



2010/11

Queenstown Lakes District Council

Annual Report



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Introduction

The purpose of the Annual Report is to account for Council's achievements against objectives included in the 2010/2011 Annual Plan. The 2010/2011 year represents year two of the 2009 10-Year Plan.

Financial Result 2010/2011

The Council and its subsidiaries; Queenstown Airport Corporation, Lakes Leisure Limited and Lakes Environmental Limited, have reported an operating surplus of \$6.6m for the year. Each entity within the group has contributed to an improved financial result when compared to last year's \$6.3m group surplus. This is a good place to be in difficult economic conditions and has been based on effective controls of costs during the period.

The Council alone recorded an operating surplus of \$0.6m for the year. Operating revenues were down by 11% on last year and below budget by 21.5% (see below). Operating costs were on budget for the year (up on last year by 4.1%). However, these costs are inflated by the inclusion of a provision of \$2.4m for legal claims against the Council. The reported surplus includes \$1.6m of unrealised losses pertaining to the revaluation of investment property. This follows a 2010 value reduction of \$5.2m, which together represents an unrealised loss in value of around 9.3% in the past 2 years.

Revenue was below estimate by \$24.6m for the year ended 30 June, 2011. The following major items (all relating to capital expenditure) contributed to this variance:

- Development contribution income was below budget by \$10.7m for the year principally because of the continued slowdown in consent related activity.
- Vested Assets (these are assets passed to Council through subdivision and include roads, infrastructure and reserves) were \$6.7m below budget for the year.
- Roading subsidy was \$4.6m under budget for the year, as a result of reduced roading capital expenditure due to the timing and deferral of some projects.

Operating expenditure was on budget for the year ended 30 June 2011. This is very pleasing and means that we were able to stay within budget from an operating perspective. It has been achieved through savings across most activities. These are the major items; mostly positive, that contributed to this variance:

- Interest expense for the year is \$1.8m less than budget. This is a result of the deferral of all non-essential capital works and lower than expected interest rates.
- Staff related costs for the year are \$0.6m lower than budget. This is a result of fewer staff being employed and modest increases to remuneration for the year.

- Depreciation expense for the year is \$0.45m lower than budget. This is a non-cash item and relates primarily to the timing of project expenditure and lower than anticipated levels of vested assets.
- Legal costs for the year are \$2.9m above budget. This variance is mostly due to the inclusion of a \$2.4m provision for claims against the Council and the cost of defending the action taken against Council in relation to the change in QAC share-holding (\$0.6m).
- There is \$2.1m of project expenditure that was classified as capital expenditure within the budget but has been charged as an operating expense for the year. This is not an over-spend as there is budget provided to cover it.
- The balance of the positive variance of \$2.1m relates primarily to reduced maintenance costs for utilities (\$0.9m), and roading (\$0.9m).

Capital expenditure was below estimate by \$40.3m for the year ended 30 June 2011. The following major items contributed to this variance:

- The main component of the variance relates to \$11.3m of project expenditure within the water supply and wastewater activities which has been delayed or deferred. Projects include several reticulation upgrades in Wanaka and Queenstown and upgrades to Wanaka and Frankton wastewater pump stations, and the Arrowtown reservoir.
- There is \$10.1m of project expenditure within the roading activity which has been delayed or deferred. This includes upgrades to the Ardmore/Brownston intersection in Wanaka (\$2.7m) and the Frankton Flats arterial road (\$1.1m).
- There is also \$4.5m of project expenditure within the community services activity which has been delayed or deferred. Most of the budget for the Wanaka Sports Facilities project (\$0.34m) was not spent and has been carried forward. Other projects affected were Wakatipu and Wanaka Reserve Land (\$3.3m) and planned upgrades to the Earnslaw Park Toilets (\$0.55m).
- There is also \$2.6m of project expenditure within the commercial property activity which has been delayed or deferred. This mainly relates to the timing of the upgrade to water and sewerage systems at Glendhu Bay Holiday Park (\$1.9m).
- Vested Assets were \$6.7m below budget for the year.
- Loan Repayments were \$1.2m below budget for the year.
- The remaining component of the variance relates to \$2.1m of project expenditure which was classified as capital expenditure within the budget but which has been charged as an operating expense for the year.

The revaluation of investment property resulted in an unbudgeted reduction in value of \$1.6m for the year. This movement coupled with the \$22.1m unrealised loss for previous two years, has led to the main variation in the balance sheet which shows Investment Property \$27m below the forecast position. Borrowings are \$23m below forecast; this positive variance relates mainly to the deferral of capital projects (see above).

Big Issues

Election 2010

In October 2010 the Local Government Election was held in the Queenstown Lakes and a new Mayor, Council and Wanaka Community Board were appointed. I acknowledge the huge commitment involved in being an elected member and congratulate Mayor Vanessa van Uden on her election.

Queenstown Airport

The issue of new shares in the airport to Auckland International Airport by the Queenstown Airport Corporation caused some division within the community and resulted in a group of local business people and Air New Zealand taking legal action against Council. These legal proceedings were eventually withdrawn before coming to Court, but cost Council

approximately \$550,000 to defend. The increase in shareholders funds resulted in the airport carrying significantly less debt. This enabled the company to pay its first dividend to Council of \$2,460,000 in late August for the year ended 30 June 2011, consistent with the newly adopted dividend policy. In future years, an interim dividend will be paid in January and a final dividend in August / September of each year. The Council decided during the Annual Plan process to apply the dividend to debt repayment.

Canterbury Earthquakes

In September 2010 and again in February 2011 two significant earthquakes in Canterbury had a profound effect on our region. Not only was our community affected by the suffering of family and friends living in Canterbury but it's Council and other Lakes District agencies were closely involved in the response, more so in February with the tragic loss of life. Building inspectors and trained emergency personnel from the Lakes District were seconded to help out. Remaining QLDC and Lakes Environmental staff equally responded through managing with greatly reduced staffing levels in some areas. Council and other agencies also worked together to deliver welfare and respite in the Lakes District to Cantabrians. Most importantly this was an opportunity for our district and others to take learnings from Christchurch. This has led to multiple work streams including hazard identification and earthquake risk building identification.

Project delivery

Infrastructure

A reduction in growth and the deferral of projects and savings - due to closer scrutiny by staff - are key reasons the Council district-wide infrastructure capital works was \$14.5 million under budget for the 2009/10 and \$20.1 million under budget for the 2010/11 year. A significant amount of the under-expenditure had been in wastewater projects. In total this is a budget underspend of 49%. There were several reasons for the under expenditure:

- Short term deferrals.
- Long term deferrals (where a project may be set back for 5-10 years or more).
- Savings (where a project or part of a project is not needed or the scope can be reduced without changing the level of service).

All projects were carefully reassessed at each key stage and projects or part projects deferred where possible. Projects where there were savings included:

- Three Waters renewals and catchment management plans \$1,380,800
- Berkshire Street Rehabilitation \$64,800
- Lucas Place Roundabout \$113,140
- Lake Esplanade Upgrade \$278,690
- Reseals District Wide \$347,770
- Gorge Road Pavement Rehabilitation Stage 3 \$492,490
- Roothing Maintenance Capital Works \$433,633
- Bremner Bay Wastewater Pump Station \$1,488,540
- Wanaka Water Supply Hawthenden Reservoir \$430,986
- Hawea Water Upgrades \$121,516
- Water Supply Demand Management Strategy \$422,824

The key advantage is that this means less borrowing on the part of the Council and therefore less debt.

All of these are positives towards addressing the Council's long term debt and an indication of the Council's commitment to delivering value for money to the ratepayer.

Note: For work in progress but not completed in the financial year, funds have been carried forward into 2011/12 to allow completion. These projects are not listed above.

What have we delivered?

Here are some of the projects that have been delivered during 2010/11:

- Completed Wastewater upgrade projects at Willow Place and Kawarau Place, McDonnell Road, Essex Ave and commenced construction on Frankton Beach Pump Station.
- Obtained a new consent for Hawea Wastewater treatment and disposal thereby postponing major capital expenditure.
- Largely completed the new water pipework to allow the Roys Bay pump station in Wanaka to be decommissioned.
- Completed an extension of the stormwater pipeline on Helwick and Dungarvon Streets in Wanaka.
- Completed 16.25 km of major road pavement rehabilitation projects on Gorge Road, Lake Esplanade Road, Crown Range, Glenorchy Road, Berkshire Street, Perkins Road, Brecon and Camp Streets.
- Started road construction work and streetlight upgrades on Ardmore and Brownston Streets in Wanaka.
- Completed a seal extension on Cemetery Road, Hawea.
- Commenced construction on Malaghan Road Site 5.
- Completed the Church Street upgrade.
- Resurfaced 30.3 km of sealed road.
- Resealed 9.1 km of unsealed road including all of Makarora local unsealed roads.
- Completed 1.64 km of road reconstruction.
- Built 3227m of new footpath consisting of 1850m compacted aggregate and 1377mm AC footpath.
- Built 822m AC footpaths in Glenorchy.
- Renewed 1528m of drainage culverts including headwall installations on Crown range.
- Procured and began a new streetlight maintenance contract with Delta.
- Completed the Sunshine Bay to Queenstown wastewater gravity main.
- Completed the capacity upgrade to the Two Mile water intake.
- Completed the capacity upgrade to the Kelvin Heights water intake.
- Renewed various water and wastewater pipelines.
- Installed 8 bus shelters at school bus stops in Wanaka Ward.

Community

The delivery of community capital works projects was consolidated over the past year. A total of 36 projects were budgeted for, with 5 being projects carried forward from the previous year. A total of 32 projects have been completed (excludes land purchase budgets). The remaining projects will be carried over into the next financial year. Council owns 1313 ha of reserve land maintaining some 450 ha of that as 211 individual parks areas.

What have we delivered?

Here are some of the projects that have been delivered during 2010/11:

- Continued investment in rural fire resources.
- Lighting improvements Queenstown Gardens.
- Detailed planning work for the Wanaka Sports facility Project.
- Wakatipu Trail development.
- Marine Parade Queenstown landscape enhancements.
- Ongoing contribution to the Hawea Foreshore development plan.
- The breaking in of significant reserve land recently transferred to Council from DOC in both Wakatipu and Wanaka wards.
- Gibbston was named New Zealand Community of the Year. The Council has supported the community in a number of projects and initiatives including the Gibbston Trail.
- The Council worked with the Queenstown Mountain Bike Club and Skyline to support the development of the

Queenstown Bike Park. This opened for its first season in spring last year and is the only gondola-serviced mountain bike park in the Southern Hemisphere with over 50,000 riders in the first season.

- A new Queenstown Gardens Reserve Management Plan was adopted (first new plan in 20-years for the gardens).

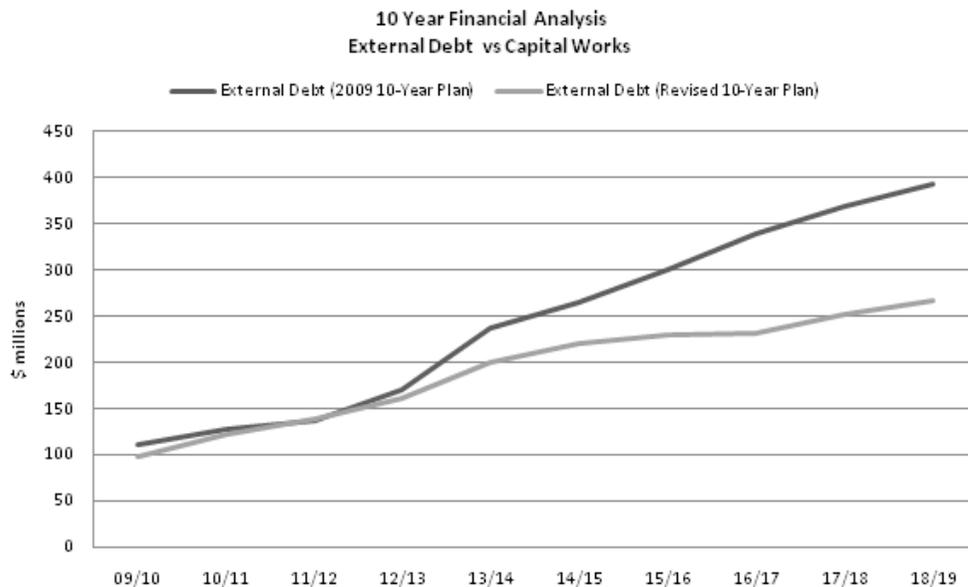
Other Project Highlights

10-Year Plan

A 10-Year-Plan Steering Committee comprising elected members and staff was established in 2009. The group has spent two years reviewing operating and capital expenditure, prioritising projects and focusing on debt reduction.

A report was presented to Council in October 2010 identifying key findings as follows:

- Water demand management shows the greatest potential for savings, with \$72.4m achievable from the 10-year capital programme.
- Infrastructure services projects present the second highest potential savings of up to \$65.8m. This will be achieved through both improvements to the cost estimating methodology and the current market conditions.
- The revised 10-year capital expenditure programme, with the \$167.8m of savings, is now incorporated in the financial models for development contributions and the 10-Year-Plan. It shows Council's peak debt levels in 2018/19 reducing by 32% from \$392.5m to \$266.9m, a reduction of \$125.7m. This change is shown in the following graph:



Although significant progress has been made, further reductions in the capital programme are still required. In order to deliver an affordable 10-Year-Plan at least another \$21m of debt needs to be removed from Council's expenditure. This means reducing the capital programme by around another \$28m.

Annual Plan - Consultation

The Council has undertaken significant consultation with the community during the 2010/11 year, resulting in the 2011 Annual Plan. Community participation strongly influenced a number of key decisions. It is significant that in the 2011 Resident and Ratepayer Survey the level of satisfaction with how well the Council kept its community informed climbed from 48.6% in 2010 to 60.4% in 2011. The 'level of community involvement' and 'level of information provided' both increased more than 10 percent to 51.2% and 57.8% respectively. Some of the key issues consulted through the Annual Plan process were:

Debt reduction

Included in the budgets for 2011/12 were several proposals, which collectively will reduce debt by \$4.6m. These impacted on the rates, taking the rates from 0.88% to 2.74%.

