastewater treatment and disposal to land at Wānaka) and Project Shotover (wastewater treatment and disposal to land). Wastewater is due to be transferred as part of the Three Waters Reform Programme.

Progress against the 2021-2031 Long Term Plan

- > Consenting of trade waste discharges commenced in 2021 following the adoption of the Integrated Three Waters Bylaw. To date, 268 consents have been granted, which represents 33.5% of identified businesses. QLDC's trade waste officer is continuing to drive for new applications, utilising these engagements with businesses as opportunities to educate around how they can best protect the QLDC infrastructure and the environment.
- > Wānaka wastewater:
 - Project Pure (Wānaka wastewater treatment plant) upgrade - construction is well underway and on track for completion in December 2023, increasing the capacity and resilience of the plant.
 - North Wānaka wastewater – this project increases network resilience and capacity and diverts significant wastewater away from the lake. The pipeline element is nearing completion, but delays to the design and consenting process for the pumpstation means projected completion date is yet to be confirmed.
- > Queenstown wastewater:
 - The Project Shotover (Whakatipu wastewater treatment plant) upgrade construction contract has been awarded and works began in June 2023. This upgrade increases the level of treatment achieved by the plant as well as the capacity.
 - The Queenstown Town Centre to Frankton sewer upgrade has continued through the business case and design phase, including a successful track surface reinstatement consultation. The timing of the construction works for the main upgrade will be confirmed through the 2024-2034 Long Term Plan planning process.
 - Marine Parade wastewater pump station works deferred to 2028-2029.
- > Kingston wastewater design is approaching the final stages of design, with further work currently on hold due to the projected cost escalation for the construction phases. Work is underway to better understand how the additional cost can be funded.

HOW MUCH IT COST

Breakdown of service cost

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$265,965,000 (excluding depreciation)

Wastewater expenditure of \$15,866,000

6%

Wastewater	2022 LTP \$000	2023 LTP \$000	2022 Actual \$000	2023 Actual \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	115	108	116	169
Targeted rates	14,673	16,594	14,642	15,664
Subsidies & grants for operating expenditure	-	-	-	-
Fees & charges	343	358	109	279
Interest and dividends from investments	-	-	-	-
Fuel tax, fines, infringement fees & other receipts	-	-	-	4
Total sources of operating funding	15,131	17,060	14,867	16,115
Applications of operating funding				
Payments to staff and suppliers	8,447	9,300	8,255	9,745
Finance costs	2,872	3,495	2,038	4,451
Internal charges applied	1,520	1,501	1,520	1,670
Other operating funding applications	-	-	-	-
Total applications of operating funding	12,839	14,296	11,813	15,866
Surplus/(deficit) of operating funding	2,292	2,764	3,054	249
Sources of capital funding				
Subsidies & grants for capital expenditure	-	-	-	-
Development and financial contributions	3,624	6,091	4,679	5,638
Increase/(decrease) in debt	37,729	9,039	15,492	11,484
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	41,353	15,130	20,171	17,122
Applications of capital funding				
Capital expenditure				
- to meet additional demand	30,018	14,541	8,375	6,443
- to replace existing assets	3,736	5,752	5,273	5,121
- to improve the level of service	15,164	14,243	14,232	15,102
Increase/(decrease) in reserves	(5,273)	(16,642)	(4,655)	(9,294)
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	43,645	17,894	23,225	17,371
Surplus/(deficit) of capital funding	(2,292)	(2,764)	(3,054)	(249)
Funding balance	-	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
\$0.4M over budget for payments to staff and suppliers due to \$0.5M higher than budgeted water maintenance contract costs. Finance costs \$1.0M were above budget due to higher than expected interest rates.	Actuals of \$14.1M on Project Pure Upgrade, \$2.4M on North Wānaka Conveyance, \$1.6M on Wastewater Renewals, \$1.3M on Upper Clutha Conveyance Scheme, \$1.2M on Project Shotover Plant Upgrade, and \$0.8M on Lakeview Development Wastewater Servicing.	\$10.4M budget for Upper Clutha Conveyance Scheme with \$1.3M actuals, \$8.3M budget for CBD to Frankton Conveyance with \$0.5M actuals, \$4.4M budget for Project Pure Upgrade with \$14.1M actuals, \$2.4M budget for Kingston Housing Infrastructure Fund (HIF) New Scheme with \$0.4M actuals.



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 2	Annual Result 2021-2022	Annual Result 2022-2023	Commentary
Median response time to attend to sewerage overflows resulting from blockages or other faults of a municipal sewerage system a) between the time of notification and the time when service personnel reach the site	17.5 mins	<60 minutes	26 minutes	22.5 minutes	The median response time to attend a site for wastewater overflows was 22.5 minutes for 2022-2023 and achieved the target set.
Median response time to attend to sewerage overflows resulting from blockages or other faults of a municipal sewerage system b) between the time of notification and resolution of the blockage or other fault	121 mins	<240 minutes	113 minutes	196.5 minutes	The median response time to resolve wastewater overflows was 196.5 minutes for 2022-2023 and achieved the target set. There were 64 wastewater overflows recorded.
Annual number of dry weather overflows from a municipal sewerage system per 1000 sewerage connections	1.66	<3	1.72	2.03	There were 2.03 dry weather overflows per 1,000 sewerage connections for the 2022-2023 period. This achieved the target set.
Compliance with resource consents for discharge to air, land, or water from a municipal sewerage system, measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) successful prosecutions	87%	100%	85%	85%	QLDC broadly complied with resource consents this year. There were no new enforcement actions for wastewater compliance. However, there are two existing abatement notices on two separate wastewater treatment plants in the district. There are currently 13 active discharge consents, and 11 of these were compliant in the reporting period. > Abatement notice EN.RMA.20.0037 for the Hāwea wastewater treatment plant (WWTP). > Abatement notice EN.RMA.21.0025 for the Shotover wastewater treatment plant (WWTP).
<i>Number of complaints per 1000 properties connected to a municipal sewerage system about: reticulation network about</i>					All categories met the annual target.
Odour	0.04	<5	1.34	1.22	
Faults	3.16	<5	3.06	3.22	
Blockages	2.25	<5	1.44	1.4	
The territorial authority's response to issues with its sewerage system.	0	<2	0	0	

Stormwater



Stormwater

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



DEAFENING DAWN CHORUS WARAKI

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

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

We set the standard for combating biodiversity loss



DISASTER-DEFYING RESILIENCE HE HAPORI AUMANGEA

Our infrastructure is as resilient as our people

What we deliver

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

The future delivery of stormwater will be impacted by the Three Waters Reform Programme.

Progress against the 2021-2031 Long Term Plan

> Wānaka:

- Phase one of the Aubrey Road catchment stormwater upgrades at the junction of Aubrey and Anderson Roads is being delivered through a joint venture with a developer and alongside the active travel and junction upgrades. The timing of the other phases will be confirmed through the 2024-2034 Long Term Plan planning process.
- Stone Street stormwater upgrades – design was complete in 2022-2023, but with significant cost escalations further work was put on hold to verify the efficacy of the solution. This work and further options analysis will be completed through 2023-2024 and the timing of construction will be confirmed through the 2024-2034 Long Term Plan planning process.
- Rockabilly Gully – QLDC is investigating erosion issues in Rockabilly Gully and will be requesting funding going forwards to resolve this issue.

> Whakatipu:

- Significant upgrades for the Queenstown Hill catchment have been completed as a part of the Arterials Stage One construction.
- Kingston Stormwater currently in design on behalf of the developer.

HOW MUCH IT COST

Breakdown of service cost

Stormwater	2022 LTP \$000	2023 LTP \$000	2022 Actual \$000	2023 Actual \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	-	-	-	-
Targeted rates	3,606	3,771	3,530	3,704
Subsidies & grants for operating expenditure	-	-	-	-
Fees & charges	-	-	-	-
Interest and dividends from investments	-	-	-	-
Fuel tax, fines, infringement fees & other receipts	-	205	-	-
Total sources of operating funding	3,606	3,976	3,530	3,704
Applications of operating funding				
Payments to staff and suppliers	1,418	1,529	1,036	947
Finance costs	746	949	376	979
Internal charges applied	256	253	256	318
Other operating funding applications	-	-	-	-
Total applications of operating funding	2,420	2,731	1,668	2,244
Surplus/(deficit) of operating funding	1,186	1,245	1,862	1,461
Sources of capital funding				
Subsidies & grants for capital expenditure	-	-	-	-
Development and financial contributions	1,349	2,175	203	181
Increase/(decrease) in debt	7,567	8,142	5,661	1,904
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	8,916	10,317	5,864	2,085
Applications of capital funding				
Capital expenditure				
- to meet additional demand	7,010	5,651	4,608	2,752
- to replace existing assets	1,298	1,400	1,234	490
- to improve the level of service	2,265	5,263	2,351	1,117
Increase/(decrease) in reserves	(471)	(752)	(467)	(814)
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	10,102	11,562	7,726	3,546
Surplus/(deficit) of capital funding	(1,186)	(1,245)	(1,862)	(1,461)
Funding balance	-	-	-	-

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$265,965,000 (excluding depreciation)

Stormwater expenditure of \$2,243,000



Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
\$0.5M below budget for payments to staff and suppliers due to \$0.6M lower than budgeted water maintenance contract costs across Whakatipu and Wānaka. \$2.0M below budget for development and financial contributions due to timing and size of developments.	Actuals of \$1.7M for Lakeview Storm Water upgrade, \$1.3M Aubrey Rd Recreational Reserve Stormwater detention pond, \$0.4M Stormwater - Renewals – Whakatipu, \$0.2M Stone St Upgrades, \$0.2M Kingston Housing Investment Fund New Scheme.	Budget of \$3.3M and actuals of \$NIL for Vancouver/Edinburgh/Dublin Convey, \$2.0M budget for Belfast Terrace - Beetham St Conveyance with actual spend of \$NIL, \$1.7M budget for Kingston Housing Investment Fund New Scheme with \$0.2M actuals, \$0.2M budget for Aubrey Rd Recreational Reserve Stormwater detention pond with \$1.3M actuals, \$1.0M budget for Stormwater - Renewals - Whakatipu with \$0.4M actuals.



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

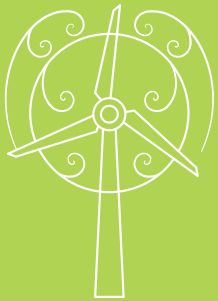
KPIs	Baseline Performance at 30 June 2020	Target Yr 2	Annual Result 2021-2022	Annual Result 2022-2023	Commentary
Number of flooding events that occur in a territorial authority district	0	<7 flooding events	0	1	One flooding event impacting habitable floors recorded during the reporting period.
For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system)	0	< 2 per 1,000 properties	0	0	
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	100%	100%	100%	100%	QLDC has two active abatement notices associated with stormwater discharges and received two infringement notices in the reporting period. These enforcement orders were associated with unconsented discharges of stormwater from the Northlake/Hikuwai Subdivision and the Alpha Series development. These were offences under the Resource Management Act (RMA), not an enforcement order against a Resource Consent. As such, there were no non-compliant resource consents in the reporting period.
Median response time between the time of notification and the time when service personnel reach the site when habitable floors are affected by flooding resulting from faults in a municipal stormwater system	0 Hours	<3 hours	0	0 hours	QLDC was not contacted to respond to the flooding event noted in the reporting year.
Number of complaints per 1000 properties connected to a municipal sewerage system about faults (including blockages) with a municipal stormwater system	5.13 per 1,000 properties	<5 per 1,000 properties	7.36	9.17	There were 9.17 complaints per 1,000 properties for 2022-2023. This exceeds the target set and represents a deterioration on the performance from the previous year. The contract team is reviewing the preventative maintenance schedule to drive improvements in this area.

Transport, including roading, parking and footpaths



Transport

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



ZERO CARBON COMMUNITIES | PARAKORE HAPORI

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



THRIVING PEOPLE | WHAKAPUĀWAI HAPORI

Our doors and minds are open; everybody is warmly welcomed

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



DISASTER-DEFYING RESILIENCE | HE HAPORI AUMANGEA

Our infrastructure is as resilient as our people

What we deliver

QLDC provides a multi-modal transportation network, enabling the community to drive, walk and cycle around the district. This includes footpaths/shared paths, streetlights and signage as well as activities such as winter maintenance. QLDC is responsible for approximately 890km of local roads, including Aotearoa New Zealand's highest public sealed road, the Crown Range. Approximately one third of the network is unsealed. QLDC is responsible for 101 bridges, approximately 330km of footpaths, almost 40km of cycleways/shared paths, and over 5,000 streetlights.

In addition, there is approximately 200km of state highway within the district, and this is 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 2021-2031 Long Term Plan

Active Transport

- > Whakatipu
 - Fernhill to Queenstown active travel route was designed and prepared for tender in financial year 2022-2023
 - The Shotover Country to Old Shotover Bridge active travel route design was finalised
 - Lake Hayes Estate to Frankton remains in design as it is dependent on a return crossing that is a part of the Jacks Point to Frankton active travel route being designed by Waka Kotahi
 - Most of the Arthurs Point to Queenstown route was granted funding through government's Transport Choices initiative. The sections that are funded through Transport Choices will be constructed by June 2024.
- > Wānaka
 - The Schools to Pool route is under construction and was awarded partial funding through government's Transport Choices initiative.
 - Further progress on the Wānaka Primary cycle network is now dependent on the ongoing Wānaka Transport Network Business case which is programmed for completion through 2023-2024.

Funding to progress the remaining sections of the proposed active travel network will be confirmed through the planning process for the 2024-2034 Long Term Plan.

The Queenstown Town Centre street upgrades and arterial projects

These two keystone projects have made significant progress throughout the last financial year:

- > The first portion of the Street Upgrades project, Park Street, achieved practical completion in May 2023. Construction in the Historic Core was also complete in May, with Mayor Glyn Lewers and mana whenua officially opening the space with a formal ceremony on 22 June 2023. The last section of the Street Upgrades project, Upper Brecon Street, has been delayed, with construction incomplete ahead of the winter road sealing restrictions. The reinvigorated town centre is open for business and is being well used by visitors and the community.
- > Construction continues on the transformation of the gateway into the town centre. The Queenstown Town Centre Arterial Road (Stage One) project continues from the intersection of Frankton Road and Suburb Street, along Melbourne Street, to Gorge Road. Most of the new underground services have been completed in the southern half of Melbourne Street and Gorge Road. Extensive works have commenced this year, with multiple new retaining walls being constructed to support the new infrastructure, on private and public property. Stage One of the Arterial project is scheduled to be completed at the end of 2024.

SECTION 02

Transport, including roading, parking and footpaths

HOW MUCH IT COST

Breakdown of service cost

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$265,965,000 (excluding depreciation)

Transport, including Roading, Parking and Footpaths expenditure of \$16,751,000



6%

Transport, including roading, parking and footpaths	2022 LTP \$000	2023 LTP \$000	2022 Actual \$000	2023 Actual \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	-	-	-	-
Targeted rates	12,650	14,208	12,652	13,541
Subsidies & grants for operating expenditure	5,156	3,238	4,315	5,345
Fees & charges	2,749	5,409	2,164	2,811
Interest and dividends from investments	-	-	-	2
Fuel tax, fines, infringement fees & other receipts	362	294	392	319
Total sources of operating funding	20,917	23,149	19,434	22,017
Applications of operating funding				
Payments to staff and suppliers	11,422	11,904	12,513	12,496
Finance costs	1,100	2,012	228	2,180
Internal charges applied	2,006	1,981	2,006	2,076
Other operating funding applications	-	-	-	-
Total applications of operating funding	14,528	15,897	14,747	16,751
Surplus/(deficit) of operating funding	6,389	7,252	4,687	5,266
Sources of capital funding				
Subsidies & grants for capital expenditure	59,438	51,780	40,059	34,985
Development and financial contributions	1,973	3,641	6,793	3,637
Increase/(decrease) in debt	38,175	23,795	28,274	47,886
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	99,586	79,216	75,126	86,508
Applications of capital funding				
Capital expenditure				
- to meet additional demand	48,033	36,907	33,327	43,941
- to replace existing assets	35,658	26,250	24,121	29,923
- to improve the level of service	21,744	22,997	18,894	21,638
Increase/(decrease) in reserves	540	314	3,471	(3,728)
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	105,975	86,468	79,813	91,774
Surplus/(deficit) of capital funding	(6,389)	(7,252)	(4,687)	(5,266)
Funding balance	-	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
\$2.1M above budget subsidies and grants for operating expenditure due to higher NZTA operating expenditure subsidy. Fees and charges were \$2.6M below budget with \$0.5M relating to lower parking fees and permits revenue. \$16.8M lower than budget subsidies and grants for capital expenditure was mainly due to a lower Crown Infrastructure capital expenditure relating to the Street Upgrades and Arterial projects.	Actuals of \$35.2M on Queenstown Town Centre Arterials, \$26.5M Queenstown Street Upgrades, \$7.1M on Lakeview Development Road and Public Realm, \$3.5M on Whakatipu Road to Zero, \$3.4M Lakeview Development - Transportation, \$3.2M Thompson Street Upgrade, \$1.9M Lakeview and Brunswick Street Retaining Wall.	Queenstown Town Centre Arterials budget of \$22.7M with actuals of \$35.2M. Queenstown Street upgrades budget of \$13.1M with actuals of \$26.5M. Queenstown Public Transport Improvements budget of \$4.1M with actuals of \$NIL. Lakeview Development Road and Public Realm budget of \$3.5M with actuals of \$7.1M. Frankton Track Improvement budget of \$3.1M with actuals of \$NIL.



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

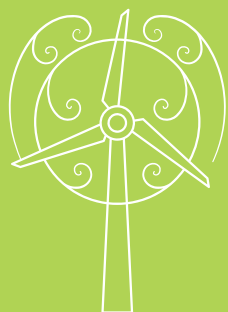
KPIs	Baseline Performance at 30 June 2020	Target Yr 2	Annual Result 2021-2022	Annual Result 2022-2023	Commentary
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network expressed as a number	11	To report a decrease on the previous year	12	5	There was one fatal and four serious injury crashes in the 2022-2023 financial year. This is a decrease of seven serious crashes compared to the previous financial year (2021-2022).
Average quality of ride on a sealed local road network, as measured by the Smooth Travel Exposure Index (STEI)	93%	>90%	93%	94%	The STEI has increased by 1% from the previous year, demonstrating the relatively stable nature of the local road network.
Percentage of sealed network that is resurfaced annually	5.40%	<10%	3%	5.8%	QLDC has increased their sealing programme in the past year and the result is consistent with Waka Kotahi's and QLDC's target of 6%.
Percentage of local footpath network that is part of the local road network that falls within the Level of Service (LOS) or service standards for the condition of footpaths	95.77%	>95%	95.76%	97.9%	98% of the local footpath network is in the Excellent to Average rating. The footpath network length is increasing due to the number of new subdivisions which increases the length in 'excellent' condition.
Percentage score that meets the expected standards as set nationally by the Te Ringa Maimoa framework	New measure Baseline 89%	> 95%	93%	96%	The finalised Road Efficiency Group (REG) results are yet to be sent to QLDC for the 2022-2023 financial year, the provisional result has been noted and this meets the target set.
<i>Increased use of alternative modes of transport</i>	New measure	Improve on the previous year			Active transport: The percentage of residents regularly using a bike as a mode of transport increased from 32% to 37% year on year, while those that walked decreased from 74% to 69%. The decrease in those that walk could be related to the increased use of bikes and public transport. Public Transport: Regular bus usage has increased from 16% to 22% year on year despite bus services being restricted for much of the period due to a lack of available drivers. E-vehicles: While the use of e-bikes has remained unchanged year on year at 15%, the use of e-vehicles has increased from 4% to 10%.
Active Transport			Walk 74% Bike 32%	Walk 69% Bike 37%	
Public transport			Bus 16%	Bus 22%	
E-vehicles			E-vehicle 15%	E-vehicle 15%	

Waste minimisation and management



Waste minimisation and management

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



ZERO CARBON COMMUNITIES | PARAKORE HAPORI

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



DEAFENING DAWN CHORUS | WARAKI

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

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

We set the standard for combating biodiversity loss

What we deliver

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

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

Progress against the 2021-2031 Long Term Plan

Waste reduction:

- > QLDC worked with community groups, event organisers, residents and businesses on initiatives that drive waste minimisation. This included:
 - Funding new projects from the Waste Minimisation Community Fund. The selected projects focus on reuse initiatives, composting and food waste reduction, textile waste, construction waste and education workshops.
 - Engaging Wānaka Wastebusters to deliver the ResOURceful Communities programme. The programme is developed in collaboration with QLDC, Wastebusters and other community partners and enables council to deliver the actions in the WMMP. Through targeted workstreams (incl. Plastic Free July, Repair Revolution, Slow Fashion, Low Waste Living and Business Waste Reduction), the programme engages the community in waste minimisation through practical workshops, social media campaigns, and events. Whakatipu activities and events are delivered in collaboration with Sustainable Queenstown.