Value for money

The year saw a significant drive towards value for money, which included a three waters contract review, a reduction in the staff costs and a review of organisational performance management.

Roading – level of service

Three options were consulted on involving road gritting, road oiling and the Crown Range. After considering submissions the Council decided to continue with gritting (based on revised funding arrangement with the New Zealand Transport Agency), cease road oiling due to environmental concerns but ensure oil can be privately purchased and any safety concerns are addressed. Note the Council will continue an ongoing programme to Otta seal unsealed roads (a dust suppression seal with a seven year plus life expectancy).

Waste Management

The Council proposed paying lower rates (waste management charge) and maintain recycling user charges. This was supported through the submission process.

Community Services Consolidation

The Council decided to defer a number of capital works after a period of investment in previous years however it will continue to fund NZCycleways.

Bylaws - Consultation

The Council consulted on five Bylaws during the 2010/11 year: Brothel Control Bylaw; Controlled Activities and Obstructions in Public Places Bylaw; Cemetery Bylaw; and Freedom Camping Bylaw.

Waste Survey - Consultation

The Council carried out its first online survey 'Waste 2010' for a period of four weeks during November and December 2010. The purpose of the survey was to seek feedback from the public about the current and future waste services provided in the district. The Council received 191 responses in total with 95% in favour of continuing kerbside recycling and 84% wanting current rubbish services to continue. The results of the waste survey were incorporated into the review of the waste management plan and development of the new solid waste bylaw.

Shaping our Future - Consultation

This is a community driven project of major significance to the Council as it brings together residents, business, local government and other agencies to debate the important issues for the future of the district. The first community forums commenced in the last financial year and have focused initially on the economic future and events in the district. The forums have been well attended. Ultimately the work being undertaken by the community will feed into the 10-Year-Plan process where appropriate.

Wanaka Sports Facilities/Aquatic Centre

In March the Council took a decision on the location of the proposed Wanaka facility. The decision was to locate the new facility, future aquatic centre and associated courts on land located on Three Parks and North Three Parks. It is scheduled to be constructed in the next four years. The 10-Year Plan has \$10.6 million to build the sports facility. Meanwhile the \$350,000 Wanaka pool upgrade was completed in September 2010.

Shotover Delta – flood protection

Work has continued on the \$1.2 million Shotover Delta training and revetment line, which was almost 60% complete by June 2011. The structure is a joint venture between the Council and the Otago Regional Council and is designed to mitigate flooding by channelling the Shotover River at peak flows.

Project Shotover

During the 2010/11 financial year data collection and analysis of the wastewater reticulation system using recently installed equipment coupled with revised growth projections highlighted that flows in the system are not as great, or growing as rapidly as previously projected. This resulted in a recommendation to Council that the project be delivered within the current short term consent, but at the latest possible date (April 2014).

This procurement programme alteration is intended to allow time to review delivery strategies and treatment methods. Engineering advice to date is that the existing system, with some upgrades, may be able to continue for the short to medium term. These options include de-sludging the ponds and carrying out some other operational improvements. Currently staff are engaging with the various stakeholders and interested and affected parties. This will continue into the next financial year.

Delivering Community Outcomes:

Sustainable growth management and Quality landscapes, natural environment and enhanced public access

District Plan Review

A three year project was commenced that aims to notify a reviewed District Plan in November 2013. A project plan for the review has been agreed by Council. Initial consultation and monitoring reports have been undertaken and the project is currently meeting timelines. Our aim of the review is to simplify the plan and to:

- Protect the natural environment and landscape values of the District.
- Ensure that growth is provided for in appropriate locations.
- Ensure new development is of high quality.
- Ensure the future social and economic wellbeing of the District.

District Plan

Following the resolution of the only outstanding matter (financial contributions) the District Plan was made fully operative in December 2009.

Plan Changes Notified

Plan Change 26 Wanaka Airport

Plan Change 36 Wanaka Industrial Zoning Extension

Private Plan Changes Notified

Plan Change 34 Remarkables Park

Plan Change 41 Shotover Country

Plan Changes Under Appeal

Plan Change 18 Mount Cardrona

Plan Change 19 Frankton Flats (B)

Plan Change 24 Community and Affordable Housing

Plan Change 27A Updating Noise Measurement and Assessment Standards

Plan Changes Operative

Plan Change 16 Three Parks

Wilding Tree Strategy Rollout

In March 2009 the Council adopted the Wakatipu Wilding Conifer Strategy. The Wakatipu Wilding Conifer Control Group (WWCCG) was established in the following month (April 2009). In 2009/10 the voluntary group, supported by the Council, has cleared some 2,500 hectares of land from a plague of conifers and has completed 15 wilding operations. The group was granted \$96,581 towards wilding control from the NZ Lottery Grants Board (Environment and Heritage Committee), funding round 2009/2010. Of note, the WWCCG was the winner of the Trustpower Regional Awards in 2010 and went on to represent the Lakes District in the national final.

Kawarau Falls Hilton Complex

The opening of this complex earlier this year has been the culmination of a significant investment in our community, facilitation on the part of the Council and the opening up of quality public amenity in terms of track and lake access.

Trails

The Upper Clutha Tracks Trust and the Wakatipu Trails Trust continue to deliver outstanding results. The UCTT has worked with Council and DOC to form the Clutha River Track and the Glendhu Bay Track and the WTT has assisted Council with the completion of the Kelvin Peninsula Track upgrade. With assistance and support from the Council WTT was also successful in receiving approval for \$1.8m of funding from the Government for the development of the Queenstown Trail. The trust has worked to secure access for the New Zealand Cycleway.

A safe and healthy community that is strong, diverse and inclusive for people of all age groups and incomes.

Summerdaze

Another successful Summerdaze programme was held with strong attendance from locals and residents. Summerdaze is a celebration of summer, held across all communities and includes New Year's Eve celebrations in Queenstown and Wanaka.

CCTV

Council ran an 'expressions of interest' process regarding the installation of security cameras in the Queenstown town centre and is working through details of the wireless spectrum. The project is on-going.

Kingston Emergency Building

The Council contributed to the development of a new combined emergency services centre in Kingston. The building houses the Kingston Ambulance and volunteer fire brigade and Council rural fire force. The facility provides an improved capacity to respond to local emergency situations. The new centre has now been successful operating since last summer.

Fire Appliance

The Council purchased and fitted out a new water tanker to provide additional rural fire capacity. This tanker is housed at the new Kingston Emergency Services Centre.

Affordable Housing

The Council continues to implement 15 ongoing actions of the Housing our People in Our Environment (HOPE) Strategy (adopted June 2005). The Queenstown Lakes Community Housing Trust has delivered 47 homes. Stage 1 of five homes at Nerin Square, Lake Hayes Estate was completed in December 2009. Construction of Stage 2 (22 homes) is well underway with four sold into shared ownership and two into the Trust's new rent saver programme. Contributions of land for affordable and community housing through negotiated stakeholder deeds has continued.

Plan Change 24: Affordable and Community Housing (adopted by Council in December 2008) has had a preliminary hearing in the High Court which confirmed scope under the Resource Management Act to address housing affordability issues when reviewing proposals. Council has now confirmed its support for the objectives and policies of Plan Change 24.

Lakes Leisure

The 2010/11 period has seen the third full year of operation for Lakes Leisure Limited, which commenced in February 2008. The not for profit Council Controlled Organisation completed the aquatics project in October 2009 with the opening of the Alpine Health and Fitness Centre. Satisfaction with the CCO has increased with the annual resident and ratepayer survey registering a satisfaction level of 82% (75% 2010).

Notably the Aquatic Centre has been recognised nationally since opening, attracting multiple awards including: NZ Institute of Architects Southern Region Architecture and Resene Colour Award; Master Builders Regional Award Otago/Southland – Category Winner Commercial; Master Builders National Award – Category Winner Leisure and Tourism and Supreme Commercial Project of the Year; and Property Council of NZ Award of Excellence - National Category Winner Tourism and Leisure. Growth and participation has continued to increase and strengthen in the past year.

Effective and efficient infrastructure that meets the needs of growth.

Transport and Carparking Strategy

Safety continued to be a key focus of 2010/11 and is part of our road upgrade program. We worked to improve areas with poor safety performance. Initiatives include such things as School Travel Safety Plans and the winter gritting and de-icing. We have also had a focus on the smoothness of road pavements as this can help reduce vehicle operating costs and improve travel comfort. In November the Council extended parking charges to the Boundary Street and Recreation Ground carparks and increased charges at the Ballarat Street Carpark. This had the objectives of increasing revenue from carparking (to enable debt associated with the parking facilities to be reduced), encouraging commuters to consider the range of travel choices, and to free up parking for visitors to the Queenstown town centre.

Key roading projects

Ardmore Brownston

The Brownston Street upgrade was delayed. The completion of the design of the new roundabout – which forms a key part of the overall Ardmore Brownston Street project – has taken longer than expected due to the importance of resolving property access and safety issues. Power undergrounding, street lamps, water renewals and pedestrian refuges are now underway. Allowing for a break over the Rugby World Cup, these works will continue into early December 2011. This project has the largest Annual Plan budget of the Wanaka Capex projects.

Lake Esplanade

This project was completed on time and under budget during the last financial year. The project was a finalist in the Rooding Excellence Awards 2011.

Malaghans Road Site 5

This was partially completed but held over for winter. It is now due for completion in October.

Crown Range

Last year's upgrade was successfully completed on time and under budget. More upgrades are to be undertaken this summer.

Water supply demand management

The 2009 10-Year-Plan included expenditure for implementing water supply demand management initiatives. It did not include any evaluation of the potential savings resulting from these initiatives. This analysis has now been undertaken at a high level as part of the capital review. The work to date, has shown that demand management together with improved engineering solutions will enable postponement of a significant proportion of the water supply capital expenditure identified in the 2009 10-Year Plan. Queenstown and Wanaka along with the other schemes in the district have Water Demand Management Plans in place, these are presently being reassessed.

Algae

The Council received a report containing recommendation regarding the Lake Wanaka algae issue in March 2011. As a result of this investigation two streams of work are now underway, being a 'micro-filtration' trial and a survey of the topography of the lakebed.

Waste Management

As outlined already in 2010/11 the Council commenced a review its Waste Management Plan.

High quality urban environments respectful of the character of individual communities.

Urban Design and Urban Design Guidelines

In the 2010/11 year there were 15 Queenstown Urban Design Panel review meetings, compared with 15 in the previous 12 months. The Wanaka Panel reviewed two projects compared to five in the previous 12 months. This continues to reflect a lower level of development in the Upper Clutha. It is worth noting however that three Wanaka urban Design Panel Review meetings have occurred to date since 1 July, 2011. Work on the Wanaka Town Centre Character Guideline and the Cardrona Village Character Guideline commenced in May 2010. The Wanaka Guideline has subsequently been adopted by Council in July 2011, and the Cardrona Guideline is being finalised for public consultation in October 2011.

Frankton Toilet and Bus Shelter

This facility won the prestigious New Zealand National Architects Award in the category of Urban Design for architect Mary Jowett Architects Limited.

A strong and diverse economy.

Rugby World Cup

In March 2009 it was announced that the southern region's 2011 Rugby World Cup bid scored five out of six games for the region with Dunedin hosting three games and Invercargill two. The District hopes to benefit from these games with a tourism flow on effect, particularly in the future based on coverage of the teams visiting Queenstown and Wanaka. Wakatipu High School benefited from a new stadium floor (RWC funded) to prepare it as a back-up wet weather training venue. In addition to this the district was confirmed as an official RWC 2011 training venue for four teams – Ireland, England, Romania and Georgia with Event Centre facilities being described as “world class” by team management. The Council worked with other agencies on welcoming both the teams and their supporters and appointed a RWC event organiser in April 2011, a shared appointment with Destination Queenstown.

Small Community Grants

Community grants were made available to our ‘smaller community’ associations to cover administration and maintenance costs on community owned facilities. The funding (total of \$50,000 per annum) was also granted to assist with a number of landscaping and beautification projects throughout the district.

Funding

The Council continued to commit to its ongoing funding of its promotional bodies, the film office and community grants (including the heritage grants).

Preservation and celebration of the district's local cultural heritage.

Lakes District Museum

The museum receives an annual grant of \$40,000 from the Council. It offers an essential window into our district's heritage and sustains an invaluable and rich archive of historic material. Notably the museum has held some outstanding exhibitions in its gallery space in the previous year including Speaking of Change: Memories of the Wakatipu 1950-present and Lindsay Kennett: Master Milliner.

Arrowtown Heritage Cottages

In February 2007 the Council purchased a 2000 square metre site in Arrowtown containing three historic Arrowtown miners cottages and a fourth property for \$1.9m. The cottages were vested in the Buckingham Street Cottages Trust which has continued to work tirelessly towards restoring and leasing the cottages. The work has been ongoing in the last financial year and will culminate in the trust handing the cottages back to the community in October this year. Congratulations to everyone involved.

Heritage Strategy

In May 2008 the Council established the Heritage Strategy working party whose role was to develop a heritage strategy that provides for the proactive future management of historic heritage in the district. The working party developed a draft heritage strategy which was released for community feedback in September 2009, finalised in March 2010. The Council adopted the strategy in April 2010 and during Annual Plan deliberations approved a one-off grant to establish a Queenstown Lakes District Heritage Trust of \$5,000.

Overall Perception of Performance

Overall Performance QLDC

Overall, as mentioned, on the basis of the 4-point scale we have seen a marked increase in satisfaction with the Council being 86% satisfaction 2011 (76 % 2010).

Customer satisfaction

It is good to note that in general the Council has seen an improvement in satisfaction across the board. It also continues to be rewarding to see that the ‘sense of pride’ felt in our communities, which leapt from 56.5% (2009) to 77.7% (2010) continues to increase 80% (2011).

Our 2008/2009 Residents' Satisfaction and Opinion Survey introduced a new methodology which offered the opportunity for those participating to choose a neutral position (this is known as a 5-point system). Previously participants were asked to mark either satisfied or dissatisfied. The move to the 5-point system is considered to be ‘best practice’ methodology because it shows the true level of satisfaction and dissatisfaction.

Conclusion

This financial year the Council has continued to focus on addressing cost, debt levels and value for the ratepayer - all within a period of uncertainty for the Global economy. It is good news that the Council can report a satisfactory financial result for 2010/11. The financial year saw a number of significant changes, none-the-least being the appointment of a new Mayor, Council and Wanaka Community Board in October 2010.

The Council continues to have a strong policy framework. The work delivered in 2009/10 to take financial stock, re-forecast debt levels and to scrutinise the work programme was substantial. It has enabled the Council to put down a sound financial framework for the long term future. The previous drive to deliver projects has been strengthened by more careful prioritisation and to look for greater cost effectiveness in the projects and services the Council carries out on behalf of the Communities it serves.

If one thing is certain, it is that QLDC faces continued uncertainty in the pace of change and the rate of growth. There are some challenges ahead for example in how we manage our water resources, Project Shotover (Wakatipu wastewater disposal to land) and in delivering the Wanaka Sports facilities in a location and to a standard of which the whole District can be proud. The Council has demonstrated a commitment to our communities to provide good services and real value.

The biggest challenge of all will be the delivery of an affordable 10-Year-Plan in 2012, I am confident we will achieve this.

Thanks

The Council's aim is to deliver outstanding services and value for the communities it serves and to do this always depends upon the efforts of many people. My thanks go to:

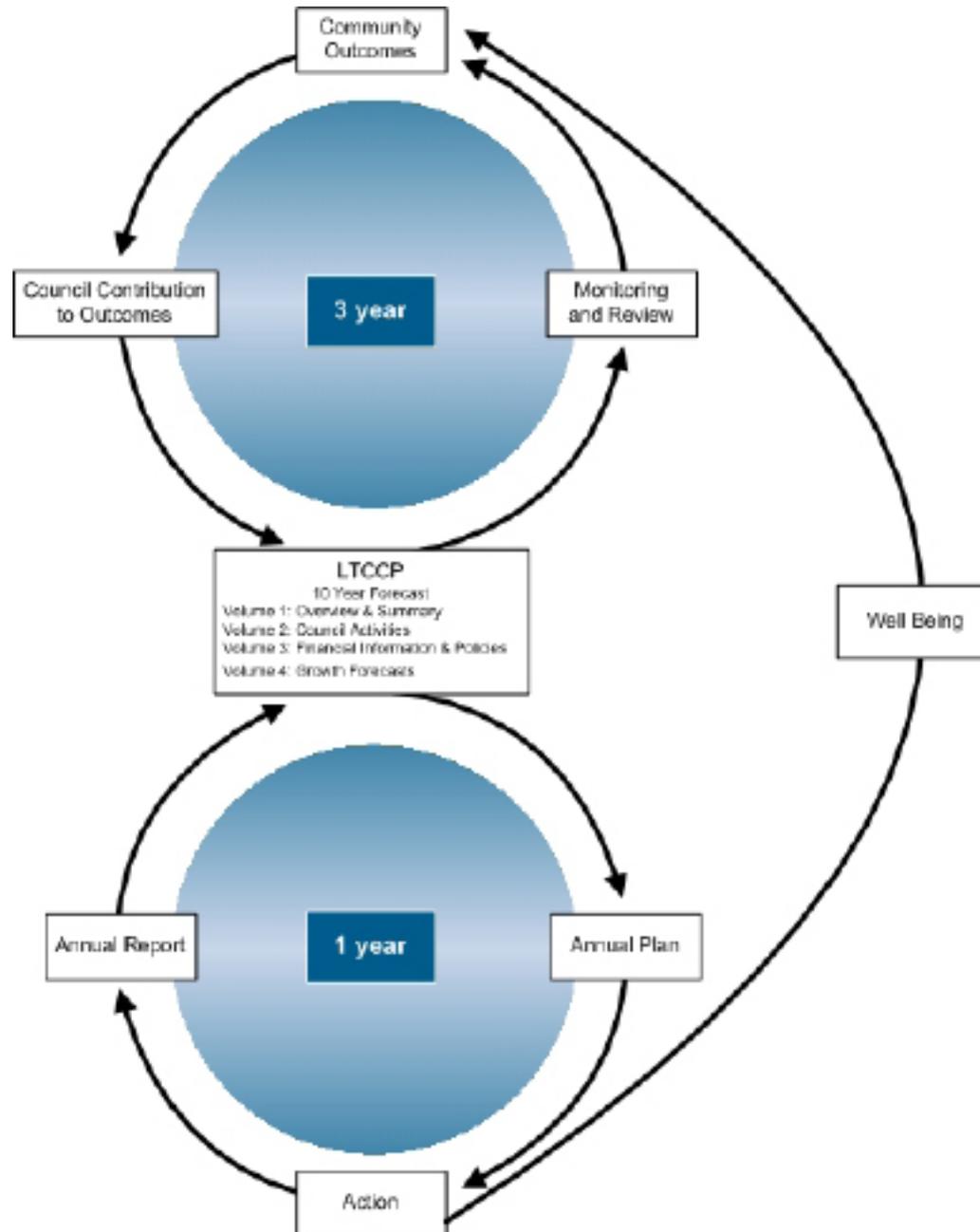
Our people (all the staff, contractors and Council Controlled Organisations) who work hard to deliver great service.

The elected members – thank you for the enormous contribution you have personally made in your first year of office

Community and special interest groups, residents and non resident ratepayers, who take time to give feedback and to participate in consultation meetings and whose engagement informs the Council to make better decisions.

And finally to the media who inform the debate.

Debra Lawson
Chief Executive
Queenstown Lakes District Council





Fact File

Area: 8467 square kilometres

Peak Population 2007: 78,847 (estimate)

Peak Population 2029: 137,404

Average Day Population 2007: 36,925 (estimate)

Average Day Population 2029: 68,305

Rateable properties 2009/10: 19,506

Source - Growth Projections 10-Year Plan 2009

Delegated Responsibilities as at 30 June 2011

<p>Mayor Vanessa van Uden</p> <p>Deputy Mayor Lyal Cocks</p> <p>Councillors</p> <p>Arrowtown Ward Lex Perkins</p> <p>Wakatipu Ward Russell Mawhinney Simon Stammers-Smith Cath Gilmour Trevor Tattersfield John Mann Mel Gazzard</p> <p>Wanaka Ward Jude Battson Lyal Cocks Leigh Overton</p> <p>Wanaka Community Board Lyal Cocks (Chairperson) Jude Battson Dick Kane Ken Copland Leigh Overton Bryan Lloyd Mike O'Connor</p> <p>Council Committees</p> <p>Finance and Corporate Committee Community Services Committee Strategy Committee Infrastructure Services Committee</p>	<p>Chief Executive Debra Lawson</p> <p>Deputy CEO / General Manager Finance Stewart Burns</p> <hr/> <p>General Manager Policy and Planning Philip Pannett</p> <p>General Manager Community Services Paul Wilson</p> <p>General Manager Engineering Services Ken Gousmett (acting)</p> <p>General Manager Regulatory and Corporate Services Roger Taylor</p> <hr/> <p>Management Information Systems Manager Kirsty Martin</p> <p>Communications / Customer Services Manager Meaghan Miller</p> <p>Human Resources Manager Rachel Reece</p> <hr/> <p>Engineering Professional Services MWH NZ Ltd GHD Ltd</p> <p>Regulatory / Resource Management Services Lakes Environmental Ltd</p> <p>Roading Downer EDI Works Ltd</p> <p>Reserves / Three Waters Asplundh United Water PTY Ltd</p> <p>Property Management Services APL Property Ltd</p> <p>Facilities Management Services Lakes Leisure Ltd</p>
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Council Offices

Civic Centre
10 Gorge Road
Private Bag 50072
Queenstown

Phone: 03 441 0499
Fax: 03 450 2223
Email: services@qldc.govt.nz
Website: www.qldc.govt.nz

Service Centres

Arrowtown Library
58 Buckingham Street
Arrowtown
Phone: 03 442 1607

Wanaka Office
47 Ardmore Street
Wanaka
Phone: 03 443 0024
Fax: 03 443 8826

Lakes Environmental Limited

Private Bag 50077
Queenstown
Phone: 03 450 0300

Lakes Leisure Limited

Joe O'Connell Drive, Frankton
PO Box 2009
Queenstown
Phone: 03 442 3664

Queenstown Airport Corporation Limited

Terminal Building, Queenstown Airport
PO Box 64
Queenstown
Phone: 03 442 3505

Auditors

Deloitte on behalf of the Auditor General
Dunedin

Bankers

Bank of New Zealand
Queenstown

Solicitors

MacTodd
Queenstown

Sister Cities

Aspen, Colorado, USA (Queenstown)
Hikimi, Shimane, Japan (Wanaka)

Role of the Council

The Council has overall responsibility and accountability for the proper direction and control of the district's activities. This responsibility includes areas of stewardship such as:

- Formulating the district's strategic direction.
- Managing principal risks facing Queenstown Lakes 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

Council (elected members) appoints a Chief Executive to manage the operations of Council under the provisions of s42 of the Local Government Act 2002. The Chief Executive has in turn appointed divisional managers to manage Council's significant activities.

Council Committees

Council has four standing committees to monitor and assist in the effective delivery of Council's specific responsibilities. Council's standing committees include:

- Finance and Corporate Accountability.
- Infrastructure Services.
- Strategy.
- Community Services.

Each committee is responsible for providing additional assurance on the integrity of information being presented and the operation of the activity. In 2007, the newly elected Council resolved to disband the Regulatory committee. Its responsibilities have been delegated to the other standing committees.

A number of sub-committees deal with specific functions and activities. These sub-committees report directly to the relevant standing committee.

The Wanaka Community Board is Council's only Community Board.

Division of Responsibility between Council and Management

Key to the efficient running of the Queenstown Lakes District Council is the clear division between the role of Council and that of management. Council concentrates on setting policy and strategy, while management is concerned with implementing policy and strategy and monitoring these approaches.

While many of the Council's functions have been delegated, the overall responsibility for maintaining effective systems of internal control ultimately rests with the Council. Internal control includes the policies, systems and procedures established to provide measurable assurance that specific objectives of the Council will be achieved. Both Council and management have indicated their responsibility with their signing of the Statement of Compliance and Responsibility on page 13 of this report.

Audit

External auditors are used by Council to evaluate the quality and reliability of financial information reported by Council in the Annual Report.

Risk Management

Council is working closely with external risk consultants to develop processes and systems that reduce its exposure to risk.

Legislative Compliance

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

Compliance

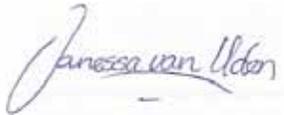
The Council and management of Queenstown Lakes District Council confirm that all the statutory requirements of Schedule 10 Part 3 the Local Government Act 2002 have been complied with.

Responsibility

The Council and management of Queenstown Lakes District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Council and management of Queenstown Lakes District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Queenstown Lakes District Council, the annual Financial Statements for the year ended 30 June 2011 fairly reflect the financial position and operations of Queenstown Lakes District Council.



Vanessa van Uden
Mayor
25 October 2011



Debra Lawson
Chief Executive
25 October 2011

	Notes	Council			Group	
		2011	Budget	2010	2011	2010
For the Financial Year Ended 30 June 2011		\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Rates revenue	2 (a)	51,353	51,626	46,132	51,096	45,985
Other revenue	2 (a)	30,399	52,541	45,746	54,291	66,331
Other gains/(losses)	2 (b)	(2,187)	-	(6,512)	(2,178)	(7,964)
Total income	2 (g)	79,565	104,167	85,366	103,209	104,352
Expenditure						
Employee benefits expense	2 (c)	7,881	8,486	7,419	17,145	16,121
Depreciation and amortisation expense	2 (d)	16,545	16,997	16,526	19,951	19,393
Finance costs	2 (e)	6,469	8,261	6,191	7,465	8,142
Other expenses	2 (f)	48,117	45,215	45,613	50,381	47,267
Total operating expenditure	2 (g)	79,012	78,959	75,749	94,942	90,923
Surplus/(Deficit) before income tax		553	25,208	9,617	8,267	13,429
Income tax expense	3	-	-	-	1,684	7,146
Surplus/(Deficit) for the period		553	25,208	9,617	6,583	6,283
Surplus/(Deficit) attributable to:						
- Council	20	553	25,208	9,617	5,381	6,468
- Non controlling interest	21	-	-	-	1,202	(185)
		553	25,208	9,617	6,583	6,283

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

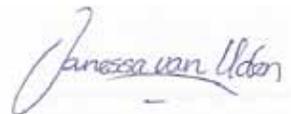
	Notes	Council			Group	
		2011 \$'000	Budget \$'000	2010 \$'000	2011 \$'000	2010 \$'000
As at 30 June 2011						
Current assets						
Cash and cash equivalents	28	991	135	326	3,516	3,109
Trade and other receivables	6	8,364	13,372	13,307	10,695	14,749
Inventories		-	-	-	26	22
Other financial assets	7	12	83	11	29	77
Other current assets	8	348	277	346	436	650
Development Properties	9	292	292	292	292	292
Total current assets		10,007	14,159	14,282	14,994	18,899
Non-current assets						
Investment in subsidiaries	25	6,046	7,576	5,873	-	-
Other financial assets	7	580	-	604	580	604
Property, plant and equipment	10	827,754	895,259	748,478	974,835	883,303
Forestry assets	11	-	-	-	711	481
Intangible assets	12	316	-	-	4,602	4,000
Investment property	13	66,332	92,951	67,973	66,332	67,973
Total non-current assets		901,028	995,786	822,928	1,047,060	956,361
Total assets		911,035	1,009,945	837,210	1,062,054	975,260
Current liabilities						
Trade and other payables	14	11,151	16,716	10,612	15,209	13,064
Borrowings	15	53	18,245	48,002	4,803	84,742
Other financial liabilities	16	4,709	891	1,656	5,829	3,885
Employee entitlements	17	806	-	832	1,592	1,550
Finance lease liabilities	18	-	-	38	69	98
Current tax payable	3 (c)	-	-	-	256	749
Total current liabilities		16,719	35,852	61,140	27,758	104,088