- Supporting several partner organisations including KiwiHarvest, Wao, Sustainable Queenstown, and the Wānaka Community Workshop through the Zero Waste District Programme.
 - Funding the delivery of online Waste Free Parenting and Waste Free Period sessions in high schools.
 - Funding the delivery of the Dr Compost and Enviroschools programmes.
 - Delivery of three remote community inorganics collection events which diverted more than 60% of material from landfill.
- > Public place recycling bin audits were undertaken across summer to inform education campaigns and measure the effectiveness of the material stream changes implemented in 2020.
 - > Actively participated in national sector groups focused on sharing knowledge and resources to develop and encourage best practice for waste minimisation.
 - > Advocated strongly for the waste minimisation key priorities of local government including a container return scheme, increased product stewardship and investment in resource recovery infrastructure.

Waste recovery:

- > Planning upgrades to the layout and operation of the Wānaka Refuse Transfer Station to facilitate more resource recovery, improve health and safety and increase capacity.
- > Planning upgrades to plant and infrastructure at the Whakatipu Recycling Centre (Materials Recovery Facility) and Refuse Transfer Station.
- > Continued to provide residential kerbside collection services for glass, mixed recycling and rubbish, supported by programmes and education campaigns to manage contamination issues and respond to changes in the demand for recyclable material.

- > Continued to provide green waste drop off facilities and mulching for beneficial use on local parks and reserves.
- > Continued to provide free recycling services to state, state-integrated, non-profit, and community-based schools and early childhood centres.
- > Received co-funding from the Ministry for the Environment to establish five community composting hubs across the district by 2025. Agreements were established with two community groups for the initial hubs based in Wānaka and Glenorchy.
- > Continued the planning for solutions to divert organic waste material from landfill.

Waste disposal:

- > Continue to monitor methane emissions at the Victoria Flats Landfill.
- > Successful application for a Unique Emissions Factor was applied to surrender obligations for the Emissions Trading Scheme for the 2022 calendar year.

HOW MUCH IT COST

Breakdown of service cost

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$265,965,000 (excluding depreciation)

Waste minimisation and management expenditure of \$15,682,000



Waste minimisation and management	2022 LTP \$000	2023 LTP \$000	2022 Actual \$000	2023 Actual \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	-	-	-	-
Targeted rates	7,031	7,305	7,020	7,209
Subsidies & grants for operating expenditure	174	181	174	454
Fees & charges	8,204	9,340	7,081	9,736
Interest and dividends from investments	-	-	-	-
Fuel tax, fines, infringement fees & other receipts	420	458	439	63
Total sources of operating funding	15,829	17,284	14,714	17,462
Applications of operating funding				
Payments to staff and suppliers	13,611	14,914	13,162	13,201
Finance costs	175	290	89	274
Internal charges applied	1,916	1,892	1,916	2,208
Other operating funding applications	-	-	-	-
Total applications of operating funding	15,702	17,096	15,167	15,683
Surplus/(deficit) of operating funding	127	188	(453)	1,779
Sources of capital funding				
Subsidies & grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	4,007	3,707	1,566	328
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	4,007	3,707	1,566	328
Applications of capital funding				
Capital expenditure				
- to meet additional demand	20	41	35	47
- to replace existing assets	2,017	2,896	863	312
- to improve the level of service	2,097	3,061	832	277
Increase/(decrease) in reserves	-	(2,103)	(617)	1,471
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	4,134	3,895	1,113	2,107
Surplus/(deficit) of capital funding	(127)	(188)	453	(1,779)
Funding balance	-	-	-	-

Significant cost of services variances	Significant capital expenditure	Significant capital expenditure variances
\$1.7M lower than budgeted payment to other supplier costs. \$3.5M below budget refuse disposal costs due to unique emissions trading factor credit, offset by \$1.0M higher waste contract costs due to price escalations, and \$0.4M higher than budgeted landfill costs.	\$0.2M spend on existing Whakatipu waste facilities, \$0.2M spend on public place waste bins, \$0.1M on new Whakatipu waste facilities, \$0.1M on organic waste management.	Wanaka new waste facilities \$2.0M budget with \$NIL spend. New Whakatipu waste facilities \$1.6M budget with \$0.1M spend. Existing Whakatipu waste facilities \$0.7M budget with \$0.2M spend.



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

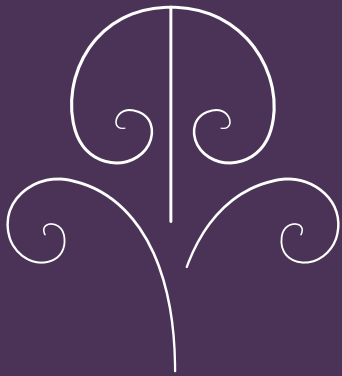
KPIs	Baseline Performance at 30 June 2020	Target Yr 2	Annual Result 2021-2022	Annual Result 2022-2023	Commentary
Emissions (CO2e) for waste to landfill – kerbside and transfer station tonnes	New measure	Annual reduction of 4.2%	4% reduction	29% reduction	Greenhouse gas emissions (CO2e) for waste to landfill (kerbside and transfer station tonnes) were calculated to have reduced by 29% from the previous year. However, this was because of an application of a Unique Emissions Factor (UEF) for Victoria Flats Landfill from 1 January 2022 following installation of the Landfill Gas Recovery (LGR) system. The LGR system was commissioned in April 2021 and QLDC was able to apply for a UEF for the 2022 calendar year.
Percentage of Materials Recovery Facility recycling contaminated	New measure Baseline 28%	<20%	15.94%	15%	On average, the total contamination per month for the 2022-2023 year was 15%. This is better than the target of 20% and is attributable to processing changes made that continue to achieve lower levels of contamination than previously.
Total waste diverted from landfill	7,736t	> 8,000t	7,237t	7,688t	On average 641 tonnes of waste has been diverted from landfill per month for the 2022-2023 financial year. This does not achieve the target of 667 tonnes per month but is above what was achieved last year (average of 603 tonnes per month). The aged processing plant continues to impact results and in addition, two commercial operators ceased bringing their glass and corrugated card material to the council's facility in April. This has resulted in commercial tonnes being a third of the previous volumes. Consideration is being given to targets set in future planning, considering the loss of these volumes from Council's diversion results.
Total waste sent to landfill	43,700t	<44,000	40,448t	45,515t	On average, the total waste to landfill per month for the financial year 2022-2023 was 3,793 tonnes. This did not achieve the target of 3,667 tonnes per month and is higher than the average of 3,371 tonnes per month last year. This is largely attributable to high visitor numbers and continued growth of the district. Until there is a step change in service and organics are diverted from landfill, this target will be challenging to achieve.

Economy



Economy

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



OPPORTUNITIES FOR ALL | HE ŌHAKA TAURIKURA

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



PRIDE IN SHARING OUR PLACES | KIA NOHO TAHI TĀTOU KĀTOA

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

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

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

We are the place the rest of the world cannot be

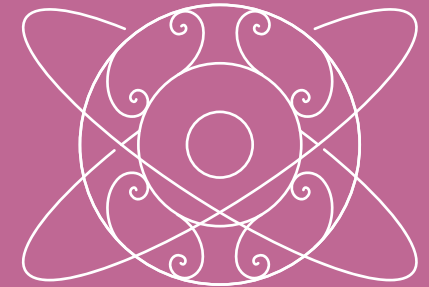


THRIVING PEOPLE | WHAKAPUĀWAI HĀPORI

People of all ages are able to seek a future here

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

Our doors and minds are open; everybody is warmly welcomed



BREATHTAKING CREATIVITY | WHAKAOHOHO AUHATAKA

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

What we deliver

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

Economic Diversification

The development of an Economic Diversification Strategy is a priority initiative in Council's Spatial Plan, adopted in 2021. The district's dependence on the visitor economy has created a vulnerability in the economy for businesses, individuals and the community and was devastating to the economy during COVID-19. Economic diversification is a long-term journey for the district.

Destination management

Council has taken part in the development of a Destination Management Plan, which is being led by stakeholders from across the tourism system. This collaborative effort will consider the needs of the district's people, employees, businesses, the climate and environment. Endorsed by Council in February 2023, its focus will be on achieving regenerative tourism by 2030 – the right solution, in the right place, for the right people at the right time – for the benefit of the environment and our communities. The Destination Management Plan is an output of both the 2021 Spatial Plan and the 2022-2025 Climate and Biodiversity Plan.

Film and Events

Council's film office, Film Queenstown Lakes, facilitates the relationship between the screen sector, government, community and others impacted or benefited by its activity. Council supports Film Otago Southland and promotes emission and waste reduction in production. Queenstown Lakes District Council has an in-house events office that helps event organisers navigate the range of parties they need to work with to hold a successful event. There is also an events fund to help support events that promote economic, cultural, social and environmental wellbeing in the district.

Progress against the 2021-2031 Long Term Plan

A Destination Management Plan was completed collaboratively between Destination Queenstown, Lake Wānaka Tourism and QLDC, and was endorsed by Council in February 2023. A Destination Management Organisation will be created that will oversee delivery of the plan across the district. Council also supported tourism operators through being the coordinator of the Tourism Communities Fund for the district. The central government funding saw over 1,200 tourism businesses receive a total of \$23M in grants to help them with expert advice and funding to implement improvements and cashflow to help scale up to cope with the return of international visitors to Aotearoa New Zealand.

Economic Diversification has been boosted through ongoing support for the Queenstown Film Office, and Film Otago Southland. Film permit processes have been streamlined within Council, and there has been ongoing liaison with businesses planning to build film infrastructure in the district. The potential to grow the technology industry across the district has been explored by an independent trust (Whakatipu Hangarau), and Council has supported this strategy which is due for completion in late 2023. Startup Queenstown Lakes has continued to help people validate, launch and grow their businesses.

A draft Diversification Plan has been developed to help guide future diversification efforts. It is intended to be completed in late 2023 and endorsed by key stakeholders in early 2024.

Events support has continued via council-run events (e.g. New Years Eve) and funding. An annual funding round supports larger events, while community events can receive in-kind support year-round.

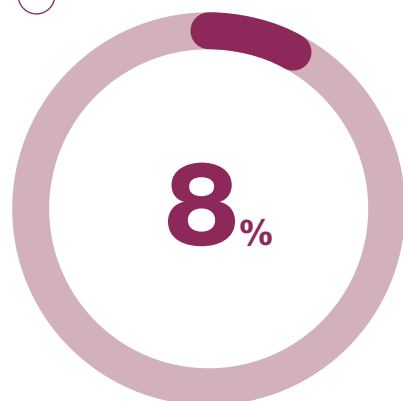
HOW MUCH IT COST

Breakdown of service cost

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$265,965,000 (excluding depreciation)

Economy expenditure of \$20,330,000



Economy	2022 LTP \$000	2023 LTP \$000	2022 Actual \$000	2023 Actual \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	23	(5)	23	(8)
Targeted rates	9,083	9,922	5,074	5,610
Subsidies & grants for operating expenditure	159	159	72	5
Fees & charges	2,243	2,409	1,886	1,899
Interest and dividends from investments	-	-	-	583
Fuel tax, fines, infringement fees & other receipts	617	652	838	836
Total sources of operating funding	12,125	13,137	7,893	8,925
Applications of operating funding				
Payments to staff and suppliers	10,606	10,625	10,032	13,311
Finance costs	425	478	573	4,919
Internal charges applied	1,900	2,656	2,158	2,102
Other operating funding applications	-	-	-	-
Total applications of operating funding	12,931	13,759	12,763	20,331
Surplus/(deficit) of operating funding	(806)	(622)	(4,870)	(11,406)
Sources of capital funding				
Subsidies & grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	2,866	865	2,460	6,324
Gross proceeds from sale of assets	-	23,393	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	2,866	24,258	2,460	(6,324)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	1,455	655	502	202
- to replace existing assets	63	65	98	16
- to improve the level of service	1,352	151	1,318	537
Increase/(decrease) in reserves	(810)	22,765	(4,327)	(18,484)
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	2,060	23,636	(2,410)	(17,729)
Surplus/(deficit) of capital funding	806	622	4,870	11,406
Funding balance	-	-	-	-
Significant cost of services variances			Significant capital expenditure	Significant capital expenditure variances
\$0.5M under budget for fees and charges due to lower than budgeted Lakeview revenue as rental was reduced due to the impact of Lakeview Development. \$0.6M favourable interest and dividends from investments as received unbudgeted interest from holding MBIE funding. \$2.7M above budget for payments to staff and suppliers mainly due to \$1.1M of unbudgeted asbestos/demolition costs at Lakeview, and \$0.5M more than budgeted spend on climate action costs. \$4.4M above budget for finance costs due to higher than expected interest rates and the unbudgeted impact of the weather tightness claim settlement during the financial year.			Not applicable	Not applicable

How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 2	Annual Result 2021-2022	Annual Result 2022-2023	Commentary
Percentage of residents who have attended or performed in arts and cultural events or groups	55%	>70%	51%	48%	This result is below the 2020 baseline performance. Attendance may have been impacted by lingering hesitancy about mixing in crowds due to COVID-19. This result is marginally down on the prior year and below the baseline result of 55% and the target of 70%. There has however been a large improvement in results since COVID-19 when only 41% of residents had participated in arts or cultural events.
Satisfaction with the Economic Development programme and support given to community	New measure	Improve year on year	87%	80% informal estimate	This benchmark is created from the consolidation of recipients and collaborators of economic development projects including Startup Queenstown Lakes (SQL) course participants, and events and other grant recipients then averaged across all projects in which satisfaction data is collected. 95% of participants in Startup Queenstown Lakes programmes have reported that they have improved their entrepreneurial mindset. Other programmes did not have a survey response but overwhelmingly positive feedback about the role the Council played in distributing \$23M in government grants to over 1,200 businesses is an informal indicator of the satisfaction with this key project. Last year's result also included responses from participants of the Te Kakau Leadership Programme, which has since ended. For 2023/24 satisfaction will be calculated via programme participants plus a survey of our key partner organisations.
Return on cost of commercial property, excluding revaluation gains/losses	96.70%	Improve year on year	26.13%	-32.31%	This target was not achieved due to \$2.5M of unforeseen asbestos removal/demolition costs at Lakeview. Excluding these asbestos removal/demolition costs the return has increased from 86% (26.13% including asbestos removal/demolition costs) of total costs in financial year 2021-2022 to 130% (-32.31% including asbestos removal/demolition costs) in financial year 2022-2023.

Local democracy



Governance

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



THRIVING PEOPLE | WHAKAPUĀWAI HAPORI

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

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

GOVERNANCE AND CORPORATE SERVICES

Governance and Corporate Services support elected members (Council, its committees, subcommittees and the Wānaka-Upper Clutha 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 and policy setting.

The Local Government Act 2002 creates a model of participative democracy to enable decision making for the benefit and wellbeing of the community. A multitude of communication and engagement forums and tools are utilised in a range of engagement activities ranging from informing, to seeking informal feedback, to formally consulting. 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's website and all meetings are open to the community, with full Council live streamed via Facebook and provide for a period of public forum where elected members can be directly addressed.

*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, s.48.

What we deliver

Governance and Corporate Services are responsible for:

- > Supporting Councillors in developing strategic priorities for the activities Council will deliver.
- > Supporting Councillors in developing and approving the long-term strategic and financial plan for the Council (the 2021-2031 Long Term Plan).
- > Monitoring Council's performance in the achievement of the plans.
- > Communicating priorities, plans and achievements to the community.
- > Ensuring Council's obligations and responsibilities under more than sixty different laws and a large number of regulations are met on a continuing basis.
- > Staff are responsible for advising the Council on pending and actual changes to legislation.
- > Providing access to public information the Council holds, within the restrictions of the Privacy Act 2020 and complying with the Local Government Official Information and Meetings Act 1987; in accordance with guidance from the Office of the Ombudsman Kaitiaki Mana Tangata, Office of the Auditor-General Tumuaki o te Mana Arotake, and the Privacy Commission Te Mana Mātāpono Matatapu.

Representation arrangements

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

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

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

Committees

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

The current committee structure is:

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

Stuart McLauchlan (Chair)
(Independent)
Heath Copland (Deputy)
(Independent)
Councillor Lyal Cocks
Councillor Niki Gladding
Councillor Lisa Guy
Bill Moran (Independent)

PLANNING AND STRATEGY COMMITTEE | TE KOMITI WHAKARITE RAUTAKI MAHERE

Councillor Lyal Cocks (Chair)
Deputy Mayor Quentin Smith
(Deputy)
Councillor Gavin Bartlett
Councillor Barry Bruce
Councillor Melissa White
Councillor Matt Wong

INFRASTRUCTURE COMMITTEE | TE KOMITI HAKAKA

Councillor Gavin Bartlett (Chair)
Councillor Niki Gladding (Deputy)
Councillor Lyal Cocks
Councillor Craig (Ferg) Ferguson
Deputy Mayor Quentin Smith
Councillor Cody Tucker

COMMUNITY AND SERVICES COMMITTEE | TE KOMITI HAPORI

Councillor Craig Ferguson (Chair)
Councillor Esther Whitehead
(Deputy)
Councillor Barry Bruce
Councillor Lisa Guy
Councillor Cody Tucker
Councillor Matt Wong

DISTRICT LICENSING COMMITTEE

Lyal Cocks
Christopher Cooney
Ian Cooney
Neil Gillespie
Philip Jones
Brett Pay
Nicola Vryenhoek

CHIEF EXECUTIVE PERFORMANCE REVIEW SUBCOMMITTEE

Mayor Glyn Lewers
Councillor Lyal Cocks
Councillor Lisa Guy

GOVERNANCE SUBCOMMITTEE | TE KOMITI KĀWANATAKA

Mayor Glyn Lewers
Deputy Mayor Quentin Smith
Chief Executive Mike Theelen

Wānaka-Upper Clutha Community Board

Queenstown Lakes District has one community board, the Wānaka-Upper Clutha Community Board. The Wānaka-Upper Clutha 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-Upper Clutha Community Board is to represent and act as an advocate for the Wānaka and wider Upper Clutha community. The Wānaka-Upper Clutha Community Board has four elected members and three appointed members.

WĀNAKA-UPPER CLUTHA COMMUNITY BOARD

Simon Telfer (elected) (Chair)
 Chris Hadfield (elected) (Deputy)
 Linda Joll (elected)
 John Wellington (elected)
 Councillor Barry Bruce (appointed)
 Councillor Lyal Cocks (appointed)
 Councillor Cody Tucker (appointed)

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. By utilising multiple forums and a wide range of tools Council endeavours to reach, inform and engage a broad audience including the resident community, out of town ratepayers and visitors. Some engagement or consultation lends itself to targeted communication but in general council's approach is one of diversity and inclusion. Council continued to implement its plan to improve inclusive engagement processes for people who cannot engage via usual channels, due to literacy challenges, language barriers and/or disability.

The engagement and communications team has progressed delivering this plan focusing on accessibility needs, young families, younger residents, and migrant communities. Improvements delivered and/or progressed in the last year include:

- > a complete expert review of Council's website with enhancements to achieve AA Web Accessibility Standards
- > an HTML online version of the Annual Plan document accessible to most screen reading devices
- > production of Winter Roding Driving tips documents in seven additional languages (te reo Māori, Tagalog, Portuguese, Mandarin, Korean, Spanish, Japanese)
- > new planning templates introduced for communications, events, and engagement activities, and request templates for items such as signage

- > development of plain English writing guide, accessibility design guide, and website content accessibility guide
- > translation of common web content such as Contact Us pages and core transactional content.

The IAP2 (International Association for Public Participation) principles and a wide range of creative tools remain the guiding standard for planning communications and engagement activities. Planning templates have been updated as part of the Diversity in Engagement project to better enable this. Opportunities to employ a wider range of IAP2 has been limited but public events are beginning to return and have been used through activities such as the Mount Iron Reserve acquisition celebration and initiation of the Reserve Management Plan process, Welcoming Communities hui and multiple Planning Policy projects.

Community leadership

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

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

Local elections

Council used the First Past the Post (FPTP) electoral system for the 2022 triennial election. Electors vote by indicating their preferred candidates(s), and the candidate(s) that receives the most votes is declared the winner regardless of the proportion of votes that candidate(s) obtained.

For the 2022 triennial election, four Councillors were elected from the Queenstown-Whakatipu ward, three from the Arrowtown-Kawarau ward and four from the Wānaka-Upper Clutha ward. The Mayor is elected at large throughout the district.

Elections for the Queenstown Lakes District Council (Mayor and Councillors and Wānaka-Upper Clutha Community Board), Otago Regional Council and Central Otago Health (Wānaka-Upper Clutha ward) are held every three years on the second Saturday in October. The next election will occur on 11 October 2025.

In September 2020, Council resolved not to establish any Māori wards in the district, which was a decision supported by Kāi Tahu at that time. The process for determining the number of members to be elected from both Māori and general wards is defined by the Local Electoral Act 2001 (Sch 1A cl2). Based on the calculation, the size of the Māori electoral roll in the district did not qualify for a Māori ward, however this position could change in the future with population increases.

Spatial Plan governance

The Queenstown Lakes Spatial Plan sets out the Grow Well Whaiora Partnership long-term approach to address urbanisation challenges facing the district. The Grow Well Whaiora Partnership is an Urban Growth Partnership between central government, Kāi Tahu, Queenstown Lakes District Council and Otago Regional Council. First adopted in 2021, through 2022-2023 the partnership has progressed development on the next iteration of the plan ahead of it being presented for community submissions and Council consideration in the next financial year.

The overarching goal of the partnership and the Queenstown Lakes Spatial Plan is to 'Grow Well' or 'Whaiora' in te reo Māori, which translates to "in the pursuit of wellness". The partnership provides a forum to align decision-making and collaboration on the long-term direction for the district. It acknowledges that Queenstown Lakes is facing growth-related challenges across housing, transport and the environment that may have flow-on effects nationally, given the importance of the Queenstown Lakes area to Aotearoa New Zealand's tourism sector.

Emergency management

The **COMMUNITY OUTCOMES** that this activity primarily contributes to::



DISASTER-DEFYING RESILIENCE | HE HAPORI AUMANGEA

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

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

Our infrastructure is as resilient as our people

Recovery empowers our people to quickly find a new normal

What we deliver

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

- > Ensure that Council can function to the fullest possible extent, even though this may be at a reduced level, during and after an emergency.
- > Plan and provide for local Civil Defence Emergency Management across the areas of reduction, readiness, response, and recovery.
- > Promote and encourage cooperation, coordination, and joint action across regional CDEM groups.
- > Identification, assessment, management and communication of hazards and risks across the district.
- > Promote and support the development of local emergency management capability and capacity across a wide range of agencies, emergency services, lifeline utilities and local organisations.
- > Support the development of community resilience to ensure communities can proactively plan for, effectively respond to and regeneratively recover from emergency events.
- > Integrate local CDEM planning and activity with national and regional level plans and strategies. Council is a member of the Otago CDEM Group, which is coordinated by Emergency Management Otago. Emergency Management Otago employs Emergency Management Officers who are responsible for a programme of work that is aimed at reducing risk, improving community resilience and ensuring that an effective local and regional coordinated response can be launched in the event of an emergency. Council Officers support this programme through volunteering their time to support the Council's Emergency Operations Centre and through delivering a broad range of Council activities relating to risk management, land-use planning, planning and building consenting, regulatory management, infrastructure planning, contractor operations management, climate adaptation planning, insurance management, economic development, communication and community resilience development.
- > In the event of a major Civil Defence emergency, the QLDC Emergency Operations Centre is activated (this may include Incident Control Points at other locations within the district depending on the nature of the emergency) to lead a coordinated, inter-agency response in collaboration with Emergency Services and partner agencies. For major emergency events this may involve a Declaration of a Local State of Emergency which provides access to a range of emergency powers to help manage a largescale response and satisfy the objectives outlined in the CDEM Act 2002, National Disaster Resilience Strategy (2019), National CDEM Plan (2015), and Otago CDEM Group Plan.

Progress in financial year 2022-2023

- > QLDC has continued to progress the integration of emergency management response planning into key community hazard management projects, including Mount Iron and Ben Lomond Reserve (wildfire), Glenorchy (flooding and liquefaction) and Gorge Road (debris flow). These projects involve multi-agency planning with Otago Regional Council, Emergency Management Otago and Emergency Services to help reduce risk, improve community readiness and ensure an effective response activation.
 - > The deployment of the Community Response Group programme has accelerated significantly with 15 groups now active across the district. Each group has received information relating to the new Community Emergency Hub model, including guidance documents and resources. Templates for emergency preparedness brochures, resilience plans and response plans have been shared to allow each group to develop custom information resources for their community. Local Emergency Management Advisors were deployed to several major emergency events around the country, including Canterbury and Otago coastal flooding, Auckland Anniversary weekend flooding and Cyclone Gabrielle. Learnings and observations from these deployments have been shared with the EOC team and QLDC senior leaders.
 - > The development of the D4H incident management platform for information sharing and response coordination across Otago has progressed. The value of this type of platform when coordinating complex multi-agency responses has been highlighted as a major learning from the Auckland floods and Cyclone Gabrielle disaster.
 - > The work programme for Emergency Operations Centre (EOC) staff training, staff induction and professional development has received significant focus. The number of functional training workshops have increased, along with a commitment to regular desktop exercises and knowledge sharing sessions.
- > A full-scale EOC activation exercise was conducted in May with high attendance from all functional areas. Positive feedback around learning and overall performance was received from the supporting Emergency Management Advisors.
 - > QLDC partnered with Wao Wānaka to investigate the vulnerabilities and resilience levels of the local food system. The aim of the Food Resilience Project (<https://www.wao.co.nz/food-resilience>) is to better prepare our communities to be more resilient to disruptive shocks and sustained stresses to the global and national food supply system.
 - > The continued development of multi-agency sector groups across the district help drive improved coordination and response planning across tourism operators, emergency services, lifeline utilities, health and social services sectors.
 - > The “Otago Gets Ready” platform continues to be promoted. This is an online community registration system to help coordinate the response to an emergency event by sending out alerts to all registered users.

HOW MUCH IT COST

Breakdown of service cost

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$265,965,000 (excluding depreciation)

Local Democracy expenditure of \$4,999,000

2%

Local Democracy	2022 LTP \$000	2023 LTP \$000	2022 Actual \$000	2023 Actual \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	1,106	1,039	1,114	1,627
Targeted rates	4,287	5,220	7,647	10,767
Subsidies & grants for operating expenditure	-	-	-	-
Fees & charges	25	26	10	18
Interest and dividends from investments	-	4,866	-	5,461
Fuel tax, fines, infringement fees & other receipts	-	-	244	204
Total sources of operating funding	5,418	11,151	9,015	18,078
Applications of operating funding				
Payments to staff and suppliers	2,828	3,050	2,969	3,444
Finance costs	-	-	-	-
Internal charges applied	1,947	2,802	1,690	1,555
Other operating funding applications	-	-	-	-
Total applications of operating funding	4,775	5,852	4,659	4,999
Surplus/(deficit) of operating funding	643	5,299	4,356	13,079
Sources of capital funding				
Subsidies & grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	-	-	34,295	101,333
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	-	-	34,295	101,333
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to replace existing assets	-	-	-	-
- to improve the level of service	-	-	28	-
Increase/(decrease) in reserves	643	5,299	38,623	114,412
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	643	5,299	38,651	114,412
Surplus/(deficit) of capital funding	(643)	(5,299)	(4,356)	(13,079)
Funding balance	-	-	-	-
Significant cost of services variances	Significant capital expenditure		Significant capital expenditure variances	
\$0.6M higher dividend income received from QAC than budgeted within the 2021-2031 Long Term Plan. \$0.2M unbudgeted revenue in fuel tax, fines, infringement fees and other receipts due to other income in Civil Defence and Governance. \$0.4M greater than budget payments to staff and suppliers is across election expenses, emergency management and salaries and wages	Not applicable		Not applicable	

How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 2	Annual Result 2021-2022	Annual Result 2022-2023	Commentary
Percentage of residents who are satisfied with the information they receive from Council	49%	>80%	41%	40%	Council continues to invest in a multi-channel approach for engagement and information and looks for new ways to engage effectively in-person events. These had been difficult through the pandemic, but are now returning through the engagement programme.
Percentage of residents who are satisfied with the opportunities to have to their say	48%	>80%	37%	32%	Comments through the Quality of Life survey suggest that respondents are unhappy with Council follow through when they have participated in consultation processes, as well as consultation periods that are too short or do not provide a broad enough range of options to provide input. Council is continuing to invest in multi-channel approaches to engagement and more in-person events.
Percentage of residents who are satisfied with overall Council performance	37%	>80%	25%	20%	Comments from the Quality of Life survey revolve primarily around current community facilities not being fit for purpose, needing more or a diverse range of facilities, a perception that Council doesn't listen to residents, roadworks in the CBD, and walkers finding it difficult to use bike trails. Investment continues in social infrastructure to address the needs of growing communities and CBD roadworks are easing as work is completed.
Percentage of Local Government Official Information and Meetings Act 1987 requests responded to within 20 days	99.8%	100%	98%	97.37%	Delays through legal and/or third-party consultation resulted in a small percentage of responses being issued beyond the 20-working day deadline without an agreed extension.
Mana Whenua satisfaction with QLDC as per the agreed work programme (Aukaha and Te Ao Marama representatives)	Updated Measure	>80%	NA	NA	Regular hui being held with high participation rates. Mana whenua actively participate in several council work programmes and initiatives. Without an appropriate measure currently available, Council intends to work with iwi on developing a measure through the Long Term Plan that will strengthen our relationship and reflect the mana and aspirations of our iwi partners.
Percentage of residents who consider themselves resilient and prepared in the event of an emergency	48%	>80%	48%	44%	Under half of residents think they are prepared for an emergency while few residents think their neighbourhood is prepared for an emergency. Council continues to work with Otago CDEM and invest in education around emergency preparedness, for example through regular articles in the Scuttlebutt newsletter, and promoting the Otago Gets Ready website.
Percentage of QLDC staff (that are part of the emergency response structure) who have participated in a response or training throughout the year	Updated Measure	100%	58.50%	100%	A total of 46 training sessions were conducted during 1 July 2022 to 30 June 2023, with 319 attendees across all these sessions (there are currently 105 positions held in the emergency management structure).

Finance and support services



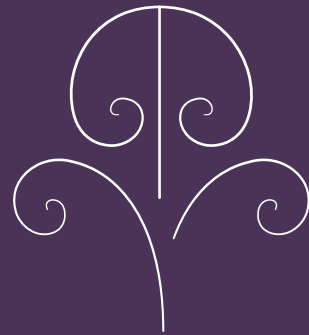
Finance and support services

The **COMMUNITY OUTCOMES** that this activity primarily contributes to:



**DEAFENING DAWN
CHORUS
| WARAKI**

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



**OPPORTUNITIES FOR ALL
| HE ŌHAKA TAURIKURA**

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



**DISASTER-DEFYING
RESILIENCE
| HE HAPORI AUMANGEA**

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



**THRIVING PEOPLE
| WHAKAPUĀWAI HAPORI**

Our doors and minds are open; everybody is warmly welcomed

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



**LIVING
TE AO MĀORI
| WHAKATINANA
I TE AO MĀORI**

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

What we deliver

Finance

The Finance team within QLDC:

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

People and Capability

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

Key areas include:

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

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

Knowledge Management

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

Customer Services

The Customer Services team:

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

Organisation Performance*

The Organisation Performance business unit has two functional areas. One is responsible for ensuring that QLDC meets all its statutory planning obligations through the 2021-2031 Long Term Plan, Annual Plan and Annual Report processes. The other is responsible for Business Process improvement. This newly created team works across the organisation in providing guidance and direction on process management and leading specific process improvement initiatives.

**Previously known as Policy and Performance. In September 2022, Policy and Performance split functions into Organisation Performance and a new directorate called Strategy and Policy. Further information about this division can be found below.*

Strategy and Policy

Previously known as Policy and Performance within Corporate Services, in September 2022, its responsibilities were split between a new Organisation Performance team in Corporate Services (see above) and a new directorate called Strategy and Policy.

The Strategy and Policy directorate consists of:

- Policy. The policy team is a centre of excellence and improvement for strategy, policy, advice, data, and evaluation that is grounded in Te Tiriti. It is responsible for supporting the development and review of bylaws, policies and strategies in partnership with subject matter experts across the organisation as well as external stakeholders. 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 and a wellbeing dashboard.
- Resilience and climate action. The focus for this team is on enabling resilience development across the district and ensuring Council demonstrates ambitious climate and biodiversity leadership on behalf of the Queenstown Lakes community. The team works with a broad range of partner agencies and community organisations as well as coordinating the Queenstown Lakes Climate Reference Group. The team has responsibility for providing technical guidance with regards to resilience, climate and biodiversity matters, as well as project managing the delivery of a broad range of actions within the Climate and Biodiversity Plan. These actions are focussed on ensuring that the district achieves its emissions mitigation, climate adaptation and biodiversity restoration goals, and fulfils its Vision Beyond 2050 outcomes.
- Strategic growth. The Whaiora Grow Well Partnership is an Urban Growth Partnership between central government, Kāi Tahu, Queenstown Lakes District Council and Otago Regional Council. This team works collaboratively to develop and implement the Queenstown Lakes Spatial Plan which sets out the partnership's long-term approach to address growth-related challenges across housing, transport, and the environment. It also leads the delivery of the actions in the Joint Housing Action Plan.
- Economic development. The economic development team support economic wellbeing across the district. The team supports a transition to regenerative tourism through its support of the Destination Management Plan (Travel to a thriving future) and works alongside other organisations to foster a more diverse economy. The Queenstown Film Office promotes the screen industry and productions to navigate the permissions needed when filming requires Council permissions. Events are supported via event permits, an annual funding round, and several events run by QLDC.
- Strategy and Reform programmes. The Council response to and preparation for significant central government reforms is being led from this team. This includes interpreting and analysing issues surrounding the Future for Local Government Review, Three Waters Reform and Resource Management Reforms alongside a number of other processes such as the health reforms. Council is advocating on behalf of the organisation and the community to ensure that the challenges and opportunities facing our District are considered. This team helps to establish the strategic frameworks and models that will guide the work and investment of the organisation over the long-term.

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, following Procurement Guidelines and utilising a growing set of tools and templates.

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

Risk and Compliance

In 2022 a specific Risk and Compliance function was created within the Assurance, Finance and Risk Directorate, to support increased risk and compliance management maturity. The Risk and Compliance team is also responsible for 'third line' assurance (internal audit). Having a function with specific responsibility for enabling and driving good risk management practices is consistent with recommendations made by the Office of the Auditor-General in the paper 'Our observations on local government risk management practices'¹¹.

Progress against the 2021-2031 Long Term Plan

People and Capability

People & Capability are progressing on the delivery of the 2021 – 2031 Long Term Plan.

Key areas include:

- Current workforce planning and strategies, coupled with organisation design and continuing with employee relations best practice.
- Implementing recruitment attraction and retention strategies are underway, supported with a digital strategy utilising tools such as LinkedIn.
- Employee engagement and culture continues to be a focus with positive uplifts and insights.
- Administering and championing robust learning and development plans for the organisation, utilising virtual, internal capability and external providers.
- Human Resource Information system (HRIS) rollout project and digitising People & Capability function.
- Focus on Health & Safety governance and contractor management.
- Wellbeing strategy implementation across the organisation, supported by relevant initiatives.

Knowledge Management

Knowledge Management is progressing on the delivery of the 2021 – 2031 Long Term Plan. The following technology/digital initiatives have been completed or are underway:

- Progressed delivery of an approximately three-year programme of work to migrate our Enterprise System (TechnologyOne) to the latest version of the software suite. The application supporting our regulatory functions including infringement and animal management have ported to the latest version and efficiency gains realised. Currently working on updating applications that support Council's Rates, Public Health and Alcohol licensing functions.
- Leveraging TechnologyOne Request Management to streamline internal service delivery and enhance request management integration with key contractors to provide near real-time status updates.
- Ported our phone system from Skype for Business to Microsoft Teams and delivered bespoke QLDC Microsoft Teams collaboration training to all staff.
- Delivered a sophisticated mobile inspection platform for the Building Services team that scales simple builds to large scale multi-unit projects.
- Refreshed meeting room technology to support hybrid working and collaboration.

¹¹ oag.parliament.nz/2021/risk-management

- > Implemented a cloud-based Call Centre solution to support our Customer Services team.
- > Implementing an information security program including technology to support secure out of office working.
- > Refreshing the technology to support self-service in QLDC libraries.
- > Progressed the implementation of a map based electronic District Plan enquiry solution (ePlan).
- > Applying Geospatial tools to analyse district plan zone 3D building capacity envelopes.
- > Deployed a proof-of-concept water turbidity dashboard within our Internet of Things (IoT) platform.
- > Implemented a Social Media archiving solution.
- > Implemented an organisational-wide wireless solution incorporating public venues and staff access.

Organisation Performance

The development of the 2023-2024 Annual Plan was completed and adopted by Council on 29 June 2023. Monthly and quarterly reporting continues to be provided and reports are published on QLDC's website. Planning for the 2024-2034 Long Term Plan has commenced and continues through 2023-2024.

Strategy and Policy

- > The region's destination management plan (Travel to a thriving future), developed in partnership with Destination Queenstown and Lake Wānaka Tourism, was adopted in January 2023. Delivery of the 23 projects in the plan is underway, including the keystone initiative of decarbonisation of the visitor economy of Queenstown Lakes by 2030.

- > Development of the 2024 Spatial Plan Gen 2.0 (which will also be the Future Development Strategy) in partnership with the Otago Regional Council, Crown and Kāi Tahu is on track.
- > Development of an Arts, Culture and Creativity Strategy is well underway, with early engagement occurring in May and June 2023.
- > Council's bylaw review and development work programme is up to date.

Procurement

Procurement continues to play an important role in the delivery of QLDC outcomes with a wide variety of goods, services and works delivered by external suppliers.

- > The Workforce Review identified that a QLDC-wide Procurement Strategy was required. This was completed and adopted earlier this year.
- > The Procurement Strategy sets out a centre-led model under the Assurance, Finance and Risk Directorate.

Risk and Compliance

During the financial year 2022-2023, the Risk and Compliance Manager ran 27 risk workshops with Organisation Units (Tier 3 Managers and teams) to review and update existing risks and to identify emerging ones. Several new risks and changes in the status of existing ones were identified during the workshop. The workshops demonstrated that there was a good awareness of the need to identify and manage risks and control planning and risk treatment was incorporated into business practices. The review also found that a 'refresh' of the existing risk register was required, and QLDC subsequently implemented a risk hierarchy to better reflect risk management practices across the business and to enable risk management to be more dynamic. Changes to the QLDC Risk Register (TechOne) were proposed to enable greater visibility of organisational risks. Changes to the TechOne risk functionality have been partially implemented and further upgrades are proposed during financial year 2023-2024.