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

	Notes	Council			Group	
		2011 \$'000	Budget \$'000	2010 \$'000	2011 \$'000	2010 \$'000
As at 30 June 2011						
Non-current liabilities						
Borrowings	15	98,174	103,386	51,016	111,886	53,270
Finance lease liabilities	18	-	-	-	136	205
Other financial liabilities	16	-	-	-	828	-
Deferred tax liabilities	3 (d)	-	-	-	6,902	7,259
Total non-current liabilities		98,174	103,386	51,016	119,752	60,734
Total liabilities		114,893	139,238	112,156	147,510	164,822
Net assets		796,142	870,707	725,054	914,544	810,438
Equity						
Reserves	19	335,033	350,693	268,157	409,829	343,145
Retained earnings	20	461,109	520,014	456,897	474,485	467,173
Total equity attributable to the Council		796,142	870,707	725,054	884,314	810,318
Non controlling interest	21	-	-	-	30,230	120
Total Equity		796,142	870,707	725,054	914,544	810,438

Mayor

25 October 2011



Chief Executive

25 October 2011



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

	Notes	Council			Group	
		2011 \$'000	Budget \$'000	2010 \$'000	2011 \$'000	2010 \$'000
For the Financial Year Ended 30 June 2011						
Surplus/(Deficit) for the period		553	25,208	9,617	6,583	6,283
Other Comprehensive Income						
Gain/(Loss) on revaluation	19 (a)	70,543	74,480	-	70,543	77,011
Cash flow hedges	19 (d)	-	-	-	(357)	-
Income tax relating to other comprehensive income	3 (d)	-	-	-	100	(2,023)
Share revaluation	19 (a)	(8)	-	1	(8)	1
Total Comprehensive Income		71,088	99,688	9,618	76,861	81,272
Attributable to:						
- Council		71,088	99,688	9,618	75,724	81,457
- Non controlling interest		-	-	-	1,137	(185)
		71,088	99,688	9,618	76,861	81,272

Council	Notes	Revaluation Reserves \$'000	Operating Reserves \$'000	Capital Reserves \$'000	Hedging Reserve \$'000	Retained Earnings \$'000	Attributable to Equity Holders of Parent	Non Controlling Interest	TOTAL EQUITY
							\$'000	\$'000	\$'000
For the Financial Year Ended 30 June 2011									
Balance at 1 July 2010	19/20	239,229	14,979	13,949	-	456,897	725,054	-	725,054
Total Comprehensive Income for the year		70,535	-	-	-	553	71,088	-	71,088
Transfers from/(to) retained earnings	19/20	(1,661)	(1,104)	(894)	-	3,659	-	-	-
Balance at 30 June 2011		308,103	13,875	13,055	-	461,109	796,142	-	796,142
For the Financial Year Ended 30 June 2010									
Balance at 1 July 2009		244,444	10,326	13,748	-	446,918	715,436	-	715,436
Total Comprehensive Income for the year		1	-	-	-	9,617	9,618	-	9,618
Transfers from/(to) retained earnings	19	(5,216)	4,653	201	-	362	-	-	-
Balance at 30 June 2010		239,229	14,979	13,949	-	456,897	725,054	-	725,054

Group	Notes	Revaluation Reserves \$'000	Operating Reserves \$'000	Capital Reserves \$'000	Hedging Reserve \$'000	Retained Earnings \$'000	Attributable to Equity Holders of Parent	Non Controlling Interest	TOTAL EQUITY
							\$'000	\$'000	\$'000
For the Financial Year Ended 30 June 2011									
Balance at 1 July 2010		314,217	14,979	13,949	-	467,173	810,318	120	810,438
Total Comprehensive Income for the year	19a/19d	70,535	-	-	(192)	5,381	75,724	1,137	76,861
Capital introduced to QAC	21	-	-	-	-	-	-	27,245	27,245
Movement on dilution of shareholding in QAC	20/21	-	-	-	-	(1,728)	(1,728)	1,728	-
Transfers from/(to) retained earnings	19	(1,661)	(1,104)	(894)	-	3,659	-	-	-
Balance at 30 June 2011		383,091	13,875	13,055	(192)	474,485	884,314	30,230	914,544
For the Financial Year Ended 30 June 2010									
Balance at 1 July 2009		244,444	10,326	13,748	-	460,343	728,861	305	729,166
Total Comprehensive Income for the year		74,989	-	-	-	6,468	81,457	(185)	81,272
Transfers from/(to) retained earnings	19	(5,216)	4,653	201	-	362	-	-	-
Balance at 30 June 2010		314,217	14,979	13,949	-	467,173	810,318	120	810,438

	Notes	Council			Group	
		2011 \$'000	Budget \$'000	2010 \$'000	2011 \$'000	2010 \$'000
For the Financial Year Ended 30 June 2011						
Cash flows from operating activities						
Receipts from customers		83,413	93,933	82,733	105,794	103,071
Interest received		-	-	-	85	89
Payments to suppliers and employees		(53,885)	(53,699)	(52,911)	(65,593)	(62,979)
Finance costs paid		(6,469)	(7,461)	(6,191)	(7,465)	(8,005)
Income tax paid		-	-	-	(2,434)	(482)
Net GST (payment) /receipt		333	-	472	(351)	425
Net cash inflow/(outflow) from operating activities	28(c)	23,392	32,773	24,103	30,036	32,119
Cash flows from investing activities						
Purchase of investments		(3)	-	(84)	(3)	(3)
Sale of other financial assets		7	-	7	7	7
Sale of investment property		110	-	239	110	239
Purchase of property, plant and equipment		(22,148)	(55,419)	(33,765)	(35,390)	(46,569)
Purchase of investment property		(58)	-	(776)	(58)	(776)
Purchase of intangible assets		(229)	-	-	(563)	(411)
Proceeds from sale of property, plant and equipment		423	-	501	445	570
Net cash inflow/(outflow) from investing activities		(21,898)	(55,419)	(33,878)	(35,452)	(46,943)
Cash flows from financing activities						
Proceeds from borrowings		-	39,267	8,952	-	14,982
Repayment of borrowings		(829)	(16,624)	-	(21,422)	(241)
Capital introduced to QAC		-	-	-	27,245	-
Net cash inflow /(outflow) from financing activities		(829)	22,643	8,952	5,823	14,741
Net increase/(decrease) in Cash and cash equivalents		665	(3)	(823)	407	(83)
Cash and cash equivalents at the beginning of the financial year		326	138	1,149	3,109	3,192
Cash and cash equivalents at the end of the financial year		991	135	326	3,516	3,109
Represented by:						
Cash and cash equivalents		991	135	326	3,516	3,109
Bank overdraft		-	-	-	-	-
		991	135	326	3,516	3,109

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

1. Summary of Accounting Policies

Reporting Entity

The Queenstown Lakes District Council (“the Council”) 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)), Lakes Environmental Limited (“LEL”), Lakes Leisure Limited (“LL”), the 75% owned Lakes Combined Afforestation Committee (“LCAC”) and the 75.01% owned Queenstown Airport Corporation Limited (“QAC”).

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 for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

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 comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for public benefit entities.

All available public benefit entity reporting exemptions under NZ IFRS have been adopted.

Basis of Preparation

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods if the revision affects both current and future periods.

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.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements are presented in thousands of New Zealand dollars.

New Zealand dollars are the Council’s and Group’s functional currency.

The following accounting policies which materially affect the measurement of results and financial position have been applied:

Revenue Recognition

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, net of discounts and GST.

Rates Revenue

Rates revenue is recognised when it is levied.

Other Revenue

(a) Rendering of Services

Revenue from the rendering of services is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

(b) 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.

(c) Dividend Revenue

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

(d) Fees and Charges

Fees and charges are recognised as income when supplies and services have been rendered.

(e) Contracts and Consents

Revenue relating to contracts and consent applications that are in progress at balance date is recognised by reference to the stage of completion at balance date.

(f) Grant Revenue

Government grants are received from Land Transport New Zealand, which subsidises part of the Council’s costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

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

(g) 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.

Development contributions are classified as part of the "Other Revenue".

Other Gains and Losses

(a) Sale of investment property, property, plant and equipment, property intended for sale and financial assets.

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/or Group will receive the consideration due.

(b) Assets Acquired for Nil or Nominal Consideration

Certain infrastructural assets have been vested to the Council as part of the subdivision covenant process. Such vested assets are recognised as revenue when the significant risks and rewards of ownership have been transferred to the Council and when the obligation to accept the transfer of the assets to the Council has been determined.

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.

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.

Tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit 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 profit. 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 also recognised directly in other comprehensive income.

Goods and Services 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 in banks and other short-term highly liquid deposits that are readily convertible to a known amount of cash.

Financial Instruments

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

(i) Financial Assets

Financial Assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method, referred to below, is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- Has been acquired principally for the purpose of selling in the near future;
- Is a part of an identified portfolio of financial instruments that the Council and Group manages together and has a recent actual pattern of short-term profit-taking; or
- Is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the Statement of Financial Performance. The net gain or loss is recognised in the Statement of Financial Performance and incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described later in this note.

Held-to-Maturity Investments

Investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The Council and Group does not hold any financial assets in this category.

Available-for-Sale Financial Assets

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

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

Loans and Receivables

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

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

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

Until 1 July 1998 in certain circumstances funds were required to be set aside each year to meet future payments of loans and commitments. These funds, described as Sinking Funds, are administered by independent Sinking Fund Commissioners appointed by the Council. The funds are included in the Statement of Financial Position. The Council now voluntarily contributes to sinking funds to build up funds to pay off debt principal. Deposits are included within this classification.

Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Financial Liabilities

Trade and Other Payables

Trade payables and other accounts payable are recognised when the Council and Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest method.

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Statement of Financial Performance over the period of the borrowing using the effective interest method.

(iii) Derivative Financial Instruments

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re measured to their fair value at each balance date. The resulting gain or loss is recognised in the Statement of Financial Performance immediately unless the derivative is designated and effective as a hedging instrument (in the case of Queenstown Airport Corporation Ltd (QAC)), in which event the nature and timing of the recognition in profit or loss depends on the nature of the hedging relationship. QAC designates certain derivatives as cashflow 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 uses a variety of methods and makes assumptions that are based on market conditions existing as each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term investment and debt instruments held.

Embedded Derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in the Statement of Financial Performance.

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 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 income 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 profit or loss.

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

However, when the forecast transaction that is hedged results in the recognition of a non-financial 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 profit or loss.

Inventories

Development Properties

Development properties classified within Inventory 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.

Other 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 Intended 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.

Airport Assets

- Land
- Buildings
- Runway
- Roading and carparking

Infrastructure Assets

- Infrastructure 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

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.

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 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, land, buildings and runways 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.

Sewer, Stormwater, Water

Sewer, stormwater and water assets are stated at fair value, which is optimised depreciated replacement cost value as at 1 July, 2010 by Rationale, independent valuers. Acquisitions subsequent to 1 July, 2010 are at cost.

Roads, Bridges and Lighting

Roading assets are stated at fair value, which is optimised depreciated replacement cost value as at 1 July, 2010 by GHD Limited, independent valuers. Bridges and lighting are stated at valuation which is optimised depreciated replacement cost value.

Airport Land, Buildings, Roading, Carparking and Runways

Airport Land holdings and buildings held by QAC were independently valued by Seagar & Partners, registered valuers, as at 30 June 2010 to fair value. The runway was independently valued by Beca Valuations Limited (Beca), registered valuers, as at 30 June 2010. Where the fair value of an asset is able to be determined by reference to market based evidence, such as sales of comparable assets or discounted cash flows, the fair value is determined using this information. Where fair value of the asset is not able to be reliably determined using market based evidence, optimised depreciated replacement cost is used to determine fair value. To arrive at fair value the valuers used optimised depreciated replacement cost for the terminal building, fire building, runway and aprons and direct comparison/market value for land.

Depreciation

Operational assets with the exception of land, are depreciated on a straight-line basis to write-off the asset to its estimated residual value over its estimated useful life.

Infrastructural assets, with the exception of land under roads, are depreciated on a straight-line basis to write off the fair value of the asset to its estimated residual values over its estimated useful life.

Airport assets, with the exception of land, are depreciated on a straight line and a diminishing value basis to write off the asset to its estimated residual value over its estimated useful life.

Expenditure incurred to maintain these assets at full operating capability is charged to the Statement of Financial Performance in the year incurred.

The following estimated useful lives are used in the calculation of depreciation.

Operational Assets	Rate (%)	Method
Buildings	2.0% - 33%	SL
Building improvements	1.67% - 6.67%	SL
Plant and equipment	5.5% - 28%	SL
Motor vehicles	20% - 26%	DV
Furniture and office equipment	10% - 33%	SL
Computer equipment	25%	SL
Library books	10%	SL
Infrastructural Assets		
Sewerage	1.67% - 10%	SL
Water supply	1.67% - 10%	SL
Stormwater	1.67% - 10%	SL
Roading - Basecourse	2.10%	SL
Roading - Bridges	2.60%	SL
Roading - Surfacing	8.60%	SL
Roading - Other	1% - 10%	SL
Airport Assets at fair value	Rate (%)	Method
Buildings	2.5%-33%	DV
Airport Runway	1.67%-20%	SL
Roading and Carparking	4.8%-26%	DV

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

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 intangible assets, and recorded at cost.

The difference between initial cost and the disposal price of the units is treated as revenue in Surplus/(deficit) for the period.

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 are 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 the investment properties are included in the Statement of Financial Performance in the period in which they arise.

Goodwill

Goodwill is initially measured at its cost, being the excess of the cost of the acquisition over Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill on acquisition of subsidiaries is included in intangible assets by applying the purchase method. Goodwill on acquisition of associates is included in investments in associates by applying the equity method.