HOW MUCH IT COST

Breakdown of service cost

AS A PERCENTAGE OF TOTAL EXPENDITURE

Total Operating Expenditure of \$265,965,000 (excluding depreciation)

Finance and support services expenditure of \$47,024,000



18%

Overheads	2022 LTP \$000	2023 LTP \$000	2022 Actual \$000	2023 Actual \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	704	697	802	855
Targeted rates	(1,134)	(1,225)	-32	31
Subsidies & grants for operating expenditure	-	-	7,816	470
Fees & charges	130	134	219	398
Interest and dividends from investments	-	-	231	444
Internal Charges Recovered	24,191	25,648	43,073	46,051
Fuel tax, fines, infringement fees & other receipts	32	33	293	106
Total Sources of Operating Funding	23,923	25,287	52,401	48,293
Applications of Operating Funding				
Payments to staff and suppliers	23,976	24,929	22,466	25,652
Finance costs	(1,266)	(999)	124	288
Internal Charges Applied	-	-	18,882	21,084
Other operating funding applications	-	-	-	-
Total Applications of Operating Funding	22,710	23,930	41,471	47,024
Surplus/(Deficit) of Operating Funding	1,213	1,357	10,930	1,269
Sources of Capital Funding				
Subsidies & grants for capital expenditure	-	-	-	1,645
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	8,385	4,837	1,140	772
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total Sources of Capital Funding	8,385	4,837	1,140	2,417
Applications of Capital Funding				
Capital Expenditure				
- to meet additional demand	86	106	88	155
- to replace existing assets	1,145	1,540	624	901
- to improve the level of service	523	462	241	844
Increase/(decrease) in reserves	7,844	4,086	11,117	1,785
Increase/(decrease) of investments	-	-	-	-
Total Applications of Capital Funding	9,598	6,194	12,070	3,686
Surplus/(Deficit) of Capital Funding	(1,213)	(1,357)	(10,930)	(1,269)

Significant cost of services variances

\$0.5M above budget for subsidies and grants for operating expenditure with unbudgeted grants received for \$0.5M in infrastructure. Fees and charges were \$0.3M above budget due to \$0.2M higher than budgeted external cost recovery charges. \$0.4M above budget for interest and dividends from investments with \$0.4M unbudgeted favourable factoring position. \$0.7M over budget for payments to staff and suppliers due to \$0.9M lower than budgeted internal time capital expenditure recovery. \$1.3M below budget for finance costs due to lower interest costs.



How we performed

HOW QLDC PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Baseline Performance at 30 June 2020	Target Yr 2	Annual Result 2021-2022	Annual Result 2022-2023	Commentary
Weighted average interest rate	3.47%	<6%		4.92%	This target was achieved and has increased on the prior year due to increases in the Official Cash Rate throughout the financial year.
Debt servicing to rates revenue	4.5%	<15%	6.10%	17.52%	The target was not achieved due to higher than expected borrowing costs as a result of rises in interest rates and increased debt largely because of the leaky building settlement.
Percentage of debt owing 90 days plus	14.9%	<30%	7.43%	12.34%	This target was achieved. Balance owing 90 days has increased on the prior year predominately due to timing of a receipt for a Crown Infrastructure government grant outstanding of \$0.6M, along with a \$0.4M increase in vehicle infringements.
Renewals capital expenditure to depreciation ratio	0.52	>1	1.03	0.883	The target was not achieved as depreciation increased significantly in comparison to the renewals budget due to the impact on depreciation from the rise in asset valuations.
Rates income complies with the limits set in the financial strategy (Affordability benchmark/rates benchmark)	56.1%	<55%	40%	39%	This target was achieved as part of setting the 2021-2031 Long Term Plan in line with this KPI.
Debt complies with the limits set in the council's financial strategy (Affordability benchmark/rates benchmark)	79.7%	<280%	159%	252%	The percentage has increased on the prior year due to the leaky building settlement and from debt funded capital spend.
Rates per rating unit	\$3,006.94	<\$5,500	\$3,083	\$3,454	This target was achieved as the rates increase was set within the limits of this KPI.
Net debt per rating unit	\$4,274.96	<\$24,000	\$9,282	\$17,383	This target remains achieved with the increase due to the level of borrowing.
Revenue (excluding income from development and financial contributions, revaluations and vested assets) exceeds operating expenditure (Sustainability benchmark/balanced budget benchmark)	89.2%	>100%	105.3%	64%	This target was not achieved due to additional operating expenditure this year including the leaky homes settlement, and increased interest, legal, asbestos removal, electricity, insurance and forestry costs.
Capital expenditure on the five network infrastructure services equals or exceeds depreciation on those five services (Sustainability benchmark/ balanced budget benchmark)	295%	>100%	436.5%	388%	With an increase in infrastructure capital expenditure during the 2022-2023 financial year this target was achieved.

KPIs	Baseline Performance at 30 June 2020	Target Yr 2	Annual Result 2021-2022	Annual Result 2022-2023	Commentary
Borrowing costs are less than 10% of operating revenue (or 15% for those with projected growth at or above NZ average) (Sustainability benchmark. Debt servicing benchmark)	2.2%	<15%	3.02%	8.77%	The target was achieved. Borrowing costs percentage has increased due to higher than expected interest costs along with additional debt due to the leaky homes settlement.
Net cash flow from operations equals or exceeds budget (Predictability benchmark/ operations control benchmark)	65.3%	>100%	47.3%	-66.9%	The target has not been met. Receipts from customers are down on budget, and payments to suppliers and staff are above budget mainly due to the leaky homes settlement.
Net debt is less than or equal to forecast net debt in the local authority's Long Term Plan (Predictability benchmark/Debt control benchmark)	58.1%	<100%	86.3%	105%	The target has not been achieved mainly as a result of the unexpected borrowings relating to the leaky building settlement.
Percentage of complaints that are resolved within 10 working days	81%	>95%	93.6%	96.9%	The KPI was met for 2022-2023, with the percentage of complaints resolved within 10 working days at 96.9%.
Percentage of customer calls that meet the service level (answered within 20 seconds)	78%	>80%	86%	75.9%	The KPI was not met in 2022-2023 due to phone system changes and staffing challenges throughout the year.
Percentage of Councillor enquiries responded to within 5 working days	87%	100%	86%	78.5%	The KPI was not met in 2022-2023 predominately due to the complexity of enquiries received.
<i>Customer satisfaction with:</i>		>70%			The customer satisfaction KPI metrics were achieved in 2022-2023, with all four measures achieving >70%.
Speed of response and final resolution	58%		67%	73%	
Clarity of process and timeframes	81%		81%	85%	
Staff knowledge and professionalism	87%		92%	97%	
Fairness and consistency	86%		88%	94%	
Reduction in the Total Recordable Injury Frequency Rate	6.15	<8.5	2.74	3.95	The reduction in the Total Recordable Injury Frequency Rate was 3.95 for 2022-2023, therefore the KPI was achieved.
<i>Percentage of residents who are satisfied with the steps Council is taking to:</i>		>80%			This KPI was not achieved. Council is committed to a highly ambitious work programme within the 2022-2025 Climate and Biodiversity Plan; however it recognises that visibility of this work needs to improve to help satisfy the expectations of the community.
Reduce emissions	10%		11%	13%	
Protect the environment	24%		19%	22%	

Queenstown Airport Corporation



Passenger and Aircraft Movements (FY23)				
Passengers (000's)	Actual	SOI	Variance	
Domestic	1,634	1,309	325	25%
International	737	289	228	155%
Total Passengers	2,370	1,598	772	48%
Aircraft movements	17,714	12,175	5,539	45%

Income Statement (FY23)				
(\$000's)	Actual	SOI	Variance	
Total Revenue	59,625	35,965	23,660	66%
EBITDA	43,869	20,945	22,924	109%
Net profit after tax	22,204	6,453	15,751	244%
EBITDA as % of Revenue	74%	58%		
Dividends paid	7,281	1,000	6,281	628%
Return on Capital Employed (EBIT to Net Operating Assets)	7.1%	2.9%		

Funding and Financial Covenants (FY23)		
	Actual	SOI
Closing Debt (\$000)	39,500	70,000
EBITDA >2 times funding expense	14.4	6.9
Shareholders Funds to Total Tangible Assets >50%	85.4%	80.5%

Council's 2021-2031 Long Term Plan set out a number of objectives and expectations for the Queenstown Airport Corporation (QAC) as well as outlining the nature and scope of activities. A key project in these objectives was to develop a draft masterplan for Queenstown Airport and to have begun the stakeholder and community consultation process. The draft masterplan was presented to Council at a briefing on 13 April 2023 and approved by the QAC's Board for public consultation in May 2023. Public consultation took place from 24 May to 23 June and was supported by Council's engagement and communications team to provide enhanced reach to the community through Council's communications channels. That included a survey hosted on council's Let's Talk online engagement platform. Changes to the draft masterplan are currently being considered before a final plan will be presented for Council to consider endorsing before the end of 2023.

In September 2022, QAC completed its 10-year Strategic Plan as a foundation for its organisational initiatives. Its new mission is "Proudly connecting our home to New Zealand and the world" with a vision of "an innovative airport that people love to travel through, and the community takes pride in". The plan reflects QAC's commitment to supporting the region to be a low-impact, high quality place to live, work and visit, now and for future generations.

The terminal upgrade programme continues as work in progress and is on track to progress as expected once the final masterplan is adopted later in 2023. Work completed in financial year 2022-2023 includes redesigning the digital flight information screens to meet new accessibility guidelines, refreshing the international arrivals area with new furniture and wall photography, reconfiguring the check-in area shared by Jetstar, Qantas and Virgin Australia to improve passenger flow, and installing six Elenium automated bag drop units and nine extra self-service check-in kiosks.

QAC has continued to facilitate the Queenstown Airport Liaison Committee and the committee met quarterly throughout the 2022-2023 period. In May, QAC appointed a new Chair of the committee, Joanne Conroy, following the resignation of former Chair Jane Taylor.

In addition to these performance measures, QAC has continued to progress its Sustainability Strategy, which was published in July 2022, and associated decarbonisation roadmap. QAC has progressed from Toitū carbon reduce to Toitū net carbon zero certification and is actively working to reduce operational emissions and has committed to a certified 100% renewable electricity supply by 2030. Other deliverables in the year included installing EV charging stations in car park A, expanding the organisation's composting system, and introducing a predator control plan with new traps that have been put in place and are being routinely monitored.

The financial results delivered for the financial year reflect the combination of the strong recovery of passenger numbers from June 2022 and improved yields from commercial concessions. There was a 122% increase in revenue to \$59.6M from \$26.8M in the previous year.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increased by 214% from \$14.0M to \$43.9M. Total operating expenditure was \$15.8M. Profit for the period was up significantly to \$22.2M from \$1.1M in financial year 2021-2022.

Capital expenditure in this period of \$8.4M included investment in the Terminal Upgrade Programme to improve sustainability and the customer experience, and in airfield maintenance.

As at 30 June 2023, term debt was \$39.5M, down from \$65.0M at 30 June 2022.

Funding Impact Statement – whole council (QLDC only)



Funding Impact Statement – Whole Council (QLDC only)

	2022 Annual Plan \$000	2022 Actual \$000	2023 Ten Year Plan \$000	2023 Actual \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	3,894	4,015	3,938	5,932
Targeted rates	92,875	91,741	100,992	99,652
Subsidies & grants for operating expenditure	5,920	13,253	6,185	7,222
Fees & charges	39,521	36,013	38,874	43,228
Interest and dividends from investments	-	231	4,866	6,498
Fuel tax, fines, infringement fees & other receipts	6,874	5,916	8,131	8,625
Total sources of operating funding	149,084	151,170	162,986	171,156
Applications of operating funding				
Payments to staff and suppliers	129,075	130,193	133,232	247,510
Finance costs	7,553	5,777	10,827	18,290
Total applications of operating funding	136,628	135,970	144,059	265,800
Surplus/(deficit) of operating funding	12,456	15,200	18,927	(94,644)
Sources of capital funding				
Subsidies & grants for capital expenditure	68,050	40,059	56,476	37,509
Development and financial contributions	13,355	19,158	21,209	17,485
Increase/(decrease) in debt	167,545	104,935	74,786	177,457
Gross proceeds from sale of assets	-	-	23,393	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	248,950	164,152	175,864	232,451
Applications of capital funding				
Capital expenditure				
- to meet additional demand	117,433	56,050	81,060	67,976
- to replace existing assets	57,936	47,093	46,256	49,029
- to improve the level of service	71,880	57,250	69,081	62,429
Increase/(decrease) in reserves	14,157	18,959	(1,606)	(41,627)
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	261,406	179,352	194,791	137,807
Surplus/(deficit) of capital funding	(12,456)	(15,200)	(18,927)	94,644
Funding balance	-	-	-	-

Reconciliation of Funding Impact Statement to Statement of Financial Performance

	2022 Annual Plan \$000	2022 Actual \$000	2023 Ten Year Plan \$000	2023 Actual \$000
INCOME				
Statement of Comprehensive Revenue and Expense:				
Total operating income	252,430	247,495	286,130	270,244
Funding Impact Statement:				
Total sources of operating funding	149,084	151,170	162,986	171,156
<i>Plus sources of capital funding:</i>				
Subsidies & grants for capital expenditure	68,050	40,059	56,476	37,509
Development and financial contributions	13,355	19,158	21,209	17,485
Other dedicated capital funding	-	-	-	-
Less cost of property sales	-	-	-	-
<i>Plus non-cash items:</i>				
Vested assets	19,600	28,147	20,239	40,049
Other gains/(losses)	2,341	8,961	25,220	4,045
Total income	252,430	247,495	286,130	270,244
EXPENDITURE				
Statement of Comprehensive Income:				
Total operating expenditure	179,527	181,660	190,013	324,050
Funding Impact Statement:				
Total applications of operating funding	136,628	135,970	144,059	265,966
<i>Plus non-cash items:</i>				
Depreciation & amortisation expense	42,899	45,690	45,954	58,085
Total expenditure	179,527	181,660	190,013	324,050

Section 03: Financial statements

Wāhaka 3: Kā tauākī ahumoni



Statement of Financial Performance

		Council 2023 \$'000	Council Budget \$'000	Council 2022 \$'000	Group 2023 \$'000	Group 2022 \$'000
For the financial year ended 30 June 2023	Notes					
Operating revenue						
Revenue from non-exchange transactions						
Rates revenue	2 (a)	104,410	104,030	94,757	104,063	94,324
Other revenue	2 (a)	115,536	116,505	112,047	115,536	112,515
Revenue from exchange transactions						
Other revenue	2 (b)	46,253	40,375	31,730	99,623	57,606
Total revenue	2 (g)	266,199	260,910	238,534	319,222	264,445
Operating expenditure						
Employee benefits expense	2 (c)	41,555	41,801	37,421	49,187	43,840
Depreciation and amortisation expense	2 (d)	58,085	45,954	45,690	67,243	54,149
Borrowing costs	2 (e)	18,290	10,827	5,777	22,537	7,987
Other expenses	2 (f)	206,120	91,431	92,772	213,118	99,792
Total operating expenditure	2 (g)	324,050	190,013	181,660	352,085	205,768
Operating surplus before other gains/(losses)		(57,851)	70,897	56,874	(32,863)	58,677
Other gains/(losses)	2 (b)	4,045	25,220	8,961	4,059	8,980
Operating surplus before income tax		(53,806)	96,117	65,835	(28,804)	67,657
Income tax expense	3	-	-	-	9,192	741
Operating surplus for the year		(53,806)	96,117	65,835	(37,996)	66,916
Operating surplus attributable to:						
- Council	20	(53,806)	96,117	65,835	(44,478)	66,647
- Non-controlling interest	21	-	-	-	6,482	269
		(53,806)	96,117	65,835	(37,996)	66,916

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

		Council 2023 \$'000	Council Budget \$'000	Council 2022 \$'000	Group 2023 \$'000	Group 2022 \$'000
For the financial year ended 30 June 2023	Notes					
Surplus for the year		(53,806)	96,117	65,835	(37,996)	66,916
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)	146,756	29,202	343,373	198,283	404,710
Income tax relating to revaluation	19 (a)	-	-	-	(6,501)	(6,905)
Gain/(loss) on cash flow hedging	19 (d)	-	-	-	73	1,506
Realised gain/ (losses) transferred to the statement of financial performance	19 (d)	-	-	-	-	20
Income tax relating to cash flow hedging	19 (d)	-	-	-	(20)	(422)
Total comprehensive income		92,951	125,319	409,208	153,839	465,825
Attributable to:						
- Council		92,951	125,319	409,208	137,025	451,947
- Non-controlling interest		-	-	-	16,814	13,878
		92,951	125,319	409,208	153,839	465,825

Statement of Financial Position

		Council	Council	Council	Group	Group
		2023	Budget	2022	2023	2022
As at 30 June 2023	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets						
Cash and cash equivalents	28	1,326	3,513	18,402	2,540	20,202
Trade and other receivables from non-exchange transactions	6	14,227	7,683	16,214	14,227	16,214
Trade and other receivables from exchange transactions	6	20,752	11,391	17,353	25,290	21,759
Inventories		71	3,705	46	71	46
Other financial assets	7	1,155	15	73	1,374	277
Other current assets	8	10,269	2,278	6,650	10,829	7,089
Asset held for Sale		4,455	-	-	4,455	-
Development property	9	-	-	-	-	-
Total current assets		52,255	28,585	58,738	58,786	65,587
Non-current assets						
Investment in subsidiaries	25	5,412	8,907	5,412	-	-
Other financial assets	7	12,612	-	7,158	13,597	7,856
Trade and other receivables from exchange transactions	6	-	-	-	290	1,186
Property, plant and equipment	10	2,878,207	2,377,097	2,576,089	3,391,259	3,038,745
Forestry assets	11	-	-	-	-	-
Intangible assets	12	5,159	-	4,101	6,981	6,225
Investment property	13	53,150	62,703	50,940	53,150	50,940
Development property	9	19,372	7,614	20,354	19,372	20,354
Total non-current assets		2,973,913	2,456,321	2,664,054	3,484,650	3,125,306
Total assets		3,026,168	2,484,906	2,722,791	3,543,436	3,190,893
Current liabilities						
Trade and other payables from exchange transactions	14	47,741	24,656	61,095	50,127	63,059
Borrowings	15	109,000	104,000	87,785	135,500	102,785
Other financial liabilities	16	-	36,525	-	62	-
Other current liabilities	17	9,028	-	8,509	9,028	8,509
Employee entitlements	18	3,474	-	3,316	5,025	4,440
Current tax payable	3 (c)	-	-	-	9,313	897
Total current liabilities		169,243	165,181	160,705	209,055	179,690

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

Statement of Financial Position continued

		Council 2023 \$'000	Council Budget \$'000	Council 2022 \$'000	Group 2023 \$'000	Group 2022 \$'000
As at 30 June 2023	Notes					
Non-current liabilities						
Borrowings	15	417,732	311,784	215,844	430,732	265,844
Other financial liabilities	16	-	-	-	168	-
Deferred tax liabilities	3 (d)	-	-	-	25,075	19,491
Total non-current liabilities		417,732	311,784	215,844	455,975	285,335
Total liabilities		586,975	476,965	376,549	665,030	465,025
Net assets		2,439,193	2,007,941	2,346,243	2,878,406	2,725,868
Equity						
Reserves	19	1,681,547	1,131,866	1,533,539	1,934,297	1,752,476
Accumulated funds	20	757,646	876,075	812,704	831,961	877,172
Total equity attributable to Council		2,439,193	2,007,941	2,346,243	2,766,258	2,629,648
Non-controlling interest	21	-	-	-	112,148	96,220
Total equity		2,439,193	2,007,941	2,346,243	2,878,406	2,725,868