Goodwill arising in business combinations is not amortised. Instead, goodwill is tested for impairment annually. After initial recognition, the Council and Group measures goodwill at cost less any accumulated impairment losses. An impairment loss recognised for goodwill will not be reversed in any subsequent period.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination, in which the goodwill arose.

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 acquired in a business combination

All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

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 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 it's 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 (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 (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 (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 cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

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 Cashflows

Cash means cash balances on hand, held in bank accounts and demand deposits that the Council and Group invests in as part of its 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 non-current 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 NZ IAS-27 'Consolidated and Separate Financial Statements'. A list of subsidiaries appears in Note 24 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 profit and loss 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 are included in the parent entity at cost less any impairment losses.

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 32.

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 NZ IFRS, 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 identified in an economically feasible manner with 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:

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, wastewater 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.

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 profit associated with the consent applications.

Goodwill;

In performing the impairment test for goodwill management have assumed the service contract between Lakes Environmental Limited (LEL) and Council will operate in perpetuity. The service contract is subject to formal review and renewal every three years. In the event the service contract is not renewed, or renewed on terms that differ to the existing service contract, this may result in a reduction of managements estimated future cash flows associated with the service contract. These decreased future cash flows may impact the Directors assessment of the carrying value of goodwill.

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 capitalization 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 are 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 period ended 30 June 2011.

Valuation of Infrastructure Assets

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

Classification of Leasehold Properties

Certain Investment Property held by Council has been approved for sale under restrictive terms and conditions. Management do not view the approval for sale granted by Council 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, management have 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 management 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.

Changes in Accounting Policy

There have been no changes in accounting policy.

Adoption of New and Revised Standards and Interpretations

Standards and Interpretations effective in the current period

The Standards and Interpretations listed below became mandatory during the period.

Those with disclosure impact:

The impact of the adoption of the following Standards and Amendments has been to expand the disclosures provided in these financial statements:

Standard / Interpretation	Impact
NZ IAS 1 'Presentation of Financial Statements' (revised 2007)	The revised Standard has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. However, the revised Standard has no impact on the reported results or financial position of the Council.
Amendments to NZIRFS 7 Financial Statements: Disclosures	The amendments to NZ IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Council has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional relief offered in these amendments.
Improvements to NZ IFRS 2008: Derivative classification current versus non current.	Amendments to paragraphs 68 and 71 of NZ IAS 1 (2007) to clarify that financial instruments classified as held for trading in accordance with NZ IAS 39 are not always required to be presented as current assets/liabilities. Those derivatives that have a remaining maturity of more than 12 months are now presented as noncurrent assets/liabilities.

Those with no impact:

Other standards adopted during the year have not led to any changes in the Council's accounting policies or measurement or recognition impact on the periods presented in these financial statements.

Standards approved but not yet effective

At the date of authorisation of the financial statements, the following new or revised Standards or Interpretations were in issue but not yet required to be adopted by entities preparing financial statements for the period ending on 30 June 2011.

Standard / Interpretation	Effective for annual reporting periods beginning on or after:	Expected to be initially applied in the financial year ending:
Amendments to NZ IAS 24 'Related Party Disclosures'	1 January 2011	30 June 2012
NZ IFRS 9 'Financial Instruments'	1 January 2013	30 June 2014
Revised NZ IFRS 9 'Financial Instruments'	1 January 2013	30 June 2014
Amendments to NZ IFRIC 14 'Prepayments of a Minimum Funding Requirement'	1 January 2011	30 June 2012
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2010 - Improvements to NZ IFRS 7, NZ IAS 1, NZ IAS 34 and NZ IFRIC 13	1 January 2011	30 June 2012
Amendments to NZ IAS 26 'Accounting and Reporting by Retirement Benefit Plans'	1 April 2011	30 June 2012
Amendments to NZ IFRS 7 'Financial Instruments: Disclosures'	1 July 2011	30 June 2012
Amendments to NZ IAS 12 'Income Taxes' - Deferred Tax: Recovery of Underlying Assets	1 January 2012	30 June 2013
Amendments to NZ IFRS 7 – Appendix E	1 April 2011	30 June 2012
NZ IFRS 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
NZ IFRS 11 'Joint Arrangements'	1 January 2013	30 June 2014
NZ IFRS 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
NZ IFRS 13 'Fair Value Measurement'	1 January 2013	30 June 2014
NZ IAS 27 'Separate Financial Statements' (revised 2011)	1 January 2013	30 June 2014
NZ IAS 28 'Investments in Associates and Joint Ventures' (revised 2011)	1 January 2013	30 June 2014
Amendments to New Zealand Equivalents to International Financial Reporting Standards to Harmonise with International Financial Reporting Standards and Australian Accounting Standards	1 July 2011	30 June 2012
FRS 44 'New Zealand Additional Disclosures'	1 July 2011	30 June 2012
Amendments to FRS 44 'NZ Additional Disclosures'	1 July 2011	30 June 2012
Amendments to IAS 1 'Presentation of Financial Statements' – Presentation of Items of Other Comprehensive Income	1 July 2012	30 June 2013
Amendments to IAS 19 'Employee Benefits'	1 January 2013	30 June 2014
Amendments to FRS 43 'Summary Financial Statements'^^	1 January 2012	30 June 2013

^^The amendments are not relevant to the annual full financial statements and only relate to the summary financial statements.

2. Surplus From Operations

For the Financial Year Ended 30 June 2011	Notes	Council		Group	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
(a) Revenue					
Revenue consisted of the following items:					
Rates Revenue:					
General rates		11,540	9,907	11,481	9,874
Targeted rates		39,813	36,225	39,615	36,111
		51,353	46,132	51,096	45,985
Other Revenue:					
User charges		11,758	11,109	22,998	20,715
Capital Contributions		1,027	10,370	1,027	10,370
Grants and subsidies		10,497	12,473	10,497	12,473
Vested assets		2,731	8,291	2,731	8,291
Landing dues		-	-	6,933	6,003
Other revenue		4,386	3,503	5,353	4,419
Rental Revenue:					
Operating lease rental revenue		-	-	4,659	3,969
Interest Revenue:					
Bank deposits		-	-	93	91
		30,399	45,746	54,291	66,331

There are no unfulfilled conditions and other contingencies attached to government grants recognised.

2. Surplus From Operations *continued*

	Notes	Council		Group	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
For the Financial Year Ended 30 June 2011					
(b) Other Gains/(Losses)					
Gain/(loss) on revaluation of investment property	13	(1,574)	(5,216)	(1,574)	(5,216)
Gain/(loss) on disposal of investment property		(15)	203	(15)	203
Gain/(loss) on revaluation of property, plant and equipment		-	-	-	(751)
Gain/(loss) on disposal of property, plant and equipment		162	149	162	212
Gain/(loss) in fair value of shares		(11)	-	(11)	-
Gain/(loss) in fair value of forestry assets	11	-	-	231	(739)
Gain/(loss) in fair value of forestry investment		173	(554)	-	-
Gain/(loss) in fair value of derivative financial instruments classified at fair value through profit or loss		(922)	(1,094)	(971)	(1,673)
		(2,187)	(6,512)	(2,178)	(7,964)
(c) Employee Benefits Expense					
Salaries and wages		7,881	7,419	16,948	16,094
Other		-	-	197	27
		7,881	7,419	17,145	16,121
(d) Depreciation and Amortisation Expense					
Depreciation of property, plant and equipment	10	16,417	16,526	19,775	19,345
Amortisation of intangible assets	12	128	-	176	48
		16,545	16,526	19,951	19,393
(e) Finance Costs					
Interest on loans		6,469	6,191	7,450	8,135
Other interest expense		-	-	15	7
		6,469	6,191	7,465	8,142
(f) Other Expenses					
Net bad and doubtful debts arising from:					
Increase/(Decrease) in allowance for doubtful debts		57	44	81	62
Operating lease rental expenses:					
Minimum lease payments		863	876	1,317	1,351
Loss provision - claims against Council		2,400	-	2,400	-
Operating Expenses		44,797	44,693	46,583	45,854
		48,117	45,613	50,381	47,267

2. Surplus From Operations continued

For the Financial Year Ended 30 June 2011	Council	
	2011 \$'000	2010 \$'000
(g) Summary Cost of Services by Activity (Council only)		
Governance and District Promotion	-	-
Property	4,803	(58)
Community	3,815	8,973
Regulatory and Resource Management	1,513	1,436
Utilities	6,156	10,957
Roading and Parking	11,690	18,029
Other	235	(103)
Targeted Rates	11,540	9,907
General Rates	39,813	36,225
Total Income	79,565	85,366
Expenditure		
Governance and District Promotion	8,436	7,729
Property	5,792	4,705
Community	15,832	14,568
Regulatory and Resource Management	8,511	6,882
Utilities	24,119	24,867
Roading and Parking	15,583	16,774
Other	739	224
Total Operating Expenditure	79,012	75,749

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 Profit or Loss

	Council		Group	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
For the Financial Year Ended 30 June 2011				
Tax expense/(income) comprises:				
Current tax expense/(credit):				
Current year	-	-	1,937	1,180
Adjustments for prior years	-	-	3	(25)
	-	-	1,940	1,155
Deferred tax expense/(credit)				
Origination and reversal of temporary differences	-	-	1	114
Adjustments for prior years	-	-	48	-
Adjustments relating to changes in tax rates or imposition of new taxes	-	-	-	(379)
Deferred tax relating to future non depreciation of buildings	-	-	(305)	6,481
Deferred tax on revaluation recognised in surplus before tax	-	-	-	(225)
	-	-	(256)	5,991
Total tax expense/ (income)	-	-	1,684	7,146
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	553	9,617	8,267	13,429
Income tax expense (credit) calculated at 30%	166	2,885	2,480	4,028
Non assessable income and expenses	(166)	(2,885)	(544)	(2,989)
Adjustments relating to changes in tax rates	-	-	5	(379)
Reversal of temporary difference	-	-	31	253
Adjustments for prior years	-	-	51	(23)
Deferred tax relating to future non depreciation of buildings	-	-	(305)	6,481
Revaluation recognised in surplus before tax	-	-	-	(225)
	-	-	1,718	7,146
Loss carried forward utilised	-	-	(5)	-
Tax loss offset	-	-	(29)	-
	-	-	1,684	7,146
Taxation effect of imputation credits:				
Imputation credits utilised	-	-	-	-
(Over)/under provision of income tax in previous year	-	-	-	-
Income tax expense (credit)	-	-	1,684	7,146

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by New Zealand corporate entities on taxable profits under New Zealand tax law. Deferred tax has been calculated using the future corporate rate of 28%.

3. Income Taxes continued

(b) Income Tax Recognised Directly In Other Comprehensive Income

There was \$100,000 of deferred tax credited directly to other comprehensive income during the period, relating to the fair value movement of derivative financial instruments (2010: \$2m charged relating to revaluation of property, plant and equipment (excluding land), for Queenstown Airport Corporation).

(c) Current Tax Assets and Liabilities

	Council		Group	
	2011	2010	2011	2010
For the Financial Year Ended 30 June 2011	\$'000	\$'000	\$'000	\$'000
Current Tax Refundable:				
Current tax refundable	-	-	-	-
Current Tax Payable:				
Current tax payable	-	-	256	749

(d) Deferred Tax Balances Comprise

Taxable and deductible temporary differences arising from the following:

2011	Opening Balance	Charged to income	Group	
			Charged to other Comprehensive Income	Closing balance
	\$'000	\$'000	\$'000	\$'000
Gross deferred tax asset/(liability)	(7,259)	257	100	(6,902)

2010	Opening Balance	Charged to income	Group	
			Charged to other Comprehensive Income	Closing balance
	\$'000	\$'000	\$'000	\$'000
Gross deferred tax asset/(liability)	754	(5,990)	(2,023)	(7,259)

(e) Imputation Credit Account Balances

	Council		Group	
	2011	2010	2011	2010
For the Financial Year Ended 30 June 2011	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	-	-	2,879	2,431
Attached to dividends received	-	-	-	-
Taxation paid	-	-	2,428	670
Resident withholding tax paid	-	-	3	-
Income tax refunded	-	-	-	(222)
Balance at end of year	-	-	5,310	2,879
Imputation credits available directly and indirectly to Council through:				
Council	-	-	-	-
Subsidiaries	-	-	5,310	2,879
	-	-	5,310	2,879

4. Key Management Personnel Compensation

The compensation of the Councillors, Chief Executive, Directors and other senior management, being the key management personnel of the entity, is set out below:

	Council		Group	
	2011	2010	2011	2010
For the Financial Year Ended 30 June 2011	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	741	772	1,416	1,410
Directors Fees	-	-	293	298
	741	772	1,709	1,708

5. Remuneration of Auditors

	Council		Group	
	2011	2010	2011	2010
For the Financial Year Ended 30 June 2011	\$'000	\$'000	\$'000	\$'000
Audit fees for financial statement audit	143	125	255	229
Fees relating to prior year audit	11	15	11	15
Audit of LTCCP amendment	11	8	11	8
Audit of 2012 LTP	10	-	10	-
Audit fees for assurance and related services	3	-	25	59
Fees for Tax Services	4	7	12	13
	182	155	324	324

The auditor of Queenstown Lakes District Council is Deloitte, on behalf of the Controller and Auditor-General.

6. Trade and Other Receivables

	Council		Group	
	2011	2010	2011	2010
For the Financial Year Ended 30 June 2011	\$'000	\$'000	\$'000	\$'000
Trade receivables (i)	3,385	8,862	5,016	10,294
Parking receivables (i)	963	1,016	963	1,016
Rates receivables (i)	2,434	2,524	2,434	2,524
New Zealand Transport Agency	559	294	559	294
Other (i)	1,908	1,543	2,658	1,603
Allowance for doubtful debts (ii), (iii)	(885)	(932)	(935)	(982)
	8,364	13,307	10,695	14,749

- (i) Trade receivables, parking 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	
	2011	2010	2011	2010
Ageing Analysis (net of allowance)	\$'000	\$'000	\$'000	\$'000
Trade and Other Receivables (excluding Rates)				
Current (0-30 days)	2,844	2,561	4,410	3,523
31-60 days *	340	5,328	855	5,570
61-90 days *	302	320	419	390
90 days + *	2,471	2,654	2,604	2,822
	5,957	10,863	8,288	12,305
Rates Receivables				
Current (0-30 days)	794	1,048	794	1,048
31 days - 1 Year *	1,140	997	1,140	997
1 Year + *	473	399	473	399
	2,407	2,444	2,407	2,444
Total Receivables	8,364	13,307	10,695	14,749

* Amounts are considered past due.

	Council		Group	
	2011	2010	2011	2010
For the Financial Year Ended 30 June 2011	\$'000	\$'000	\$'000	\$'000
Disclosed in the financial statements as:				
Current	8,364	13,307	10,695	14,749
Non-current	-	-	-	-
	8,364	13,307	10,695	14,749
(iii) Movement in the allowance for doubtful debts:				
Balance at beginning of year	(932)	(1,031)	(982)	(1,080)
Amounts written off during year	79	95	81	112
Amounts recovered during year	25	48	25	48
Additional allowance recognised in Statement of Financial Performance	(57)	(44)	(59)	(62)
Balance at end of year	(885)	(932)	(935)	(982)

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

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

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

7. Other Financial Assets

	Council		Group	
	2011	2010	2011	2010
For the Financial Year Ended 30 June 2011	\$'000	\$'000	\$'000	\$'000
National Provident Sinking Fund	30	27	30	27
Other investments held	90	117	90	117
Advances to community organisations	460	460	460	460
Short term investments	12	11	12	11
Interest rate swap (FVTPL), (i)	-	-	17	66
	592	615	609	681
Represented by:				
Current	12	11	29	77
Non Current	580	604	580	604
	592	615	609	681

Other financial assets are recognised at amortised cost with the exception of the interest rate swap which is recognised at Fair Value through Profit and Loss (FVTPL).

There are no impairment provisions for other financial assets.

(i) QAC holds an interest rate option for \$10m which is effective from 1 January 2012 at a rate of 7%.

8. Other Current Assets

	Council		Group	
	2011	2010	2011	2010
For the Financial Year Ended 30 June 2011	\$'000	\$'000	\$'000	\$'000
Prepayments	348	346	436	650
	348	346	436	650

9. Development Properties

Stage 8 of the Council owned Aubrey Road - Scurr Heights property has been developed for sale following the approval by Council on 8 May, 2006 to sell the property.

	Council		Group	
	2011	2010	2011	2010
For the Financial Year Ended 30 June 2011	\$'000	\$'000	\$'000	\$'000
Land	292	292	292	292
	292	292	292	292

10. Property, Plant and Equipment

	Council 2011													
	Cost/ Valuation	Additions	Disposals	Transfers	Transfer to Intangibles	Revaluation	Cost/ Valuation	Accumulated depreciation and impairment charges	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Transfer	Transfer to Intangibles	Accumulated depreciation and impairment charges	Carrying amount
	1-Jul-10 \$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	30-Jun-11 \$'000s	1-Jul-10 \$'000s	\$'000s	\$'000s	\$'000s	\$'000s	30-Jun-11 \$'000s	30-Jun-11 \$'000s
Council Operational Assets														
At Cost														
Land	54,352	1,863	(261)	-	-	-	55,954	-	-	-	-	-	-	55,954
Buildings	43,230	491	-	134	-	-	43,855	(6,364)	-	(976)	-	-	(7,340)	36,515
Building Improvements	27,985	777	-	41	-	-	28,803	(8,262)	-	(1,687)	-	-	(9,949)	18,854
Plant and Machinery	6,715	520	-	-	-	-	7,235	(1,721)	-	(415)	-	-	(2,136)	5,099
Motor Vehicles	870	129	-	-	-	-	999	(384)	-	(104)	-	-	(488)	511
Furniture and Office Equipment	4,600	28	-	(591)	(459)	-	3,578	(3,629)	-	(240)	664	244	(2,961)	617
Computer Equipment	1,118	51	-	591	-	-	1,760	(749)	-	(191)	(664)	-	(1,604)	156
Library Books	2,604	199	-	-	-	-	2,803	(2,011)	-	(262)	-	-	(2,273)	530
Work in progress	2,639	919	-	(175)	-	-	3,383	-	-	-	-	-	-	3,383
Total Operational Assets	144,113	4,977	(261)	-	(459)	-	148,370	(23,120)	-	(3,875)	-	244	(26,751)	121,619
Council Infrastructural Assets														
Water Supply	73,548	2,191	-	284	-	5,605	81,628	(5,225)	5,225	(1,939)	-	-	(1,939)	79,689
Sewerage	104,664	2,044	-	295	-	7,671	114,674	(8,399)	8,399	(2,920)	-	-	(2,920)	111,754
Stormwater	60,330	836	-	12	-	10,532	71,710	(3,134)	3,134	(1,329)	-	-	(1,329)	70,381
Roading - Basecourse	49,445	3,630	-	-	-	8,626	61,701	(7,214)	7,214	(3,682)	-	-	(3,682)	58,019
Roading - Bridges	13,738	28	-	-	-	15,868	29,634	(575)	575	(426)	-	-	(426)	29,208
Roading - Surfacing	37,914	4,143	-	606	-	-	42,663	(2,771)	2,771	(34)	-	-	(34)	42,629
Roading - Other	202,360	4,758	-	-	-	(11,206)	195,912	(6,128)	6,128	(2,212)	-	-	(2,212)	193,700
Land under Roads	103,282	-	-	-	-	-	103,282	-	-	-	-	-	-	103,282
Work in Progress	15,650	3,020	-	(1,197)	-	-	17,473	-	-	-	-	-	-	17,473
Total Infrastructural Assets	660,931	20,650	-	-	-	37,096	718,677	(33,446)	33,446	(12,542)	-	-	(12,542)	706,135
Total Council Property, Plant and Equipment	805,044	25,627	(261)	-	(459)	37,096	867,047	(56,566)	33,446	(16,417)	-	244	(39,293)	827,754

The Council's obligation under finance leases(note18) are secured by the lessors' title to the leased assets which have a carrying amount of \$22,672 (2010: \$56,679)

10. Property, Plant and Equipment continued

Council 2010

	Cost/ Valuation 1-Jul-09	Additions	Disposals	Transfers	Revaluation	Cost/ Valuation 30-Jun-10	Accumulated depreciation and impairment charges 1-Jul-09	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Other	Accumulated depreciation and impairment charges 30-Jun-10	Carrying amount 30-Jun-10
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Council Operational Assets												
At Cost												
Land	53,879	774	(301)	-	-	54,352	-	-	-	-	-	54,352
Buildings	42,953	277	-	-	-	43,230	(5,395)	-	(969)	-	(6,364)	36,866
Building Improvements	25,803	1,923	-	259	-	27,985	(6,705)	-	(1,557)	-	(8,262)	19,723
Plant and Machinery	6,450	308	(43)	-	-	6,715	(1,345)	-	(380)	4	(1,721)	4,994
Motor Vehicles	751	127	(8)	-	-	870	(289)	-	(101)	6	(384)	486
Furniture and Office Equipment	4,540	60	-	-	-	4,600	(3,379)	-	(250)	-	(3,629)	971
Computer Equipment	850	268	-	-	-	1,118	(529)	-	(220)	-	(749)	369
Library Books	2,409	195	-	-	-	2,604	(1,768)	-	(243)	-	(2,011)	593
Work in progress	2,525	373	-	(259)	-	2,639	-	-	-	-	-	2,639
Total Operational Assets	140,160	4,305	(352)	-	-	144,113	(19,410)	-	(3,720)	10	(23,120)	120,993
Council Infrastructural Assets												
Water Supply	67,998	3,965	-	1,585	-	73,548	(3,341)	-	(1,884)	-	(5,225)	68,323
Sewerage	96,307	5,306	-	3,051	-	104,664	(5,047)	-	(3,352)	-	(8,399)	96,265
Stormwater	57,636	2,459	-	235	-	60,330	(2,041)	-	(1,093)	-	(3,134)	57,196
Roading - Basecourse	42,892	6,553	-	-	-	49,445	(4,125)	-	(3,089)	-	(7,214)	42,231
Roading - Bridges	13,738	-	-	-	-	13,738	(366)	-	(209)	-	(575)	13,163
Roading - Surfacing	32,146	3,116	-	2,652	-	37,914	(1,738)	-	(1,033)	-	(2,771)	35,143
Roading - Other	192,034	10,326	-	-	-	202,360	(3,982)	-	(2,146)	-	(6,128)	196,232
Land under Roads	103,282	-	-	-	-	103,282	-	-	-	-	-	103,282
Work in Progress	19,965	3,208	-	(7,523)	-	15,650	-	-	-	-	-	15,650
Total Infrastructural Assets	625,998	34,933	-	-	-	660,931	(20,640)	-	(12,806)	-	(33,446)	627,485
Total Council Property, Plant and Equipment	766,158	39,238	(352)	-	-	805,044	(40,050)	-	(16,526)	10	(56,566)	748,478

10. Property, Plant and Equipment continued

	Group 2011													
	Cost/ Valuation 1-Jul-10	Additions	Disposals	Transfers	Transfer to Intangibles	Revaluation	Cost/ Valuation 30-Jun-11	Accumulated depreciation and impairment charges 1-Jul-10	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Transfer	Transfer to Intangibles	Accumulated depreciation and impairment charges 30-Jun-11	Carrying amount 30-Jun-11
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Group Operational Assets														
At Cost														
Land	55,329	1,861	(261)	-	-	-	56,929	-	-	-	-	-	-	56,929
Buildings	45,583	779	-	134	-	-	46,496	(6,664)	-	(1,006)	-	-	(7,670)	38,826
Building Improvements	25,393	1,321	-	41	-	-	26,755	(8,042)	-	(1,732)	-	-	(9,774)	16,981
Plant and Equipment	10,175	1,736	(5)	-	-	-	11,906	(2,868)	-	(911)	-	-	(3,779)	8,127
Motor Vehicles	2,239	165	(17)	-	-	-	2,387	(1,057)	-	(283)	-	-	(1,340)	1,047
Furniture and Office Equipment	6,485	148	-	(591)	(459)	-	5,583	(4,267)	-	(367)	664	244	(3,726)	1,857
Computer Equipment	1,310	250	-	591	-	-	2,151	(674)	-	(266)	(664)	-	(1,604)	547
Library Books	2,605	199	-	-	-	-	2,804	(2,011)	-	(262)	-	-	(2,273)	531
Work in progress	2,639	919	-	(175)	-	-	3,383	-	-	-	-	-	-	3,383
Total Operational Assets	151,758	7,378	(283)	(0)	(459)	-	158,394	(25,583)	-	(4,827)	-	244	(30,166)	128,228
Airport Assets														
Land	75,976	129	-	-	-	-	76,105	-	-	-	-	-	-	76,105
Building	27,796	4,145	-	-	-	-	31,941	-	-	(1,287)	-	-	(1,287)	30,654
Airport Runway	20,082	8,960	-	-	-	-	29,042	-	-	(695)	-	-	(695)	28,347
Roading and Carparking	5,784	-	-	-	-	-	5,784	-	-	(423)	-	-	(423)	5,361
Total Airport Assets	129,638	13,234	-	-	-	-	142,872	-	-	(2,405)	-	-	(2,405)	140,467
Group Infrastructural Assets														
Water Supply	73,549	2,191	-	284	-	5,605	81,629	(5,225)	5,225	(1,939)	-	-	(1,939)	79,690
Sewerage	104,664	2,044	-	295	-	7,671	114,674	(8,399)	8,399	(2,920)	-	-	(2,920)	111,754
Stormwater	60,330	836	-	12	-	10,532	71,710	(3,134)	3,134	(1,329)	-	-	(1,329)	70,381
Roading - Basecourse	56,161	3,630	-	(6,716)	-	8,626	61,701	(7,214)	7,214	(3,682)	-	-	(3,682)	58,019
Roading - Bridges	12,039	28	-	1,699	-	15,868	29,634	(575)	575	(426)	-	-	(426)	29,208
Roading - Surfacing	21,570	4,143	-	16,950	-	-	42,663	(2,771)	2,771	(34)	-	-	(34)	42,629
Roading - Other	213,688	4,758	-	(11,327)	-	(11,206)	195,913	(6,129)	6,129	(2,213)	-	-	(2,213)	193,700
Land under Roads	103,282	-	-	-	-	-	103,282	-	-	-	-	-	-	103,282
Work in Progress	15,654	3,020	-	(1,197)	-	-	17,477	-	-	-	-	-	-	17,477
Total Infrastructural Assets	660,937	20,650	-	-	-	37,096	718,683	(33,447)	33,447	(12,543)	-	-	(12,543)	706,140
Total Group Property, Plant and Equipment	942,333	41,262	(283)	(0)	(459)	37,096	1,019,949	(59,030)	33,447	(19,775)	-	244	(45,114)	974,835

The Group's obligation under finance leases(note18)are secured by the lessors' title to the leased assets which have a carrying amount of \$194,918 (2010: \$280,803)