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



Glyn Lewers
Mayor
6 October 2023



Mike Theelen
Chief Executive
6 October 2023

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
Council	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
For the year ended 30 June 2023									
Balance at 1 July 2022	19/20	1,489,154	27,901	16,483	-	812,705	2,346,243	-	2,346,243
Total comprehensive revenue and expense for the year	19/20	146,756	-	-	-	(53,806)	92,951	-	92,951
Transfers from/(to) accumulated funds	19/20	2,211	(6,901)	5,941	-	(1,251)	-	-	-
Disposals	19/20	-	-	-	-	-	-	-	-
Balance at 30 June 2023		1,638,122	21,000	22,424	-	757,647	2,439,193	-	2,439,193
For the year ended 30 June 2022									
Balance at 1 July 2021	19/20	1,141,708	30,987	19,961	-	744,379	1,937,035	-	1,937,035
Total comprehensive revenue and expense for the year	19/20	343,373	-	-	-	65,835	409,208	-	409,208
Transfers from/(to) accumulated funds	19/20	4,073	(3,086)	(3,478)	-	2,491	-	-	-
Disposals	19/20	-	-	-	-	-	-	-	-
Balance at 30 June 2022		1,489,154	27,901	16,483	-	812,705	2,346,243	-	2,346,243
Group									
		Revaluation Reserves	Operating Reserves	Capital Reserves	Hedging Reserve	Accumulated Funds	Attributable to Equity Holders of Parent	Non- Controlling Interest	TOTAL EQUITY
Group	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
For the year ended 30 June 2023									
Balance at 1 July 2022	19/20	1,707,603	27,901	16,483	487	877,174	2,629,648	96,220	2,725,868
Total comprehensive revenue and expense for the year	19/20	180,530	-	-	40	(43,960)	136,610	17,747	154,357
Dividends paid	21	-	-	-	-	-	-	(1,820)	(1,820)
Transfers from/(to) accumulated funds	19/20	2,211	(6,901)	5,941	-	(1,251)	-	-	-
Disposals	19/20	-	-	-	-	-	-	-	-
Balance at 30 June 2023		1,890,344	21,000	22,424	527	831,963	2,766,258	112,148	2,878,406
For the year ended 30 June 2022									
Balance at 1 July 2021	19/20	1,319,327	30,987	19,961	(341)	808,036	2,177,970	82,072	2,260,042
Total comprehensive revenue and expense for the year	19/20	384,203	-	-	828	66,647	451,678	14,148	465,826
Dividends paid	21	-	-	-	-	-	-	-	-
Transfers from/(to) accumulated funds	19/20	4,073	(3,086)	(3,478)	-	2,491	-	-	-
Disposals	19/20	-	-	-	-	-	-	-	-
Balance at 30 June 2022		1,707,603	27,901	16,483	487	877,174	2,629,648	96,220	2,725,868

Statement of Cash Flows

	Notes	Council 2023 \$'000	Council Budget \$'000	Council 2022 \$'000	Group 2023 \$'000	Group 2022 \$'000
For the financial year ended 30 June 2023						
Cash flows from operating activities						
Receipts from customers		210,281	235,805	202,816	278,700	229,539
Interest received		851	-	43	965	60
Dividend received		5,461	4,866	-	5,461	-
Payments to suppliers and employees		(262,999)	(133,232)	(162,911)	(287,428)	(175,528)
Finance costs paid		(14,183)	(10,827)	(4,451)	(17,250)	(6,634)
Income tax paid		-	-	-	(1,566)	(1,968)
Subvention receipt		-	-	-	-	-
Net GST (payment) /receipt		(3,925)	-	2,176	(3,925)	2,176
Net cash inflow/(outflow) from operating activities	28 (c)	(64,514)	96,612	37,672	(25,043)	47,644
Cash flows from investing activities						
Purchase of investments		(5,430)	-	(2,750)	(5,430)	(2,750)
Sale of other financial assets		-	-	-	-	-
Sale of investments		-	-	-	-	-
Sale of investment property		-	-	1,110	-	1,110
Sale of development property		-	-	-	-	-
Receipt of Wanaka Airport Settlement Proceeds		-	-	-	-	14,733
Purchase of property, plant and equipment		(166,648)	(196,397)	(158,588)	(173,864)	(169,395)
Purchase of development property		-	-	-	-	-
Purchase of investment property		-	-	-	-	-
Purchase of intangible assets		(3,588)	-	(1,755)	(3,649)	(1,916)
Proceeds from sale of property, plant and equipment		-	25,000	-	-	-
Net cash inflow/(outflow) from investing activities		(175,667)	(171,397)	(161,983)	(182,944)	(158,218)
Cash flows from financing activities						
Proceeds from borrowings		309,103	177,786	166,706	309,103	166,706
Repayment of borrowings		(86,000)	(103,000)	(25,000)	(111,500)	(42,000)
Dividends paid		-	-	-	(7,281)	-
Net cash inflow / (outflow) from financing activities		223,103	74,786	141,706	190,322	124,706
Net increase/(decrease) in cash and cash equivalents		(17,076)	1	17,395	(17,661)	14,130
Cash and cash equivalents at the beginning of the financial year		18,402	3,512	1,007	20,202	6,072
Cash and cash equivalents at the end of the financial year		1,326	3,513	18,402	2,541	20,202
Represented by:						
Cash and cash equivalents		1,326	3,513	18,402	2,541	20,202
Bank overdraft		-	-	-	-	-
		1,326	3,513	18,402	2,541	20,202

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

Notes to the financial statements



Statement of accounting policies

REPORTING ENTITY

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

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

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

The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself and the Group as public benefit entities (“PBEs”) for the purposes of complying with generally accepted accounting practice.

The financial statements of the Council and Group are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on 6 October 2023.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the year. The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Statement of Compliance

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

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

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

Presentation Currency and Rounding

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

Standards Issued and Effective for Current Year

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

- > PBE FRS 48 Service Performance Reporting
- > 2018 Omnibus Amendments to PBE Standards
- > PBE interest Rate Benchmark Reform Phase 2
- > PBE IPSAS 41 Financial instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. QLDC has adopted PBE IPSAS 41 for the first time this year. There has been little change as a result of adopting the new standard, because the requirements are similar to those contained in PBE IFRS 9.

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

Standards Issued and not yet Effective and not Early Adopted

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

- > 2022 Omnibus Amendments to PBE Standards

Other Changes in Accounting Policies

There have been no other changes in accounting policies.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

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

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, taking into account contractually defined terms of payment, net of discounts and GST.

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

(i) Revenue from Non-Exchange Transactions

General and Targeted Rates

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

User Charges and Other Income – Subsidised

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

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

Grants and Subsidies

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

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

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

Vested Assets

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

Development Contributions

The revenue recognition point for development and financial contributions is at the later of the point when the Council is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation.

(ii) Revenue from Exchange Transactions

User Charges and Other Income – Full Cost Recovery

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

Interest Revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest revenue is included in other revenue.

Dividend Revenue

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

Property Sales

Net gains or losses on the sale of investment property, property, plant and equipment, property intended for sale and financial assets are recognised when an unconditional contract is in place and it is probable that the Council and Group will receive the consideration due.

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

Borrowing Costs

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

Leases

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

(a) Council and/or Group as Lessor

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

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

(b) Council and/or Group as Lessee

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

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

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

(c) Lease Incentives

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

Taxation

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

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

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

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

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting surplus. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Council and Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

Goods and Services Tax

Tax Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and other short-term highly liquid deposits that are readily convertible to a known amount of cash.

Financial Instruments

Financial assets and financial liabilities are recognised on the Council's or Group's Statement of Financial Position when the Council and/or Group becomes a party to contractual provisions of the instrument. Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as fair value through surplus or deficit (FVTSD) which are initially valued at fair value.

(i) Other Financial Assets

Financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified into the following specified categories: 'amortised cost', 'fair value through other comprehensive revenue and expense (FVTOCRE)', or financial assets 'at fair value through surplus or deficit' (FVTSD).

Transaction costs are included in the carrying value of the financial asset at initial recognition, unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit. The classification of a financial asset depends on its cash flow characteristics and the Council's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent Measurement of Financial Assets at Amortised Cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except expected credit losses (ECL) and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council does not hold any debt instruments in this category.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council designates into this category all equity investments that are not included in its investment fund portfolio, and if they are intended to be held for the medium to long-term. The Council does not hold any equity instruments in this category.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue. Instruments in this category include the Council's LGFA borrower notes.

Trade Receivables, Loans, and Other 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 recorded at the amount due, less an allowance for expected credit losses (ECL). The Council applies the simplified ECL model of recognising lifetime ECL for receivables. In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected. 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

The Group recognises a loss allowance for expected credit losses on financial instruments that are measured at amortised cost or at FVTOCRE. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, at each reporting date the loss allowance for financial instruments is measured considering the lifetime expected credit losses, if the credit risk on those financial instruments has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to a 12-month period of expected credit losses.

(ii) (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. Borrowings are classified as current liabilities unless the council or group has an unconditional right to defer settlement of the liability for at least twelve months after balance date or if the borrowings are expected to be settled within twelve months of balance date.

(iii) Derivative Financial Instruments

The Group enters into certain derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps. Further details of derivative financial instruments are disclosed in note 33 to the financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. The resulting gain or loss is recognised in the Statement of Financial Performance immediately unless the derivative is designated and effective as a hedging instrument (in the case of Queenstown Airport Corporation Ltd (QAC)), in which event the nature and timing of the recognition in surplus or deficit depends on the nature of the hedging relationship. QAC designates certain derivatives as cash flow hedges. Council does not undertake hedge accounting in relation to its derivative financial instruments.

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

Fair Value Estimation

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

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

Hedge Accounting

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

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

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

Cash Flow Hedges

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

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

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

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

Development Properties

Development properties are stated at the lower of cost or net realisable value. Cost includes planning expenditure and any other expenditure to bring the development property to its present condition.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis with an appropriate allowance for obsolescence and deterioration.

Properties Held for Sale

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

Property, Plant and Equipment

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

Operational Assets

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

Campground Assets

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

Airport Assets

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

Infrastructure Assets

- > Infrastructural assets are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function:
 - Sewer, stormwater, water
 - Roads, bridges and lighting
 - Land under roads

(i) Cost

Operational assets (excluding Airport assets such as Queenstown Airport

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

(ii) Accounting for Revaluations

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

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

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

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

Campground Assets

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

Sewer, Stormwater, Water

Sewer, stormwater and water supply assets are stated at valuation which is optimised depreciated replacement cost value as at 30 June 2023 by WSP New Zealand Limited, independent valuers. The valuation has been undertaken using information at 30 June 2022 with additions subsequent to that date recorded at cost.

Roads, Bridges and Lighting

Roading assets are stated at valuation which is optimised depreciated replacement cost value as at 30 June 2023 by WSP New Zealand Limited, independent valuers. Additions subsequent to that date have been recorded at cost.

Airport Land, Buildings, Roading, Carparking and Runways

Land, buildings, roading and car parking were independently valued by JLL, registered valuers, as at 30 June 2023. The runways, taxiways and aprons were independently valued by Beca Valuations Limited (Beca), 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% -5%	SL
Building improvements	1.5% - 10%	SL
Plant and machinery	5.5% -25%	SL
Motor vehicles	20%	DV
Furniture and office equipment	10% -20%	SL
Computer equipment	10% -25%	SL
Library books	10%	SL

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

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

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

(iv) Disposal

An item of property, plant and equipment is derecognised upon disposal or recognised as impaired when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance in the period the asset is derecognised.

Forestry Assets

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the Statement of Financial Performance.

The costs to maintain the forestry assets are included in the Statement of Financial Performance.

Emission Trading Scheme Accounting Policy

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

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

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

Investment Properties

Investment properties are held to earn rentals and/or for capital gains. Property held to meet service delivery objectives or held for strategic purposes is excluded from investment properties and included with property, plant and equipment. The investment properties are measured at fair value at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in the Statement of Financial Performance in the period in which they arise.

Investment properties are derecognised upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance in the period the asset is derecognised. Any associated balance in the revaluation reserve is transferred to accumulated funds via equity.

Finite Life Intangible Assets

Finite life intangible assets are recorded at cost less accumulated amortisation. Amortisation is charged on a straight line basis over their estimated useful life. The estimated useful life and amortisation period is reviewed at the end of each annual reporting period.

Intangible Assets – Software Acquisition and Development

Acquired computer software licenses are recorded at cost less accumulated amortisation. Amortisation is charged on a straight line basis over their estimated useful life. The estimated useful life and amortisation period is reviewed at the end of each annual reporting period.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Council and Group, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Impairment of Non-Financial Cash-Generating Assets

At each reporting date, the Council and Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Council and Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential. In assessing value in use for cash-generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the Statement of Financial Performance immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase, via other comprehensive income.

Employee Benefits

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

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

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

Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts and demand deposits that the Council and Group invest in as part of day to day cash management.

Operating activities include cash received from all income sources of the Council and Group and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of noncurrent assets.

Financing activities comprise the change in equity and debt structure of the Council and Group.

Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Council entity and its subsidiaries as defined in PBE IPSAS 35 Consolidated Financial Statements. A list of subsidiaries appears in note 25 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the excess is credited to surplus or deficit in the period of acquisition.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Council obtains control and until such time as the Council ceases to control the subsidiary.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the Group are eliminated in full.

Investments in subsidiaries and controlled entities are included in the Council entity at cost less any impairment losses.

Control is determined based on ownership interest.

Equity

Equity is the community's interest in the Council and Group and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves. Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Restricted and Council Created Reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves are those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

The Council's objectives, policies and processes for managing capital are described in note 33.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the Council or Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability the Council or Group will be required to reimburse a holder for a loss incurred, discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if the Council or Group assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with PBE FRS, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

Allocation of Overheads

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on the cost drivers and related activity/usage information. Direct costs are those costs that are directly attributable to a significant activity. Indirect costs are those costs that cannot be linked in an economically feasible manner to a specific significant activity.

Critical Accounting Estimates and Assumptions

In preparing these financial statements the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Disclosures – Water services reform programme

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- > The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- > The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- > The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

Council will be impacted by the transfer of water related assets and operations. The exact asset and operations that will be transferred remains unclear.

Infrastructural Assets

There are a number of assumptions and estimates used when determining fair value using optimised Depreciated Replacement Cost (DRC) for infrastructural assets. These include:

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

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

Provision for Legal Claims against Council

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

Other Estimates and Assumptions

Estimating the Percentage of Completion on Consent Applications

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

Valuation of Airport Assets held by QAC

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

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

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

Critical Judgements

Management has exercised the following critical judgements in applying the Council's and Group's accounting policies for the year ended 30 June 2023.

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 3.00% to 4.50%. 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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue from non-exchange transactions consisted of the following items:				
Rates revenue:				
General rates	4,758	3,016	4,754	3,012
Targeted rates	99,652	91,741	99,309	91,312
	104,410	94,757	104,063	94,324
Other revenue:				
User charges - subsidised	7,042	5,992	7,042	5,992
Development contributions	17,485	19,158	17,485	19,158
Grants and subsidies	42,909	53,312	42,909	53,780
Vested assets	40,049	28,147	40,049	28,147
Other revenue	8,050	5,438	8,050	5,438
	115,536	112,047	115,536	112,515

2. Surplus from Operations continued

(b) Revenue from exchange transactions

	Council		Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue from exchange transactions consisted of the following items:				
Other revenue:				
User charges - full cost recovery	34,270	27,985	41,646	31,436
Landing dues	-	-	32,135	12,836
Dividend income	5,461	-	-	-
Operating lease rental revenue	1,932	2,035	21,288	11,624
Other revenue - full cost recovery	3,553	1,478	3,518	1,478
<i>Finance Income:</i>				
Bank deposits	1,036	228	1,036	228
Inland Revenue Department	-	4	-	4
	46,253	31,730	99,623	57,606
Other gains/(losses)				
Gain/(loss) on revaluation of investment property	2,210	4,715	2,210	4,715
Gain/(loss) on disposal of development property	-	-	-	-
Gain/(loss) on disposal of property, plant and equipment	832	51	832	51
Gain/(loss) in fair value of forestry assets	-	(950)	-	(950)
Gain/(loss) in fair value of derivative financial instruments classified at fair value through profit or loss	1,003	5,145	1,017	5,164
	4,045	8,961	4,059	8,980

2. Surplus from Operations continued

	Notes	Council		Group	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
(c) Employee benefits expense					
Salaries and wages		41,555	37,421	49,187	43,840
Other employee benefits		-	-	-	-
		41,555	37,421	49,187	43,840
(d) Depreciation and amortisation expense					
Depreciation of property, plant and equipment	10	55,555	43,047	64,350	51,175
Amortisation of intangible assets	12	2,530	2,643	2,893	2,974
		58,085	45,690	67,243	54,149
(e) Finance costs					
Interest on loans		18,290	5,777	22,537	7,987
Other interest expense		-	-	-	-
		18,290	5,777	22,537	7,987
(f) Other expenses					
Increase/(decrease) in allowance for doubtful debts		22	21	22	21
Bad debts written off		270	102	270	102
Operating lease rental expenses:					
Minimum lease payments		3,101	2,151	3,101	2,151
Legal claims against Council		103,171	4,311	103,171	4,311
Operating expenses		99,556	86,187	106,554	93,207
		206,120	92,772	213,118	99,792

2. Surplus from Operations continued

	Council	
	2023	2022
For the financial year ended 30 June 2023	\$'000	\$'000
(g) Summary cost of services by group of activity (Council only)		
(i) Revenue*		
Local Democracy	5,684	254
Community	21,040	19,803
Economy	4,973	4,422
Environmental	9,018	7,586
Transport	53,372	60,404
Water Supply	13,798	9,206
Storm Water	14,969	9,161
Waste Water	14,651	9,531
Regulatory	12,837	9,968
Waste Management	10,253	7,694
Other	1,195	5,748
Targeted rates	100,853	92,838
General rates	4,758	3,016
Internal rates	(1,200)	(1,097)
Total revenue	266,199	238,534
(ii) Expenditure*		
Local Democracy	5,020	4,677
Community	47,265	40,369
Economy	20,719	13,159
Environmental	16,984	16,314
Transport	38,179	33,413
Water Supply	20,829	14,245
Storm Water	10,631	7,001
Waste Water	28,663	19,872
Regulatory	118,305	17,805
Waste Management	16,123	15,500
Other	2,533	402
Internal rates	(1,200)	(1,097)
Total operating expenditure	324,050	181,660

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

	Council	
	2023	2022
For the financial year ended 30 June 2023	\$'000	\$'000
(iii) Depreciation and amortisation expense		
Local Democracy	21	18
Community	5,988	5,503
Economy	8	7
Environment	-	-
Roading and Parking	21,328	18,577
Water Supply	7,926	6,010
Stormwater	8,276	5,260
Wastewater	12,664	7,964
Regulatory	103	90
Waste Management	407	293
Other	1,363	1,968
Total depreciation and amortisation expense	58,085	45,690

Each significant activity is stated gross of internal costs and revenues and includes targeted rates attributable to activities. In order to fairly reflect the total external operations for the Council in the Statement of Financial Performance, these transactions are eliminated as shown above.

3. Income taxes

(a) Income tax recognised in surplus or deficit

	Council		Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Tax expense/(income) comprises:				
Current tax expense/(credit):				
Current year	-	-	10,130	1,403
Adjustments for prior years	-	-	-	-
	-	-	10,130	1,403
Deferred tax expense/(credit):				
Origination and reversal of temporary differences	-	-	(1,054)	(627)
Amortisation of tax component of derivatives	-	-	-	(8)
Adjustments for prior years	-	-	116	(27)
	-	-	(938)	(662)
Total tax expense/(income)	-	-	9,192	741

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	(53,806)	65,835	(22,409)	67,657
Income tax expense calculated at 28%	(15,066)	18,434	(6,471)	18,837
Non assessable income and expenses	15,066	(18,434)	15,304	(17,942)
Reversal of temporary difference	-	-	359	(146)
Amortisation of tax component of derivatives	-	-	-	(8)
Income tax expense/(credit)	-	-	9,192	741

The tax rate used in the above reconciliation is the corporate tax rate of 28% (2022: 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 (\$6,521,000) has been charged directly to other comprehensive income during the period, relating to the fair value movement in the interest rate swaps and foreign exchange forward contracts and property revaluations undertaken by QAC (2022: \$7,327,000).