10. Property, Plant and Equipment continued

	Group 2010											
	Cost/ Valuation 1-Jul-09	Additions	Disposals	Transfers	Revaluation	Cost/ Valuation 30-Jun-10	Accumulated depreciation and impairment charges 1-Jul-09	Accumulated depreciation and impairment charges reversed on revaluation	Depreciation expense	Transfers	Accumulated depreciation and impairment charges 30-Jun-10	Carrying amount 30-Jun-10
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Group Operational Assets												
At Cost												
Land	54,856	774	(301)	-	-	55,329	-	-	-	-	-	55,329
Buildings	45,030	553	-	-	-	45,583	(5,683)	-	(981)	-	(6,664)	38,919
Building Improvements	23,211	1,923	-	259	-	25,393	(6,446)	-	(1,596)	-	(8,042)	17,351
Plant and Equipment	9,444	1,888	(44)	(1,113)	-	10,175	(2,779)	-	(837)	748	(2,868)	7,307
Motor Vehicles	2,065	185	(11)	-	-	2,239	(755)	-	(309)	7	(1,057)	1,182
Furniture and Office Equipment	6,965	253	-	(733)	-	6,485	(4,421)	-	(463)	617	(4,267)	2,218
Computer Equipment	1,010	320	(20)	-	-	1,310	(434)	-	(257)	17	(674)	636
Library Books	2,410	195	-	-	-	2,605	(1,768)	-	(243)	-	(2,011)	594
Work in progress	2,525	373	-	(259)	-	2,639	-	-	-	-	-	2,639
Total Operational Assets	147,516	6,464	(376)	(1,846)	-	151,758	(22,286)	-	(4,686)	1,389	(25,583)	126,175
Airport Assets at Fair Value												
Land	5,802	389	(1)	-	69,786	75,976	-	-	-	-	-	75,976
Building	29,198	766	-	1,846	(4,014)	27,796	(6,351)	8,785	(1,073)	(1,361)	-	27,796
Airport Runway	14,032	9,111	-	-	(3,061)	20,082	(2,071)	2,592	(521)	-	-	20,082
Roading and Carparking	4,421	-	-	-	1,363	5,784	(546)	805	(259)	-	-	5,784
Total Airport Assets	53,453	10,266	(1)	1,846	64,074	129,638	(8,968)	12,182	(1,853)	(1,361)	-	129,638
Group Infrastructural Assets												
Water Supply	67,999	3,965	-	1,585	-	73,549	(3,341)	-	(1,884)	-	(5,225)	68,324
Sewerage	96,307	5,306	-	3,051	-	104,664	(5,047)	-	(3,352)	-	(8,399)	96,265
Stormwater	57,636	2,459	-	235	-	60,330	(2,041)	-	(1,093)	-	(3,134)	57,196
Roading - Basecourse	49,608	6,553	-	-	-	56,161	(4,125)	-	(3,089)	-	(7,214)	48,947
Roading - Bridges	12,039	-	-	-	-	12,039	(366)	-	(209)	-	(575)	11,464
Roading - Surfacing	15,802	3,116	-	2,652	-	21,570	(1,738)	-	(1,033)	-	(2,771)	18,799
Roading - Other	203,362	10,326	-	-	-	213,688	(3,983)	-	(2,146)	-	(6,129)	207,559
Land under Roads	103,282	-	-	-	-	103,282	-	-	-	-	-	103,282
Work in Progress	19,964	3,213	-	(7,523)	-	15,654	-	-	-	-	-	15,654
Total Infrastructural Assets	625,999	34,938	-	-	-	660,937	(20,641)	-	(12,806)	-	(33,447)	627,490
Total Group Property, Plant and Equipment	826,968	51,668	(377)	-	64,074	942,333	(51,895)	12,182	(19,345)	28	(59,030)	883,303

10. Property, Plant and Equipment continued

- (i) Impairment losses are included in the line item 'impairment of non-current assets' in the Statement of Financial Performance. Impairment losses recognised during the period were \$Nil (2010: \$Nil).
- (ii) Sewer, stormwater and water assets are stated at valuation which is optimised depreciated replacement cost value as at 1 July, 2010 by Rationale, independent valuers. Acquisitions subsequent to 1 July, 2010 are at cost.
- (iii) Roading assets are stated at valuation, which is optimised depreciated replacement cost value as at 1 July, 2010 by GHD Limited, independent valuers. Bridges and lighting are stated at valuation which is optimised depreciated replacement cost value.
- (iv) Airport assets held by QAC comprising land, buildings, runways, and roading and carparking assets were revalued as at 30 June 2010, as set out below. Runway assets are valued by Beca Valuations Ltd. Other airport assets at fair value are valued by Seager and Partners. Acquisitions subsequent to 30 June 2010 are at cost.

Asset	Valuation Approach
Terminal Building	Optimised depreciated replacement costs
Fire Building	Optimised depreciated replacement costs
Runway, Aprons, Roading and carparking	Optimised depreciated replacement costs
Land	Direct comparison/Market Value

11. Forestry Assets

	Council		Group	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
For the Financial Year Ended 30 June 2011				
Balance at beginning of year	-	-	481	1,219
Increases due to purchases	-	-	-	-
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to physical changes	-	-	119	147
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to price changes	-	-	111	(885)
Balance at end of year	-	-	711	481

Through its investment in Lakes Combined Afforestation Trust, the Council owns a 75% share of 191.6 hectares of Douglas Fir forest, which are at varying stages of maturity ranging from 15 to 26 years in age.

No forests have been harvested during the period (2010: Nil).

Independent registered valuers Guild Forestry have valued forestry assets as at 30 June, 2011 at \$711,000 (30 June, 2010: \$481,000). A pre tax discount rate of 8% has been used in discounting the present value of expected cash flows.

Financial Risk Management Strategies

The Group is exposed to financial risks arising from changes in timber prices. The Group is a long term forestry investor, and does not expect timber prices to decline significantly in the foreseeable future, therefore has not taken any measures to manage the risks of a decline in timber prices. The Group reviews its outlook for timber prices regularly in considering the need for active financial risk management.

12. Intangible Assets

(a) Finite Life Intangible Assets	Council		Group	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Gross carrying amount				
Balance at beginning of the year	-	-	1,234	803
Additions	229	-	563	431
Transfer from property plant and equipment	459	-	459	-
Disposal	-	-	(153)	-
Balance at end of the year	688	-	2,103	1,234
Accumulated amortisation & impairment				
Balance at beginning of the year	-	-	214	166
Transfer from property plant and equipment	244	-	244	-
Amortisation expense (i)	128	-	176	48
Eliminated on disposal of assets	-	-	(153)	-
Balance at end of the year	372	-	481	214
Net Book Value	316	-	1,622	1,020

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

The gross carrying amount of \$2,103,000 comprises of the following:

- The Finite Life Intangible Asset of \$688,000 represents costs incurred by the Queenstown Lakes District Council for computer software. These costs are being amortised on a straight line basis at 25% to 33%.
- The Finite Life Intangible Asset of \$1,304,000 represents costs incurred by the Queenstown Airport Corporation Limited in relation to district planning costs for extension of noise boundaries and amendments to flight fans. These costs will be amortised on a straight line basis over 15 years from the date they are completed and ready to use.

- The Finite Life Intangible Asset of \$74,000 represents costs incurred by Lakes Leisure Limited in relation to Master Plan expenses comprising consulting and architectural costs associated with the development of a 10 year plan for the grounds at Frankton campus. These expenses are capitalised at cost and reviewed annually for potential impairment.
- The Finite Life Intangible Asset of \$37,000 represents costs incurred by Lakes Leisure for computer software. These costs are being amortised on a diminishing value basis at 60%.

(b) Goodwill

	Council		Group	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Gross carrying amount				
Balance at beginning of the year	-	-	2,980	2,980
Additions	-	-	-	-
Balance at end of the year	-	-	2,980	2,980
Accumulated impairment				
Balance at beginning of the year	-	-	-	-
Impairment losses charged to Statement of Financial Performance	-	-	-	-
Balance at end of the year	-	-	-	-
Net Book Value	-	-	2,980	2,980
Total Net Book Value of Intangible Assets	316	-	4,602	4,000

Goodwill has arisen from the acquisition of Lakes Environmental Limited on 30 March 2007 of \$2,980,000.

Impairment of Goodwill

Lakes Environmental Limited

Goodwill has been allocated for impairment purposes to the cash-generating unit (CGU) at which management monitors goodwill for Lakes Environmental Limited. During the year ended 30 June 2011, Council have determined that there is no impairment of the CGU containing goodwill for Lakes Environmental Limited.

The recoverable amount (i.e. higher of value in use and fair value less costs to sell) of the CGU is determined on the basis of a value in use calculation. Council has determined that the recoverable amount calculation is most sensitive to changes in the following assumptions:

- The continuation of the contract for services with Council. The contract was renewed on 1 July 2011 for a three year period and can be extended for a further period of three years, by agreement between parties, with a final expiry date of 30 June 2017. The contract reflects that the company is a CCO.
- The continuation of a significant working capital deficit.
- Consent fees remaining at existing levels or at the level recommended.
- Controlling cost inflation during the budgeted periods.

The value in use calculation for Lakes Environmental Limited uses cash flow projections and is based on the Statement of Intent for years ending 30 June 2012, 30 June 2013 and 30 June 2014 and maintaining a similar level of profitability in perpetuity.

Nil annual growth rates, which are below historic growth rates, and pre-tax discount rates of 15% have been applied to these projections. The discount rate used is pre tax and reflects specifics not relevant to the CGU.

The discount rates used are pre-tax and reflect specific risk relevant to the CGU.

Management also believes that any reasonably possible change in key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

13. Investment Property

	Council		Group	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Balance at beginning of year	67,973	72,449	67,973	72,449
Additions from subsequent expenditure	58	776	58	776
Sale of property	(125)	(36)	(125)	(36)
Net gain/(loss) from fair value adjustments	(1,574)	(5,216)	(1,574)	(5,216)
Balance at end of year	66,332	67,973	66,332	67,973

The fair value of the Council's investment property at 30 June, 2011 (30 June, 2010) 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 QV Valuations not related to the Group. The valuation, was arrived at by reference to market evidence of transaction prices for similar properties.

QV Valuations is an experienced valuer with extensive market knowledge in the types of investment properties owned by the Council.

14. Trade and Other Payables

	Council		Group	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Trade payables (i)	6,708	5,741	9,433	7,389
Other accrued charges	2,202	2,469	3,535	3,273
Deposits and bonds	2,241	2,402	2,241	2,402
	11,151	10,612	15,209	13,064

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

15. Borrowings

	Council		Group	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
At amortised cost				
Bank borrowings (unsecured)	1	3	1	3
Bank borrowings (secured) (i), (ii), (iii)	58,000	69,000	76,462	107,994
Bonds (secured) (i), (v)	40,000	30,000	40,000	30,000
Other borrowings (iv)	226	15	226	15
	98,227	99,018	116,689	138,012
Disclosed in the financial statements as:				
Current	53	48,002	4,803	84,742
Non-current	98,174	51,016	111,886	53,270
	98,227	99,018	116,689	138,012

(i) Council borrowings are secured through a debenture trust deed over rates.

(ii) Queenstown Airport Corporation Ltd (QAC) loans of \$15.6m are secured by a first debenture charge over QAC assets and also a registered first mortgage over all QAC property.

(iii) Lakes Environmental loans of \$2.2m are secured by a general security over the company's assets and guaranteed by the Council. Lakes Leisure loans of \$636,000 are secured by gym equipment, chattels and income from the gym, and guaranteed by Council.

(iv) The Council has established sinking funds in respect of loans, with a carrying amount of \$29,678 maturing in 2012. The sinking fund investments, together with accumulated interest, will be sufficient to repay the principal of the associated loan of \$14,700 on the due date. The amount held in the sinking funds is shown in Note 7. During the year the Council received an interest free loan from the Energy Efficiency and Conservation Authority which is repayable within 4 years. The balance outstanding at 30 June 2011 was \$211,000.

(v) Bonds - during the year there was one bond issue of \$10m with a maturity date of 15/6/2016 and interest rate of 5.79%. During the 2009/10 year there were three bond issues of \$10 m each, with maturity dates of 15/2/2013, 11/12/2013, 15/10/2014 and interest rates of 5.94%, 6.62% and 6.87% respectively.

16. Other Financial Liabilities

	Council		Group	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Income in advance (i)	16	305	1,136	2,063
Rates in advance	277	257	277	257
Interest Rate Swaps (ii), (iii)	2,016	1,094	2,844	1,565
Other Provisions (iv)	2,400	-	2,400	-
	4,709	1,656	6,657	3,885
Represented by:				
Current	4,709	1,656	5,829	3,885
Non Current	-	-	828	-
	4,709	1,656	6,657	3,885

(i) Income in advance consists of grants in advance and customer deposits received for resource and building consents representing amounts for services yet to be completed.

(ii) The council holds two interest rate swap agreements for \$15m each, which are effective from 15 September 2010 and 15 September 2011. The interest rate is fixed at 5.705% and 6.090% respectively.

(iii) QAC holds three interest rate swap agreements for \$5m each, which are effective from 1 July 2010, 1 January 2012 and 1 April 2012. The interest rate is fixed at 5.64%, 6.30% and 6.08% respectively.

(iv) This represents estimated losses for claims against Council.

QAC designated the interest rate swaps effective in accordance with NZ IAS 39 in the current year. The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges are recognised in other comprehensive income and accumulated as a separate component of equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately through profit and loss.

All of the other financial liabilities are recognised at amortised cost except interest rate swaps which are recognised by the Council at Fair Value Through Profit and Loss (FVTPL) and by QAC as per (iii) above.