(c) Current tax assets and liabilities

	Council		Group
	2023	2022	2023
	\$'000	\$'000	\$'000
Current tax payable:			
Current tax payable	-	-	9,313
			897

(d) Deferred tax balances comprise

Taxable and deductible temporary differences arising from the following:

	Opening balance	Charged to income	Group Charged to other comprehensive income	Closing balance
	\$'000	\$'000	\$'000	\$'000
2023				
Gross deferred tax (asset)/liability:				
Property, plant and equipment	18,177	(452)	6,501	24,226
Intangible assets	583	(85)	-	498
Employee entitlements	(146)	(10)	-	(156)
Derivatives	253	-	20	273
Trade and other payables	(35)	(3)	-	(38)
Trade and other receivables	659	(387)	-	272
Gross deferred tax asset/(liability)	19,491	(937)	6,521	25,075

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

3. Income taxes continued

(e) Imputation Credit Account Balances

	Council		Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at the beginning of year	589	589	25,972	24,004
Attached to dividends received	-	-	-	-
Taxation paid	-	-	1,566	1,968
Imputation credits on dividends paid	-	-	(1,593)	-
Refund of tax	-	-	-	-
Prior year adjustment	-	-	-	-
Balance at end of year	589	589	25,945	25,972
Imputation credits available directly and indirectly to Council through:				
Council	589	589	589	589
Subsidiaries	-	-	25,356	25,383
	589	589	25,945	25,972

4. Key Management Personnel Compensation

	Council		Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<i>Councillors</i>				
Remuneration	702	627	702	627
Full-time equivalent members	16	15	16	15
<i>Senior Management Team, including Chief Executive</i>				
Remuneration	1,706	1,607	3,736	3,255
Full-time equivalent members	6	6	13	13
Directors' fees	-	-	258	253
	2,409	2,235	4,697	4,136

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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Audit fees for financial statement audit	243	209	323	282
Audit of long term plan	-	-	-	-
Audit fees for assurance and related services	9	8	38	35
	252	217	361	317

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

6. Trade and other receivables

	Council		Group	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
From non-exchange transactions				
Trade receivables (i)	4,349	7,456	4,349	7,456
Infringement receivables (i)	2,365	2,063	2,365	2,063
Rates receivables (i)	6,785	6,532	6,785	6,532
New Zealand Transport Agency	2,517	1,904	2,517	1,904
Other (i)	208	142	208	142
Allowance for doubtful debts (ii)	(1,998)	(1,883)	(1,998)	(1,883)
	14,227	16,214	14,227	16,214
From exchange transactions				
Trade receivables (i)	13,066	12,015	16,893	15,290
Other (i)	8,651	6,687	9,889	9,260
Allowance for doubtful debts (ii)	(964)	(1,349)	(1,201)	(1,605)
	20,752	17,353	25,580	22,945
	34,979	33,567	39,807	39,159

(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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade and other receivables (excluding rates)				
Current (0-30 days)	19,640	23,469	23,775	28,776
31-60 days *	3,725	1,425	4,115	1,649
61-90 days *	1,352	160	1,447	182
90 days + *	3,478	2,011	3,686	2,050
	28,194	27,065	33,023	32,657
Rates receivables				
Current (0-30 days)	2,309	2,276	2,309	2,276
31 days - 1 year *	3,048	2,726	3,048	2,726
1 year + *	1,428	1,500	1,428	1,500
	6,785	6,502	6,785	6,502
Total receivables	34,979	33,567	39,807	39,159

* Amounts are considered past due.

Disclosed in the financial statements as:

	Council		Group	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Current				
Exchange transactions	20,752	17,353	25,290	21,759
Non-exchange transactions	14,227	16,214	14,227	16,214
Non-current				
Exchange transactions	-	-	290	1,186
	34,979	33,567	39,807	39,159
(iii)				
Movement in the allowance for doubtful debts:				
Balance at beginning of year	(3,232)	(2,970)	(3,488)	(3,289)
Amounts written off during year	270	102	270	102
Amounts recovered during year	(2)	-	-	-
Additional allowance recognised in Statement of Financial Performance	2	(364)	21	(301)
	(2,962)	(3,232)	(3,197)	(3,488)

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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Other investments held	10,848	5,419	11,833	6,117
Advances to community organisations	960	959	960	959
Interest rate swaps (i)	1,959	853	1,959	853
	13,767	7,231	14,752	7,929
Represented by:				
Current	1,155	73	1,374	277
Non-current	12,612	7,158	13,597	7,856
	13,767	7,231	14,971	8,133

- (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 2025, 15 May 2021, and 15 March 2019 (2022: 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). The interest rate is fixed at 4.355%, 3.595%, and 2.584% respectively (2021: 4.355%, 3.595%, 3.1875% and 2.584% respectively).

8. Other current assets

	Council		Group	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Prepayments	10,269	6,650	10,829	7,089
	10,269	6,650	10,829	7,089

9. Development Property

	Council		Group	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Land	16,684	17,861	16,684	17,861
Work in progress	2,688	2,493	2,688	2,493
	19,372	20,354	19,372	20,354

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 Whakatipu Transport Programme Alliance current programme has a final handover of completed physical works planned by December 23.

	Council		Group	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Land				
Balance at beginning of year	17,861	13,455	17,861	13,455
Land Acquired	3,277	4,406	3,277	4,406
Reclassified from investment property	(4,455)	-	(4,455)	-
Balance at end of year	16,684	17,861	16,684	17,861

10. Property, plant and equipment

Council 2023

	Cost/ valuation 1-Jul-22 \$'000s	Additions \$'000s	Disposals/ write offs \$'000s	Transfers \$'000s	Revaluations \$'000s	Cost/ valuation 30-Jun-23 \$'000s	Accumulated depreciation and impairment charges 1-Jul-22 \$'000s	Depreciation expense \$'000s	Accumulated depreciation and impairment charges reversed on revaluation \$'000s	Accumulated depreciation reversed on disposal \$'000s	Accumulated depreciation and impairment charges 30-Jun-23 \$'000s	Carrying amount 30-Jun-23 \$'000s
Operational assets												
At cost												
Land ⁽ⁱ⁾	120,373	8,017	(534)	-	-	127,856	-	-	-	-	-	127,856
Buildings	104,109	228	(128)	-	-	104,209	(24,345)	(2,320)	-	47	(26,617)	77,592
Building improvements	72,491	12,996	-	-	-	85,486	(32,003)	(2,941)	-	-	(34,944)	50,542
Plant and machinery	17,673	3,664	-	-	-	21,337	(9,786)	(1,183)	-	-	(10,970)	10,367
Motor vehicles	278	350	-	-	-	628	(202)	(50)	-	-	(251)	377
Furniture and office equipment	8,717	619	-	-	-	9,336	(6,087)	(462)	-	-	(6,549)	2,787
Computer equipment	5,508	263	(7)	-	-	5,764	(4,401)	(410)	-	4	(4,807)	957
Library books	5,545	324	-	-	-	5,869	(4,348)	(148)	-	-	(4,496)	1,373
Total operational assets	334,693	26,461	(669)	-	-	360,485	(81,172)	(7,514)	-	51	(88,635)	271,850
Campground assets												
At fair value												
Land ^(vi)	34,000	-	-	-	3,950	37,950	-	-	-	-	-	37,950
Buildings ^(vi)	11,547	20	-	-	608	12,175	-	-	-	-	-	12,175
Total campground assets	45,547	20	-	-	4,558	50,125	-	-	-	-	-	50,125
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⁾	381,154	27,982	(51)	-	18,741	427,826	(79)	(7,707)	7,648	0	(138)	427,688
Sewerage ⁽ⁱⁱ⁾	515,817	38,327	(804)	-	26,563	579,903	(868)	(12,241)	12,948	3	(158)	579,745
Stormwater ⁽ⁱⁱ⁾	354,899	20,076	(107)	-	27,144	402,012	(65)	(7,950)	7,934	1	(80)	401,932
Roading ⁽ⁱⁱⁱ⁾	1,016,356	99,600	-	-	19,715	1,135,671	(2,101)	(20,143)	21,507	-	(737)	1,134,934
Total infrastructural assets	2,268,226	185,985	(962)	-	92,163	2,545,412	(3,114)	(48,041)	50,037	5	(1,113)	2,544,299
Total Council property, plant and equipment	2,660,401	212,466	(1,631)	-	96,721	2,967,957	(84,285)	(55,555)	50,037	56	(89,748)	2,878,207

(i), (ii), (iii), (vi) refer to explanatory notes on page 152

10. Property, plant and equipment continued

	Group 2023											
	Cost/ valuation 1-Jul-22	Additions	Disposals/ write offs	Transfers	Revaluations	Cost/ valuation 30-Jun-23	Accumulated depreciation and impairment charges 1-Jul-22	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Accumulated depreciation reversed on disposal	Accumulated depreciation and impairment charges 30-Jun-23	Carrying amount 30-Jun-23
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Operational assets												
At cost												
Land ⁽ⁱ⁾	120,373	8,017	(534)	-	-	127,856	-	-	-	-	-	127,856
Buildings	103,696	228	(128)	-	-	103,796	(24,345)	-	(2,320)	47	(26,617)	77,179
Building improvements	72,491	12,996	-	-	-	85,486	(32,003)	-	(2,941)	-	(34,944)	50,542
Plant and machinery	44,720	6,387	(26)	-	-	51,081	(27,581)	-	(2,935)	-	(30,517)	20,564
Motor vehicles	278	350	-	-	-	628	(202)	-	(50)	-	(251)	377
Furniture and office equipment	8,717	619	-	-	-	9,336	(6,087)	-	(462)	-	(6,549)	2,787
Computer equipment	5,508	263	(7)	-	-	5,764	(4,401)	-	(410)	4	(4,807)	957
Library books	5,545	324	-	-	-	5,869	(4,348)	-	(148)	-	(4,496)	1,373
Total operational assets	361,327	29,184	(695)	-	-	389,816	(98,967)	-	(9,266)	51	(108,182)	281,634
Campground assets												
At fair value												
Land ^(vi)	34,000	-	-	-	3,950	37,950	-	-	-	-	-	37,950
Buildings ^(vi)	11,547	20	-	-	608	12,175	-	-	-	-	-	12,175
Total campground assets	45,547	20	-	-	4,558	50,125	-	-	-	-	-	50,125
Airport assets												
At fair value												
Land ^{(i), (iv)}	302,432	-	-	-	28,235	330,667	-	-	-	-	-	330,667
Land Improvements ^(iv)	11,981	114	-	-	3,148	15,243	-	-	(170)	-	(170)	15,073
Buildings ^{(iv), (v)}	89,639	4,528	-	-	11,582	105,749	-	-	(4,093)	-	(4,093)	101,656
Airport runways, Taxiways & Aprons ^{(i), (iv)}	44,814	103	-	-	6,410	51,327	(1,878)	-	(1,913)	-	(3,791)	47,536
Roading and carparking ^{(iv), (v)}	18,349	908	-	-	2,150	21,407	-	-	(1,139)	-	(1,139)	20,268
Total airport assets	467,215	5,653	-	-	51,525	524,393	(1,878)	-	(7,315)	-	(9,193)	515,200
Infrastructural assets												
At fair value												
Water supply ⁽ⁱⁱ⁾	381,154	27,982	(51)	-	18,741	427,826	(79)	7,648	(7,707)	0	(138)	427,688
Sewerage ⁽ⁱⁱ⁾	515,817	38,327	(804)	-	26,563	579,903	(868)	12,948	(12,241)	3	(158)	579,745
Stormwater ⁽ⁱⁱ⁾	354,899	20,076	(107)	-	27,144	402,012	(65)	7,934	(7,950)	1	(80)	401,932
Roading ⁽ⁱⁱⁱ⁾	1,016,356	99,600	-	-	19,715	1,135,671	(2,101)	21,507	(20,143)	-	(737)	1,134,934
Total infrastructural assets	2,268,226	185,985	(962)	-	92,163	2,545,412	(3,114)	50,037	(48,041)	5	(1,113)	2,544,299
Total Group property, plant and equipment	3,142,315	220,842	(1,657)	-	148,246	3,509,746	(103,958)	50,037	(64,622)	56	(118,488)	3,391,259

(i), (ii), (iii), (vi) refer to explanatory notes on page 152

10. Property, plant and equipment continued

Council 2022

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

(i), (ii), (iii), (vi) refer to explanatory notes on page 152

10. Property, plant and equipment continued

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

(i), (ii), (iii), (vi) refer to explanatory notes on page 152

10. Property, plant and equipment continued

Explanatory notes

- (i) Sewer, stormwater and water supply assets are stated at valuation which is optimised depreciated replacement cost value as at 30 June 2023 by WSP New Zealand Limited, independent valuers. The valuation is determined using asset information from 30 June 2022 with additions subsequent to 1 July 2022 at cost.
- (ii) Roading assets are stated at valuation which is optimised depreciated replacement cost value as at 30 June 2023 by WSP New Zealand Limited, independent valuers. Additions subsequent to 1 July 2022 are at cost.
- (iii) The runways, taxiways and aprons category was not revalued at 30 June 2023. Beca Valuations Limited (Beca), registered valuers undertook a review of the value of the runways, taxiways and aprons values and concluded that that value had not moved materially from 30 June 2022.
- (iv) Land, buildings, roading and car parking owned by QAC were independently valued by JLL, registered valuers, as at 30 June 2023.
- (v) 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 2023.

Methods and significant assumptions from the three waters valuation

The Three Waters Valuation, performed by WSP Zealand Limited, compares the quantum and value outcome with the valuation undertaken for the period ending 30 June 2023 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 2023. Capital additions and vested additions for 2022/23 were valued separately and therefore excluded. Unit rates were reviewed and updated using recent construction schedules and average cost data. Overall the replacement costs for Three Waters assets at QLDC have increased by 12.9% since the 2023 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 2023 \$'000	Council 2022 \$'000	Group 2023 \$'000	Group 2022 \$'000
Land	13	-	23	-
Buildings	5,530	10,398	10,303	12,018
Building Improvements	2,738	6,380	2,738	6,380
Plant and equipment	-	-	451	1,130
Computer equipment	-	-	-	-
Furniture and office equipment	-	-	-	-
Library books	2	-	2	-
Airport runway	-	-	478	541
Water supply	48,466	47,598	48,466	47,598
Sewerage	39,587	23,951	39,587	23,951
Stormwater	10,199	9,237	10,199	9,237
Roading & carparking	168,818	85,202	169,596	85,202
Foreshore Structures	196	93	196	93
	275,548	182,858	282,038	186,149

11. Forestry assets

	Council 2023 \$'000	Council 2022 \$'000	Group 2023 \$'000	Group 2022 \$'000
Balance at beginning of year	-	950	-	950
Recognise value of asset on transfer to Council	-	-	-	-
Movement from harvesting	-	(533)	-	(533)
Gains/(losses) arising from changes in fair value less estimated point of sales costs	-	(417)	-	(417)
Balance at end of year	-	-	-	-

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. Independent registered valuers, Venture Forestry limited, had valued forestry assets at \$NIL as at 30 June 2022. The harvest was completed during the year ended 30 June 2023.

12. Intangible assets

Finite life intangible assets

	Council		Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Gross carrying amount				
Balance at beginning of year	15,632	13,857	20,738	20,043
Additions	3,617	1,775	3,678	2,032
Transfer to property, plant and equipment	-	-	-	-
Disposals	-	-	-	-
Balance at end of year	19,249	15,632	24,416	22,075
Accumulated amortisation & impairment				
Balance at beginning of year	11,531	8,868	14,513	11,520
Amortisation expense (i)	2,558	2,663	2,921	2,994
Impairment	-	-	-	1,336
Transfer to property, plant and equipment	-	-	-	-
Disposals	-	-	-	-
Balance at end of year	14,089	11,531	17,434	15,850
Net book value	5,159	4,101	6,981	6,225

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

The gross carrying amount of \$24,416,000 for the Group comprises:

- The finite life intangible asset of \$19,249,000 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 \$5,167,000 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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at beginning of year	50,940	47,335	50,940	47,335
Disposals	-	(1,110)	-	(1,110)
Transfer to development property	-	-	-	-
Transfer to land reserves	-	-	-	-
Net gain/(loss) from fair value adjustments	2,210	4,715	2,210	4,715
Balance at end of year	53,150	50,940	53,150	50,940

The fair value of the Council's investment property at 30 June 2023 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.

14. Trade and other payables

	Council		Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade payables (i)	29,497	30,346	30,607	30,996
Other accrued charges	10,673	8,724	11,949	10,045
Deposits and bonds (ii)	7,571	22,025	7,571	22,025
	47,741	61,095	50,127	63,066

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

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

15. Borrowings

	Council		Group	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
At amortised cost				
Bank borrowings (secured) (ii), (iii)	14,000	6,000	53,500	71,000
Bonds (secured) (ii), (v)	505,000	289,871	505,000	289,871
Other borrowings (iv)	7,732	7,758	7,732	7,758
	526,732	303,629	566,232	368,629
Disclosed in the financial statements as:				
Current (i)	109,000	87,785	135,500	102,785
Non-current	417,732	215,844	430,732	265,844
	526,732	303,629	566,232	368,629

- (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 (2022: \$229.1M). \$14M of bank borrowings were drawn down by Council as at 30 June 2023 (2022:\$6M).
- (iii) Queenstown Airport Corporation Ltd (QAC) loans of \$39.5M (2022: \$65.0M) 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 2023 was \$7.73M (2022: \$7.76M).
- (v) Bonds - New Zealand Local Government Funding Agency.

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

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

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

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

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

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

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

During the 2022/23 year there were eleven bond issues of \$10M with the following maturity dates and interest rates 15/4/2025 (5.378%), 15/4/2027 (4.134%), 15/4/2027 (5.46%), 15/5/2028 (3.889%), 15/5/2028 (5.062%), 20/4/2029 (3.799%), 20/4/2029 (5.024%), 15/4/2029 (5.055%), 15/4/2029 (4.962%), 15/5/2030 (6.412%) and 15/5/2030 (6.442%); five bond issues of \$20M with the following maturity dates and interest rates 15/4/2024 (4.728%), 15/4/2025 (5.5%), 15/4/2026 (5.286%), 15/5/2028 (6.035%), 15/5/2030 (5.032%), one bond issue of \$30M with a maturity date of 15/4/27 (5.17%).

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 2023, NZLGFA had borrowings totalling \$17,684M (2022: \$15,789M).

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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Interest rate swaps (i), (ii)	-	-	-	-
Foreign exchange forward contracts (iii)	-	-	230	-
	-	-	230	-
Disclosed in the financial statements as:				
Current	-	-	62	-
Non-current	-	-	168	-
	-	-	230	-

17. Other liabilities

	Council		Group	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Income in advance (i)	6,630	6,472	6,630	6,472
Rates in advance	919	873	919	873
Other provisions (ii)	1,479	1,164	1,479	1,164
	9,028	8,509	9,028	8,509
Disclosed in the financial statements as:				
Current	9,028	8,509	9,028	8,509
Non-current	-	-	-	-
	9,028	8,509	9,028	8,509

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

17. Other liabilities continued

(ii) Building Related Claims Provision

	Council		Group	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Opening balance	1,164	38,700	1,164	38,700
Increased provision	315	(36)	315	(36)
Amounts utilised	-	(37,500)	-	(37,500)
Closing balance	1,479	1,164	1,479	1,164

Background

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

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

Estimation

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

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

Amount claimed

Represents the expected amount claimed by the owner.

Settlement amount

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

Amount expected to be paid by Council

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

It is common for there to be significant variation in the amounts claimed by owners and the amounts assessed by Council in determining an estimated settlement. In some case further work is necessary for Council to assess the claim in more detail.

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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Accrued salary and wages	1,622	1,263	2,555	1,810
Annual leave	1,852	2,053	2,470	2,630
	3,474	3,316	5,025	4,440

Disclosed in the financial statements as:

Current	3,474	3,316	5,025	4,440
Non-current	-	-	-	-

19. Reserves

	Council		Group	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Revaluation reserve (a)	1,638,121	1,489,155	1,890,347	1,707,607
Operating reserves (b)	21,000	27,901	21,000	27,901
Capital reserves (c)	22,426	16,483	22,424	16,483
Cash flow hedge reserve (d)	-	-	526	487
Balance at end of year	1,681,547	1,533,539	1,934,297	1,752,479

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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	1,489,156	1,141,708	1,707,605	1,319,327
Revaluation of roading assets	41,221	125,983	41,221	125,983
Revaluation of sewerage assets	39,510	94,987	39,510	94,987
Revaluation of water supply assets	26,388	73,128	26,388	73,128
Revaluation of stormwater assets	35,079	43,701	35,079	43,701
Revaluation of campground assets	4,558	5,575	4,558	5,575
Revaluation of airport assets, net of deferred tax	-	-	33,774	40,829
Transferred from/(to) accumulated surplus:				
Revaluation of forestry assets	-	-	-	-
Revaluation of investment property	2,211	4,073	2,211	4,073
Balance at end of year	1,638,124	1,489,156	1,890,347	1,707,605

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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Individual reserve balances are as follows:				
Investment property	77,684	75,473	77,684	75,473
Campground assets	41,086	36,528	41,086	36,528
Forestry Assets	(120)	(120)	(120)	(120)
Roading	584,958	543,737	584,958	543,737
Sewerage	357,909	318,399	357,909	318,399
Water supply	270,801	244,413	270,801	244,413
Stormwater	295,614	260,535	295,614	260,535
Airport assets	10,190	10,190	262,413	228,640
Balance at end of year	1,638,121	1,489,155	1,890,345	1,707,605

(b) Operating reserves

	Council		Group	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	27,901	30,987	27,901	30,987
Transferred from/(to) accumulated surplus:				
Contributions	17,485	19,158	17,485	19,158
Disbursements	(24,386)	(22,244)	(24,386)	(22,244)
Balance at end of year	21,000	27,901	21,000	27,901

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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	16,483	19,961	16,483	19,961
Transferred from/(to) accumulated surplus:				
Contributions	22,183	15,962	22,183	15,962
Disbursements	(16,242)	(19,440)	(16,242)	(19,440)
Balance at end of year	22,425	16,483	22,424	16,483

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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	-	-	487	(341)
Gain/(loss) recognised on cash flow hedges:				
Interest rate swaps	-	-	20	1,331
Forward foreign exchange contracts	-	-	35	(203)
Realised losses transferred to Statement of Financial Performance	-	-	-	15
Income tax related to gains/losses recognised in other comprehensive income	-	-	(16)	(316)
Balance at end of year	-	-	526	487

19. Reserves continued

(e) Reserve funds held for a specific purpose

	Opening Balance 1 July 2022 \$'000	Deposits \$'000	Withdrawals \$'000	Closing Balance 30 June 2023 \$'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	27,901	17,485	24,386	21,000
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.	2,734	15,935	15,336	3,333
Transport improvement fund				
Funds set aside to subsidise public transport and the development of public transport infrastructure.	723	787	906	604
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.	8,652	-	-	8,652
Arrowtown endowment land reserve				
Proceeds from assets sales from Arrowtown endowment land.	1,161	-	-	1,161
Trust funds				
Funds held on behalf of various community organisations.	17	-	-	17
Queenstown Airport dividend reserve				
Unallocated portion of dividends received from QAC.	-	5,461	-	5,461
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	44,385	39,668	40,628	43,426
QAC cash flow hedge reserve	487	-	-	487
Total Council reserve funds	44,872	39,668	40,628	43,912

20. Accumulated funds

	Council		Group	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	812,704	744,379	877,172	808,036
Net (Deficit)	(53,806)	65,835	(43,960)	66,647
Transfers from/(to) reserves:				
Revaluation reserve	(2,211)	(4,074)	(2,211)	(4,074)
Operating reserves	6,901	3,086	6,901	3,086
Capital reserves	(5,941)	3,478	(5,941)	3,478
Balance at end of year	757,646	812,704	831,961	877,172

21. Non-controlling interest

	Council		Group	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	-	-	96,220	82,072
Share of surplus for year	-	-	6,482	269
Dividends paid	-	-	(1,820)	-
Share of other comprehensive income	-	-	11,265	13,878
Balance at end of year	-	-	112,148	96,220

22. Commitments for expenditure

(a) Capital expenditure commitments

	Council		Group	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Queenstown Lakes District Council (i)	134,980	171,571	134,980	171,571
Queenstown Airport Corporation Limited	3,269	1,576	3,269	1,576
Balance at end of year	138,249	173,147	138,249	173,147

- (i) There are a number of significant contracts progressing through the end of year process including Ka Hunui a Tahuna (Whakatipu Transport Programme Alliance) with construction continuing for the Queenstown Arterials, Street Upgrades and Lakeview precinct. Wanaka Lakefront Development Plan construction of Stage 2 is nearing completion along with commencement of design for stage 5. The three waters programme is also in the middle of a significant construction phase including Project Pure Waste Water Treatment Plant Upgrade, CBD to Frankton Wastewater Conveyance and Glenorchy Reservoir Upgrade. The Wanaka Road to Zero Minor Improvements Programme (part of the 3 year Waka Kotahi Subsidised Rooding Programme) has also entered a construction phase with contracts to deliver.

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 2023 Council continues to evaluate a building defect claim for which it has been unable to reliably determine a liability position. Council is in the process of evaluating the claim made and the evidence that has been served in support. The claim by the Plaintiff is presently alleged to be for \$5.6M. The claim comprises a number of unique and interrelated defect claims. The Council, in conjunction with its independent experts, is in the process of evaluating the claim submissions, including an evaluation of the alleged defects, any remedial solution required, the cost of remediation as well as determining liability for the defects. Until the independent expert evaluation of the claim submissions is complete Council is not in a position to evaluate a range of possible or likely outcomes. The legal case will be heard in the High Court and is set down for trial in July 2024. Council intends to vigorously defend the claim.

(b)

Guarantees

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

Queenstown Airport Corporation Limited

(c)

Noise mitigation

The Company has implemented a programme of works to assist homeowners living in the inner and mid noise boundaries to mitigate the effects of aircraft noise exposure. The Company is obligated, on an annual basis, to offer, 100% funding of noise mitigation works for Critical Listening Environments of buildings that existed on 8 May 2013 containing an Activity Sensitive to Aircraft Noise (as defined in the Queenstown Lakes District Plan) that are within the 65 dB Projected Annual Aircraft Noise Contour. The Company is offering 100% of funding of mechanical ventilation for Critical Listening Environments of buildings that existed on 8 May 2013 containing an Activity Sensitive to Aircraft Noise (as defined in the Queenstown Lakes District Plan) that are within the 60 dB Projected Annual Aircraft Noise Contour.

Offers for noise mitigation have been extended to homeowners in line with the projected annual aircraft noise contours for calendar years 2022 and 2023. Property owners have twelve months from the date of offer to determine if they wish to take the offer made by the Company for mitigation works. It is difficult to estimate the future value of the mitigation works due to the uncertainty of the level of uptake from property owners and the differing construction and acoustic treatment requirements necessary to mitigate each property.

Lot 6

During the year ending 30 June 2021 the Company made a compensation payment of \$18.34 million for land acquired under the Public Works Act 1981 (PWA) in 2019 and known as 'Lot 6'. In October 2021 the previous owner, Remarkables Park Ltd (RPL), indicated that it would seek additional compensation under the PWA. In November 2022 the directors received further independent valuation advice for Lot 6, which indicated that the \$18.34 million compensation payment was in the appropriate range. On 7 July 2023 the Company received a claim from RPL for further compensation and is currently reviewing the claim and considering its response. The matter is likely to be referred to the Land Valuation Tribunal, but there has been no such referral as yet.

Property Covenant

In March 2023, High Court proceedings were served on the Company seeking to modify a restrictive covenant registered against land owned by RPL and two other parties, south of the main runway. The covenant restricts the range of activities that land can be used for, for the benefit of the Airport land so long as it is operated as an airport. The Company has filed a defence and the parties are currently undertaking discovery of documents, with a hearing likely to be scheduled in 2024.

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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Not longer than 1 year	2,132	1,876	2,132	1,876
Longer than 1 year and not longer than 5 years	2,807	3,858	2,807	3,858
Longer than 5 years	-	-	-	-
Balance at end of year	4,939	5,734	4,939	5,734

(c) Non-cancellable operating lease receipts

	Council		Group	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Not longer than 1 year	6,161	4,113	21,637	15,280
Longer than 1 year and not longer than 5 years	11,023	12,923	24,648	24,634
Longer than 5 years	23,697	25,790	30,839	29,943
Balance at end of year	40,882	42,825	77,125	69,856

25. Investment in Council controlled organisations (CCOs)

	Council		Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Queenstown Airport Corporation Limited	5,412	5,412	-	-
	5,412	5,412	-	-

Ownership interest

Council	Country of incorporation	2023 %	2022 %	Principal activity of the entity
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) On 31 August 2022 a final dividend for the year ended 30 June 2022 of \$0.0809 per share (total dividend \$1,300,000) was paid to holders of fully paid ordinary shares. QLDC's share of this dividend was \$975,130. On 28 February 2023 an interim dividend for the year ended 30 June 2023 of \$0.3724 per share (total dividend \$5,981,000) was paid to holders of fully paid ordinary shares. QLDC's share of this dividend was \$4,486,348.

(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 17 of August the QAC directors declared a fully imputed dividend of \$9,561,800 in respect of the year ended 30 June 2023 (2022: \$1,354,347).

On 20 September 2023, the Council was issued a compliance order from the water services regulator Taumata Arowai in relation to an outbreak of illness in Queenstown caused by the protozoa, cryptosporidium. Although, there is no evidence to suggest a problem with the council's bulk water supply, the order requires that the boil water notice will stay in effect until Council is able to achieve the protozoa barrier required under the Drinking Water Quality Assurance Rules. Council is investigating with urgency how this will be achieved in earliest possible timeframes.

27. Related party disclosures

i) Council

The Council (QLDC) is the ultimate parent of the Group.

j) 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.

k) Transactions with related parties

Transactions involving the Group

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

	Group	
	2023 \$'000	2022 \$'000

the following transactions took place between QLDC and related parties:

Queenstown Airport Corporation Limited *

Payment of rates on its property	347	433
Resource consent costs and collection fees	26	10
Frankton Golf Club lease	11	(44)
Parking infringement services	-	(10)
Glenorchy Airstrip Maintenance	(19)	(9)
Website	(25)	-
Sundry	(2)	(8)

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

Owed (to)/from Queenstown Airport Corporation Ltd (i)	(56)	(7)
---	------	-----

Wanaka Airport Limited

Nasa Rent	205	66
Rates	3	2
Management Fee	(365)	(360)
NASA Launch Pad	-	(51)
Credit Card Charges	(3)	(8)
Sundry	(24)	(3)

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

Owed (to)/from Wanaka Airport Limited	-	13
---------------------------------------	---	----

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

the following transactions took place between Queenstown Airport Corporation and related parties:

Auckland International Airport Ltd		
- Rescue fire training	11	48
- Director fees	40	40

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

Owed (to)/from Auckland International Airport Limited (AIAL)	-	13
--	---	----

Other transactions involving related parties

QLDC's netball courts and six holes of the Frankton golf course are located on QAC land to the north west of the runway. Revenue from this arrangement amounted to \$43,765 (2022: \$44,000).

Queenstown Airport Corporation receives services from Auckland International Airport Ltd for which no consideration is paid.

Transactions eliminated on consolidation

Related party transactions and outstanding balances with other entities in the Group are disclosed in the 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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'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 \$879,193 (2022: \$1,058,462) for Council and \$1,143,981 (2022: \$1,377,613) for Group held on trust which are payable by the Council/Group respectively on completion of contractual obligations by third parties. Cash also includes funds (2023 \$NIL; 2022 \$17.9M) held on behalf of the Ministry of Business Innovation and Employment for distribution. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:				
Cash and cash equivalents	1,326	18,402	2,540	20,202
Bank overdraft	-	-	-	-
	1,326	18,402	2,540	20,202
(b) Borrowings - facilities				
Details of the amounts drawn down on the available borrowing facility are as follows:				
Amount used	527,023	304,023	566,523	369,023
Amount unused	113,077	91,077	173,577	166,077
	640,100	395,100	740,100	535,100

28. Notes to the statement of cash flows continued

	Council		Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
(c) Reconciliation of surplus/(deficit) for the period to net cash flows from operating activities				
Surplus for the year	(53,806)	65,835	(31,602)	66,916
Add/(less) non-cash items:				
Depreciation and amortisation	58,085	45,690	67,516	54,149
Loss provision	3,171	4,311	3,171	4,311
Vested assets	(40,049)	(28,147)	(40,049)	(28,147)
(Gain)/loss on sale of property, plant & equipment	(832)	(51)	(832)	(51)
(Gain)/loss on revaluation of forestry investment	-	950	-	950
(Gain)/loss on revaluation of investment property	(2,210)	(4,715)	(2,210)	(4,715)
(Gain)/loss on sale of development property	-	-	-	-
Net change in fair value of derivative financial instruments	(1,003)	(5,145)	(1,003)	(5,164)
Other	(3,768)	-	(3,795)	1,541
	(40,412)	78,728	(8,804)	89,790
Movement in working capital:				
Trade and other receivables	(11,128)	(4,380)	(11,109)	(4,441)
Inventories	(25)	(1)	(25)	(1)
Current tax refundable/payable	-	-	7,608	(1,214)
Other current assets	560	(2,950)	440	(3,068)
Trade and other payables	(13,354)	9,206	(13,425)	9,082
Employee entitlements	158	476	585	903
Other financial liabilities	519	(43,356)	519	(43,356)
	(23,270)	(41,005)	(15,407)	(42,095)
Movement in items treated as investing activities	(832)	(51)	(832)	(51)
Net cash (Outflow) from operating activities	(64,514)	37,672	(25,043)	47,644

29. Remuneration (Council only)

During the year to 30 June 2023, 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	
	2023	2022
	\$	\$
Elected Representatives		
Council		
Jim Boulton - Former Mayor	37,566	130,818
Calum McLeod - Former Deputy Mayor - Wanaka-Upper Clutha/Wanaka Community Board	14,322	49,441
Penny Clark - Former Councillor Queenstown-Whakatipu/Committee Chair	13,563	46,922
Val Miller - Former Councillor Queenstown-Whakatipu	11,572	39,948
Craig Ferguson - Councillor Arrowtown-Kawarau	49,075	46,277
Heath Copland - Former Councillor Arrowtown	11,572	40,599
Niki Gladding - Councillor Queenstown-Whakatipu	46,412	40,167
Glyn Lewers - Mayor	118,180	39,949
Niamh Shaw - Former Councillor Wanaka-Upper Clutha/Wanaka Community Board	11,873	43,077
Quentin Smith - Deputy Mayor - Wanaka-Upper Clutha	52,913	48,520
Esther Whitehead - Councillor Queenstown-Whakatipu	44,494	40,199
Barry Bruce - Councillor Wanaka-Upper Clutha	41,728	-
Lyal Cocks - Councillor Wanaka-Upper Clutha	36,330	-
Lisa Guy - Councillor Arrowtown-Kawarau	32,836	-
Neeta Shetty - Former Councillor Arrowtown	12,266	-
Cody Tucker - Councillor Wanaka-Upper Clutha	37,424	-
Matt Wong - Councillor Queenstown-Whakatipu	32,836	-
Gavin Bartlett - Councillor Queenstown-Whakatipu	35,651	-
Melissa White - Councillor Arrowtown-Kawarau	4,231	-
Wanaka Community Board		
Edward Taylor - Former Board Member/Deputy Chair	3,523	12,159
Judith Battson - Former Board Member	3,523	12,159
Barry Bruce - Board Member	-	24,318
Chris Hadfield - Board Member	12,862	12,559
Simon Telfer - Chairperson	19,031	-
Linda Joll - Board Member	9,206	-
John Wellington - Board Member	9,206	-

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:

	2023	2022
< \$60,000	295	347
\$60,001 to \$80,000	125	71
\$80,001 to \$100,000	76	61
\$100,001 to \$120,000	65	48
\$120,001 to \$140,000	30	25
\$140,001 to \$160,000	25	13
\$160,001 to \$180,000	13	6
\$180,001 to \$240,000	9	5
\$240,001 to \$390,000	5	4
Total number of employees	643	580

30. Severance payments

For the year ended 30 June 2023 QLDC made no severance payments to employees (2022: Nil)

31. Emissions tradings 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
2023			
Productive area (hectares)	296	n/a	296
Opening balance	-	90,007	90,007
NZUs purchased during the year	-	20,000	20,000
NZUs allocated/transferred internally during the year	-	-	-
NZUs transferred to Scope Resources Ltd during the year	-	(15,287)	(15,287)
NZUs on hand at balance date	-	94,720	94,720

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 deficit of \$53.8M for the financial year. This is well down from the \$65.8M surplus recorded last year, and the \$96.1M surplus budgeted. A defective building claim settlement was the main reason for the deficit. Excluding this results in a normal operating surplus of \$46.2M, which is not profit, and is \$49.9M below the budgeted surplus of \$96.1M.

Revenue was over budget by 2.0% or \$5.3M

The following major items contributed to the revenue variance:

- Vested asset income was \$19.8M above budget 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
- Capital grants revenue was \$18.7M below budget due to the timing of the Arterials and Street upgrade capex projects.
- Development contributions were \$3.7M lower than expected at \$17.5M for the year due to the size and timing of the completion of developments in the districts.
- Operational income was \$6.6M over budget, with \$2.7M of unbudgeted forestry income (which was offset by \$2.7M of unbudgeted felling costs), \$1.5M over budget for turnover based rents and sports and recreation revenue as a result of a better than expected pandemic recovery, consent income \$1.2M over budget due to the continued growth in the construction industry, and operational grants revenue \$0.8M over budget due to a government grant.

Expenditure excluding the settlement was over by 17.9% or \$34.0M.

The major remaining operational cost variances are as follows:

- Interest expense for the year was \$7.5M greater than budget. This is a result of higher interest rates with the rise in the official cash rate (OCR), increased borrowings for the leaky building claim settlement, and the timing of some capital works.
- Depreciation and amortisation expense higher than budget by \$12.1M, largely as a result of higher valuations for infrastructure assets for both 3 waters assets and roading assets.
- \$2.0M above budget for legal costs associated with weather tightness.
- \$2.5M in unforeseen asbestos removal costs at the Lakeview Development.
- \$1.9M higher salary and wage contract costs, \$0.9M within consents which was fully offset by labour recoveries and \$0.7M additional costs to cover budgeted staff vacancies.
- Electricity costs were \$1.0M more than budgeted due to significant rises in prices and network costs than expected.
- Insurance costs were \$0.8M over budget due to higher asset valuations for 3 Waters and Roding

Statement of Financial Position

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

- Large movements in infrastructure values as a result of infrastructure revaluations, these are summarised below:
- 2023 Increase in infrastructure value \$142.2M (2022: \$337.8M) with 3 Waters asset values increasing by \$101.0M, and Roding asset values increasing by \$41.2M. Offsetting this, overall capital expenditure was \$179.4M which is below estimate by \$17.0M for the year ended 30 June 2023.
- Borrowings are \$110.9M above forecast. Total debt as at 30 June 2023 is \$526.7M compared to a forecast of \$415.8M largely as a result of leaky building settlements.

Statement of Changes in Equity

Accumulated differences between actual and budgeted net surpluses as described above, as well as the impact of infrastructure asset revaluations in the current and prior year, and increased borrowings, has resulted in an equity variance of \$431.3M above forecast.

Statement of Cash Flows

The budget variations explained above contribute to budget variations in the Statement of Cash Flows. Cash payments for the purchase of property, plant and equipment (i.e. capital expenditure) were \$29.7M below estimate. Net borrowings were \$148.3M more than expected. Cashflows from operating activities were \$161.1M below budget for cash flows from operations mainly due to the large settlement, and higher than budgeted costs and lower than budgeted revenue (excluding non cash items such as vested assets).

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 2023 and 2022.

(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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Financial assets				
Cash and cash equivalents (AC)	1,326	18,402	2,540	20,202
Trade and other receivables (AC)	34,979	33,567	39,517	37,973
Other financial assets (AC)	960	959	960	959
Other financial assets (FVTSD)	1,959	853	1,959	853
Other financial assets (OFA)	10,848	5,419	11,833	6,117
Financial liabilities				
Trade and other payables (AC)	47,741	61,095	50,127	63,059
Borrowings (AC)	526,732	303,629	566,232	368,629
Other financial liabilities (FVTSD)	-	-	230	-

AC = Amortised cost; FVTSD = Fair value through surplus or deficit; OFA = Other Financial Assets

(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			
		2023		2022		2023		2022	
		\$'000		\$'000		\$'000		\$'000	
		+50 bps	+50 bps	+50 bps	+50 bps	+50 bps	+50 bps	+50 bps	+50 bps
Financial Liabilities	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	
Borrowings	(i)	(1,250)	(1,250)	(625)	(625)	(1,448)	(1,448)	(950)	(950)
		(1,250)	(1,250)	(625)	(625)	(1,448)	(1,448)	(950)	(950)

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 \$250m (2022: \$125m)
QAC has floating rate debt with a principal amount totalling \$23m (2022: \$23m)

(f) Credit risk

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

For QLDC the concentration of credit risk is limited due to the customer base being large and unrelated. The Council and Group believes no further credit provision is required in excess of the allowance for doubtful debts, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

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

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

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

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

	Maximum credit risk	
	2023 \$'000	2022 \$'000
Council		
Financial assets and other credit exposures	50,071	59,199
Group		
Financial assets and other credit exposures	56,809	66,103

(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
2023				
Council				
Financial assets				
Other investments	10,848	-	-	10,848
Financial liabilities				
Derivatives	-	-	-	-
Group				
Financial assets				
Other investments	11,833	-	-	11,833
Financial liabilities				
Derivatives	-	-	-	-
	Total	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
2022				
Council				
Financial assets				
Other investments	5,419	-	-	5,419
Financial liabilities				
Derivatives	-	-	-	-
Group				
Financial assets				
Other investments	6,117	-	-	6,117
Financial liabilities				
Derivatives	-	-	-	-

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 2023									
Financial liabilities									
Trade and other payables	-	47,741	47,741	47,741	-	-	-	-	-
Borrowings	4.89%	527,023	610,907	131,797	90,626	95,613	91,779	79,953	121,139
		574,764	658,648	179,538	90,626	95,613	91,779	79,953	121,139
Council 2022									
Financial liabilities									
Trade and other payables	-	61,095	61,095	61,095	-	-	-	-	-
Borrowings	2.61%	304,023	327,168	92,779	27,179	45,849	67,088	32,542	61,731
		365,118	388,263	153,874	27,179	45,849	67,088	32,542	61,731
Group 2023									
Financial liabilities									
Trade and other payables	-	50,127	50,127	50,127	-	-	-	-	-
Borrowings	5.01%	566,523	654,722	147,395	105,841	108,616	91,779	79,953	121,139
		616,650	704,848	197,522	105,841	108,616	91,779	79,953	121,139
Group 2022									
Financial liabilities									
Trade and other payables	-	63,059	63,059	63,059	-	-	-	-	-
Borrowings	2.79%	369,023	398,518	111,108	70,739	55,310	67,088	32,542	61,731
		432,082	461,577	174,167	70,739	55,310	67,088	32,542	61,731

Annual report disclosure statement for the year ended 30 June 2023



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.

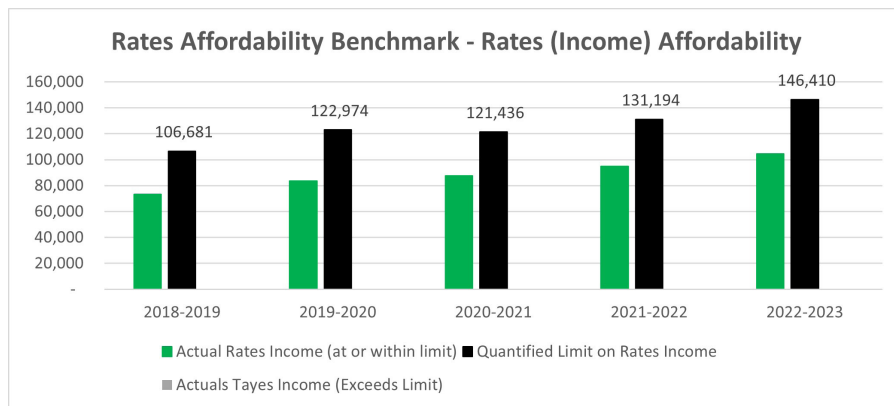
The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

RATES AFFORDABILITY BENCHMARK

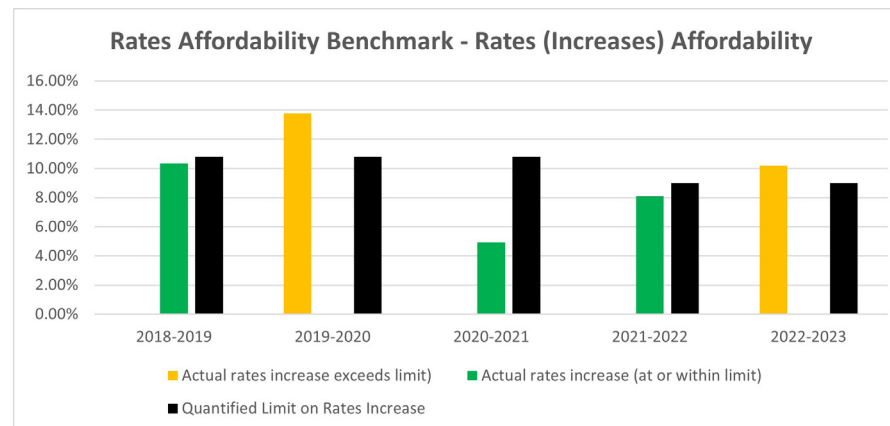
The council meets the rates affordability benchmark if—

- > 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. For 2022-2023 the actual rates income sits at 39% of total revenue.



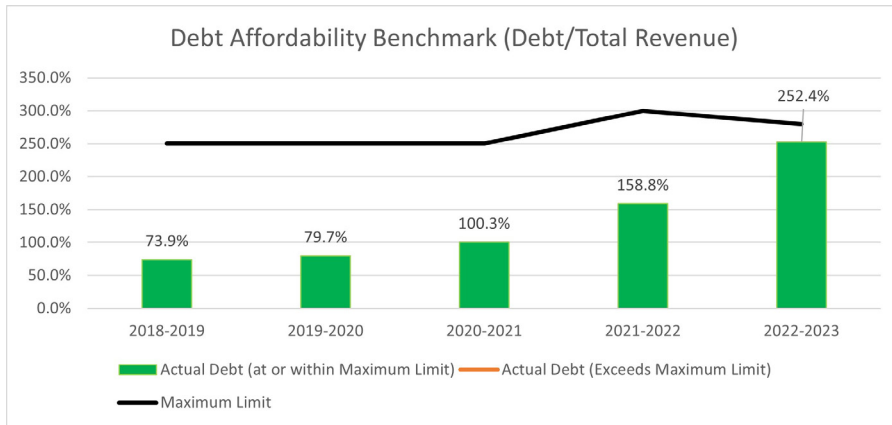
Rates (increases) affordability – The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is that rates increases set at a maximum of 9.0% per annum (subject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



DEBT AFFORDABILITY BENCHMARKS

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

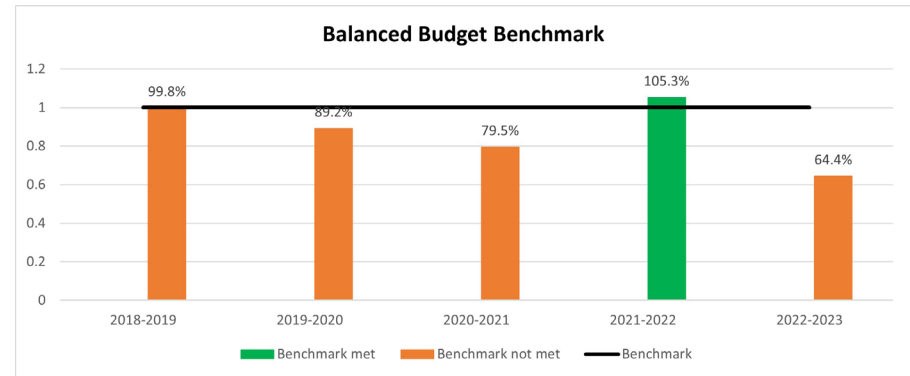
The following graphs compare the council’s actual borrowing with the quantified limits on borrowing stated in the financial strategy included in the council’s long-term plan. The quantified limit is that the debt to revenue ratio will be under 300% for 2021/22; 295% for 22/23; 290% for 2023/24; 285%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



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).

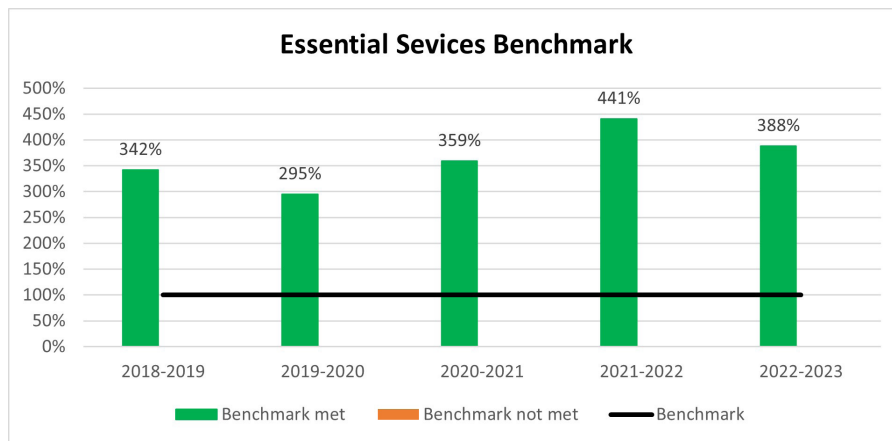
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



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.

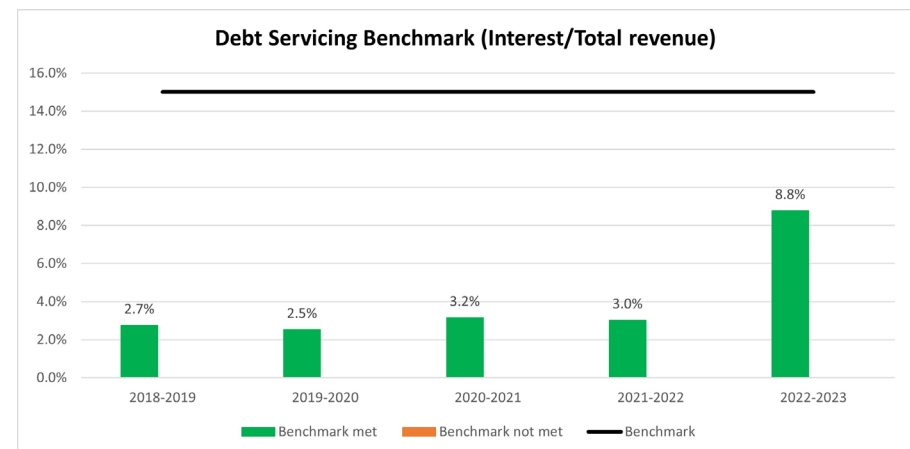


DEBT SERVICING BENCHMARK

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).

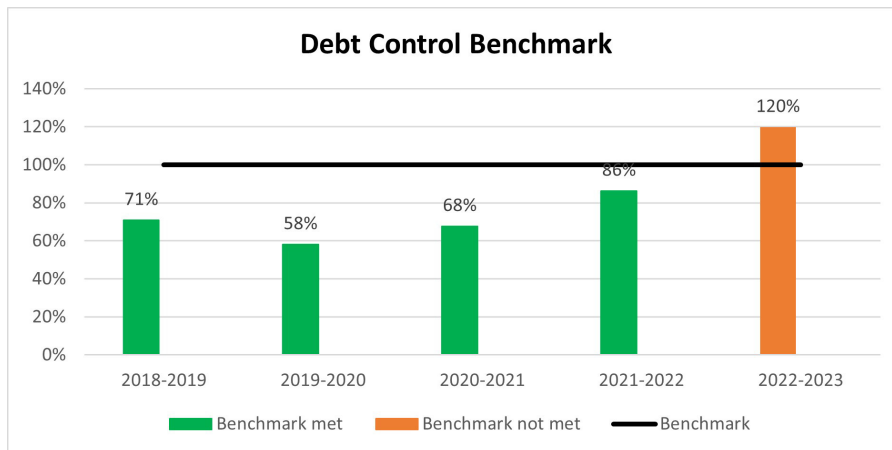
Because Statistics New Zealand projects the council’s population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



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).

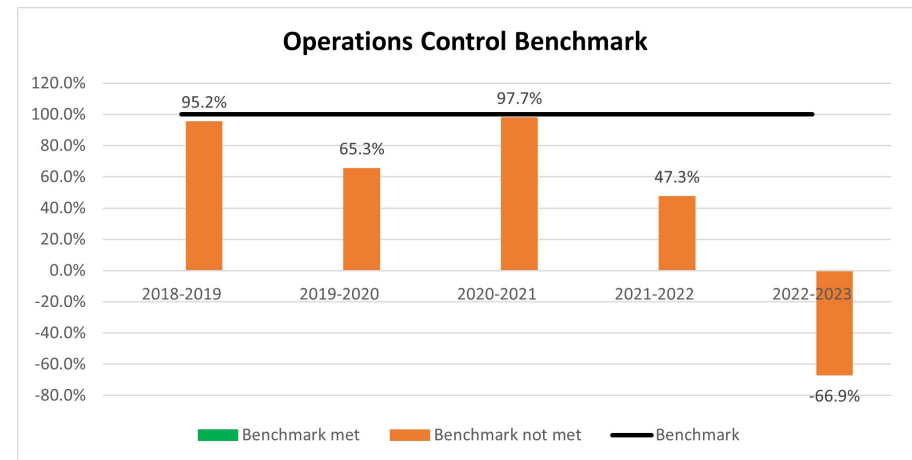
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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.



ADDITIONAL INFORMATION OR COMMENT

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

The “Rates affordability benchmark” relating to the percentage increase for rates was breached in 2019-20 and 2022-23. In 2019-20 the incoming Council had agreed to a higher than forecast increase in rates in order to increase resources to deal with growth proactively in the district. In the last three years there has been significant inflationary pressure on most areas of expenditure and a reduction in revenue due to the economic impacts of the Covid-19 pandemic.

The “Balanced budget benchmark” has been breached in four of the last five years. 2022-23 fell short of the benchmark due to lower capital grants revenue associated with the timing of the Arterial and Queenstown Street upgrade capex projects.

Costs were higher as noted below for the operations control benchmark, depreciation also increased due to the increased valuations of the three waters and roading assets.

The “Debt control benchmark” was breached in 2022-23 due to the additional borrowings required for the unbudgeted large leaky building settlement. The last four years met the benchmark.

The “Operations control benchmark” has been breached for the last five years. In the last three years this has largely been due to the impacts of COVID-19 which has resulted in a lower actual net cash flow position than budgeted. The 2022-23 year has seen lower operational cash flow revenue due to lower capital grants revenue due to the timing of the Arterial and Queenstown Street upgrade capex projects. Operation cash flow costs were higher mainly due to the leaking building settlement, increased borrowing costs, higher weather tightness legal fees, unforeseen asbestos removal/ demolition costs at the Lakeview Development, and higher electricity and insurance costs.

CORE ASSETS DISCLOSURE

		Closing Book Value 30-Jun-23 \$000's	Additions constructed by Council \$000's	Additions transferred to Council \$000's	Estimated replacement cost \$000's
	Treatment plants and facilities	53,745	2,688	-	93,772
Water Supply					
	Other assets (such as reticulation systems)	325,478	15,075	9,351	439,441
Water Supply					
	Treatment plants and facilities	105,120	2,453	-	180,605
Sewerage					
	Other assets (such as reticulation systems)	435,037	10,706	9,531	600,663
Sewerage					
	Stormwater Drainage	391,732	4,290	14,894	545,745
Stormwater Drainage					
	Roads & Footpaths	966,115	10,208	6,273	1,197,420
Roads & Footpaths					

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 2022
- > The number of rating units 29,370
- > The total land value of rating units 34,351,845,200
- > The total capital value of rating units 56,671,017,700.

INSURANCE ON ASSETS

Buildings, Plant and Equipment

The Council has a total asset value for insurance purposes of \$545,527,677. This is made up of \$337,361,200 for Property and Plant and \$208,166,477 under the Three Waters Assets noted below. The insurance is based on full Replacement Value. We have a Fire Loss limit of \$45,000,000. Flood is defined as a loss, damaged interruption or interference arising from the inundation of normally dry land by water escaping or released from the confines of Lake Whakatipu. The Council carries the first \$10,000 of any loss for Fire and Perils and \$250,000 for flood damages. The Natural Disaster excess is 5.0% 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

No longer insured as timber has been harvested.

Three Waters Asset – Buildings/Plant and Equipment

The Council has a total asset value for insurance purposes of \$208,166,477. This is made up of Replacement Value \$154,687,826 and Indemnity Value \$53,478,651. 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 5.0% 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.

Vehicles

The Council has a total asset value for insurance purposes for vehicles of \$5,076,500. All vehicles are insured for Market Value with Replacement Value for vehicles that are less than 12 months old. The cover includes all glass claims. The Council carries an excess of 1% of the vehicle 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 \$1,727,465,130. 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 \$300,000,000 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 \$197,000,000 for each and every loss. The Deductible is \$1,000,000 for each and every loss.

Aviation

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

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

Hall Hirers Liability

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

Travel Insurance (Worldwide)

Covers all employees of Queenstown Lakes District Council or person(s) authorised by the policy holder, travelling on authorised and declared business travel, Directors and Executives private travel and/or incidental private travel including accompanying spouse/partner and dependent child(ren) of a covered person. The deductible is \$500 for Medical, Evacuation and Additional Expenses and Alternative Employee/Resumption of Assignment Expenses, and \$250 for Cancellation and Disruption and Baggage and Travel Documents.

Auditor's report





INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF QUEENSTOWN LAKES DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

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

We are also required to report on:

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

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

We completed our work on 19 October 2023. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 116 to 168
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2023;
 - 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 113, 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 24 to 109:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, 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 41 to 107, 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 41 to 107, 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 169 to 173, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

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

Emphasis of matter – Three Waters Reform

Without modifying our opinion, we draw attention to page 135, which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of



the water services reform on the Council remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Emphasis of matter – Inherent uncertainties in the measurement of greenhouse gas emissions

The Council has chosen to include a measure of greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate changes related information, we draw attention to page 53 of the annual report, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

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 auditor's report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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



Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 21, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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

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

Independence

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

Mike Hawken

For Deloitte Limited

On behalf of the Auditor-General

Dunedin, New Zealand