17. Employee Entitlements

	Council		Group	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Accrued salary and wages	338	399	702	750
Annual leave	468	433	890	800
	806	832	1,592	1,550
Disclosed in the financial statements as:				
Current	806	832	1,592	1,550
Non-current	-	-	-	-
	806	832	1,592	1,550

18. Finance Lease Liabilities

	Council			
	Minimum Future Lease payments		Present Value of Minimum Future Lease Payments	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Not longer than 1 year	-	40	-	38
Longer than 1 year and not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
Minimum future lease payments*	-	40	-	38
Less future finance charges	-	(2)	-	-
Present value of minimum lease payments	-	38	-	38
Disclosed in the financial statements as:				
Current			-	38
Non-current			-	-
			-	38

*Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

	Group			
	Minimum Future Lease payments		Present Value of Minimum Future Lease Payments	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Not longer than 1 year	86	126	69	98
Longer than 1 year and not longer than 5 years	157	243	136	205
Longer than 5 years	-	-	-	-
Minimum future lease payments*	243	369	205	303
Less future finance charges	(38)	(66)	-	-
Present value of minimum lease payments	205	303	205	303
Disclosed in the financial statements as:				
Current			69	98
Non-current			136	205
			205	303

19. Reserves

	Council		Group	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Revaluation reserve (a)	308,103	239,229	383,091	314,217
Operating reserves (b)	13,875	14,979	13,875	14,979
Capital reserves (c)	13,055	13,949	13,055	13,949
Cash flow hedge reserve (d)	-	-	(192)	-
	335,033	268,157	409,829	343,145

(a) Revaluation Reserve

	Council		Group	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Balance at beginning of year	239,229	244,444	314,217	244,444
Revaluation of Roading	29,977	-	29,977	-
Revaluation of Sewer	16,070	-	16,070	-
Revaluation of Water	10,829	-	10,829	-
Revaluation of Stormwater	13,667	-	13,667	-
Revaluation of Airport assets	-	-	-	74,988
Revaluation of Shares	(8)	1	(8)	1
Transferred from /(to) retained earnings:				
Revaluation of Investment Property	(1,661)	(5,216)	(1,661)	(5,216)
Balance at end of year	308,103	239,229	383,091	314,217

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

	Council		Group	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Individual reserve balances are as follows:				
Investment properties	55,992	57,653	55,992	57,653
Roading	126,686	96,709	126,686	96,709
Sewer	46,015	29,945	46,015	29,945
Water	36,578	25,749	36,578	25,749
Stormwater	42,832	29,165	42,832	29,165
Shares	-	8	-	8
Airport Assets	-	-	74,988	74,988
	308,103	239,229	383,091	314,217

(b) Operating Reserves

	Council		Group	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	14,979	10,326	14,979	10,326
Transferred from /(to) retained earnings:				
Contributions	1,027	10,370	1,027	10,370
Other	(2,131)	(5,717)	(2,131)	(5,717)
Balance at end of year	13,875	14,979	13,875	14,979

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	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	13,949	13,748	13,949	13,748
Transferred from /(to) retained earnings:				
Interest	3	3	3	3
Contributions	10,179	10,386	10,179	10,386
Disbursements	(11,076)	(10,188)	(11,076)	(10,188)
Balance at end of year	13,055	13,949	13,055	13,949

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	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	-	-	-	-
Gain/(Loss) recognised on cash flow hedges:				
Interest rate swaps	-	-	(267)	-
Income tax related to gains/losses recognised in other comprehensive income	-	-	75	-
Balance at end of year	-	-	(192)	-

20. Retained Earnings

	Council		Group	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	456,897	446,918	467,173	460,343
Net surplus/(deficit)	553	9,617	5,381	6,468
Movement on dilution of shareholding in QAC	-	-	(1,728)	-
Transfers from/(to) reserves:				
Revaluation reserve	1,661	5,216	1,661	5,216
Operating reserves	1,104	(4,653)	1,104	(4,653)
Capital reserves	894	(201)	894	(201)
Balance at end of year	461,109	456,897	474,485	467,173

21. Non Controlling Interest

	Council		Group	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	-	-	120	305
Share of Surplus/(Deficit) for the year	-	-	1,202	(185)
Capital Introduced to QAC	-	-	27,245	-
Movement on dilution of shareholding in QAC	-	-	1,728	-
Share of other comprehensive income	-	-	(65)	-
Balance at end of year	-	-	30,230	120

22. Commitments for Expenditure

(a) Capital Expenditure Commitments

	Council		Group	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Queenstown Lakes District Council (i)	3,360	662	3,360	662
Queenstown Airport Corporation Limited	-	-	936	3,790
Lakes Environmental Limited	-	-	-	-
Lakes Leisure Limited	-	-	-	-
	3,360	662	4,296	4,452

- (i) The resource consents, which enable the Council to operate the seven refuse tips throughout the district expired on 30 June 1999. The Council has responsibility under the resource consents to provide on-going maintenance and monitoring of the tips after they close. No provision for the costs of these closures and its post closure responsibilities has been made.

(b) Lease Commitments

Finance lease liabilities are disclosed in Note 18 and non-cancellable operating lease commitments are disclosed in Note 24 to the financial statements.

23. Contingent Liabilities and Contingent Assets

Council

(a) Legal Claims

A total of five building related legal claims were received for buildings within the district at 30 June 2011. Council has been joined as a party in all of these claims. Four of these were in respect of alleged weathertightness building defects. Two claims were settled post year end and were provided for (note 16). The total of the remaining three claims is \$9.9m. Claims are dealt with on a case by case basis. Council's liability in relation to these claims has not been established and it is not possible to determine the likely outcome of the claims at this stage. Accordingly no provision has been recognised. Notwithstanding this Council estimates its exposure to the above claims could be \$4.0m (net of insurance recoveries). Note that any claims received subsequent to 30 June 2009 are not covered by insurance. Other claims covered by insurance are subject to a cap as to the level of cover provided.

As part of its normal operating activities Council is exposed to litigation. At year end a number of claims have been made against Council. Council does not believe any of these claims will result in liability and is defending these items accordingly.

Lakes Environmental has a contingent liability related to a claim made by QLDC to recover the costs of defending a claim of negligence. Further details are set out in the related party note 26 (2009:Nil).

(b) Guarantees

The Council has guaranteed \$3 million external borrowings to the subsidiary entity, Lakes Environmental Limited (2010: \$3m) and \$800,000 external borrowings to subsidiary entity Lakes Leisure Limited (2010: \$800,000). On the 27th February 2008, Queenstown Lakes Community Housing Trust entered into a suspensory loan agreement with Housing New Zealand Corporation. This loan has a facility limit of \$2m. The loan is secured over land owned by Council and a guarantee has been provided by the Council.

24. Leases

(a) Leasing Arrangements

Operating leases relate to the rental of office equipment, motor vehicles and portable accommodation units. 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	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Not longer than 1 year	761	723	1,246	1,157
Longer than 1 year and not longer than 5 years	1,262	1,187	1,861	1,805
Longer than 5 years	75	240	75	240
	2,098	2,150	3,182	3,202

(c) Non-Cancellable Operating Lease Receipts

	Council		Group	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Not longer than 1 year	1,620	860	4,620	3,908
Longer than 1 year and not longer than 5 years	3,725	2,455	7,716	7,520
Longer than 5 years	-	-	1,632	923
	5,345	3,315	13,968	12,351

25. Subsidiaries

	Country of Incorporation	Ownership Interest		Principal activity of the entity	The following transactions took place between Council and related parties:	Group	
		2011 %	2010 %			2011 \$'000	2010 \$'000
Council							
Queenstown Lakes District Council (i)	NZ						
Subsidiaries:							
Queenstown Airport Corporation Limited (ii)	NZ	75.01%	100%	Airport Operator			
Lakes Environmental Limited	NZ	100%	100%	Resource management, regulatory & consulting services			
Queenstown Events Centre Trust (iii)	NZ	N/A	N/A	Charitable Trust			
Lakes Combined Afforestation Committee	NZ	75%	75%	Forestry			
Lakes Leisure Limited	NZ	100%	100%	Leisure Management			

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

(ii) On 8 July 2010 Queenstown Airport Corporation Ltd issued 4,013,485 fully paid up shares, to Auckland Airport Holdings (No 2) Ltd for a 24.99% shareholding in QAC.

(iii) Not trading

All entities in the Group have 30 June balance dates.

26. Related Party Disclosures

(a) Council

The Council is the ultimate parent of the Group.

(b) Equity Interests in Related Parties

Equity Interests in Subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 25 to the financial statements.

(c) Transactions With Related Parties

Transactions Involving the Group

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

The following transactions took place between Council and related parties:

Queenstown Airport Corporation Limited

Payment of rates on its property	257	147
Resource consent costs	79	130
Computer Equipment and Support	14	-
Share Capital	-	(81)
Subvention payment	-	81
Wanaka Airport Management Fee	(70)	(70)

Lakes Leisure Limited

Operating Grant	(2,207)	(1,997)
Capital Grant	(1,363)	(638)
Other Grants	(269)	(261)
Health & Fitness Centre Lease	78	90
Venue Hire	(33)	(25)
Reimbursement, Rent and Rates	46	13
Other	-	1

Lakes Environmental Limited

Council Payment for services under the terms of a service delivery agreement	(1,589)	(1,589)
Council payment for services in relation to commercial activities	(351)	(733)
Council recovery of acquisition related costs, parking and computer related services	146	157

Balances owed (to) / from at 30 June 2011 were:

Owed from Lakes Leisure Limited	3	3
Owed to Lakes Leisure Limited	(481)	(48)
Owed from Lakes Environmental Limited	27	82
Owed to Lakes Environmental Limited	(41)	(57)
Owed to Queenstown Airport Corporation Ltd	(20)	-

The following transactions took place between Council and Councillors or senior management which were for other than normal ratepayer obligations and user charges:

Mannmade Events (Councillor Mann - Director)	(1)	(4)
--	-----	-----

*Cath Gilmour (shares now sold) and Leigh Overton who are Councillors in Queenstown Lakes District Council own shares in Auckland International Airport which has non controlling interest in Queenstown Airport Corporation Ltd.

	2011 \$'000	2010 \$'000
The following transactions took place between Queenstown Airport Corporation and related parties:		
Trojan Holdings Ltd (M Valentine - Director) - Rubbish removal	(72)	(53)
Trojan Holdings Ltd (M Valentine - Director) - Rental income	34	35
Hadley Consultants Limited (J Hadley - Director) - Consulting	(8)	-
Lakes Enviromental Ltd - Consent Costs and Fees	(16)	(19)
Balances owed (to) / from at 30 June 2011 were:		
Owed from Trojan Holdings Ltd	-	1
Owed to Trojan Holdings Ltd	7	4
Owed to Lakes Enviromental Ltd	1	-
The following transactions took place between Lakes Leisure Ltd and related parties:		
Advantage Plumbing Ltd (P Faul - Director) - Plumbing maintenance services	(6)	(17)
Dornoch Management (Councillor Cocks - Director) - Venue management	(10)	(37)
The following transactions took place between Lakes Environmental Ltd and related parties:		
Queenstown Airport Corporation Ltd - Supplies Services for commercial activities	16	19
Jayal Enterprises Ltd (A Bickers - Director) - Professional Fees	-	(6)
Owed from Queenstown Airport Corporation Ltd - Consent costs and Fees	(1)	-

Other Transactions Involving Related Parties

1. Lakes Leisure netball courts are located on QAC's buffer land. Negotiations between Lakes Leisure and QAC are continuing for long term access to the land. No revenue has been derived from this arrangement in the year (2010;\$Nil).
2. The Council has successfully defended a claim of negligence from a matter that occurred in December 2003 but in doing so incurred legal costs which in part it recovered from its insurer.

One or more of the actions alleged to be negligent were carried out on behalf of Council by Civic Corporation Ltd (Civic Corp) pursuant to the terms of the Regulatory Services Agreement between Civic Corp and Council dated 8 May 1998.

Lakes Environmental is the legal successor to Civic Corp as a result of a formal amalgamation effected on 30 March 2007. The Council insurer Riskpool is seeking recovery of net legal costs of \$97,497 incurred to 11 May 2011.

Lakes Environmental has received legal advice that supports its position that it is not liable for any costs. If required the company will vigorously defend its position.

Transactions Eliminated on Consolidation

Related party transactions and outstanding balances with other entities in the group are disclosed in an entity's financial statements. Intra-group related party transactions and outstanding balances are eliminated in preparation of consolidated financial statements of the group.

27. Subsequent Events

Queenstown Airport Corporation Ltd (QAC)

On 22 August 2011 the QAC Board resolved to pay a dividend of \$0.205 per share, resulting in a gross dividend of \$3,288,060 (2010: Nil). Council's share of this dividend will be \$2,466,373.

There were no other significant events after balance date.

28. Notes to the Cash Flow Statement

	Council		Group	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
(a) Reconciliation of Cash and Cash Equivalents				
For the purposes of the cash flow statement, 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. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statements is reconciled to the related items in the Statement of Financial Position as follows:				
Cash and cash equivalents	991	326	3,516	3,109
Bank Overdraft	-	-	-	-
	991	326	3,516	3,109
(b) Borrowings - Facilities				
Details of the amounts drawn down on the available borrowing facility are as follows:				
Amount used	98,000	99,000	116,462	137,994
Amount un-used	22,000	26,000	32,658	34,270
	120,000	125,000	149,120	172,264

28. Notes to the Cash Flow Statement continued

	Council		Group	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
(c) Reconciliation of Surplus/(Deficit) for the Period to Net Cash Flows From Operating activities				
Surplus/(Deficit) for the period	553	9,617	6,583	6,283
Add/(less) non-cash items:				
Depreciation and Amortisation	16,545	16,526	19,951	19,393
Loss provision	2,400	-	2,400	-
Vested assets	(2,731)	(8,291)	(2,731)	(8,291)
(Gain)/loss on sale of property, plant & equipment	(162)	(149)	(162)	(212)
(Gain)/loss on revaluation of property, plant & equipment	-	-	-	751
(Gain)/loss on revaluation of forestry investment	(173)	554	(231)	739
(Gain)/loss on revaluation of investment property	1,574	5,216	1,574	5,216
(Gain)/loss on sale of investment property	15	(203)	15	(203)
Net change in fair value of derivative financial instruments	922	1,094	971	1,499
(Gain)/loss on revaluation of shares	11	-	11	-
Bad debts written off	-	-	-	16
	18,954	24,364	28,381	25,191
Movement in working capital:				
Trade and other receivables	4,943	(900)	4,054	(1,085)
Inventories	-	-	(4)	(6)
Current tax refundable/payable	-	-	(493)	674
Other current assets	(2)	134	214	(129)
Deferred tax	-	-	(257)	5,973
Trade and other payables	539	(2,781)	2,147	(2,387)
Employee entitlements	(26)	92	42	262
Other financial liabilities	(269)	386	(907)	458
	5,185	(3,069)	4,796	3,760
Movement in items treated as investing activities	(747)	2,808	(3,141)	3,168
Net Cash inflow from operating activities	23,392	24,103	30,036	32,119

29. Severance Payments (Council Only)

For the year ended 30 June 2011 Council made severance payments to employees of \$25,000 (2010: \$15,000).

30. Remuneration (Council Only)

During the year to 30 June, 2011, the total remuneration and value of other non-financial benefits received by or payable to the Elected Representatives, and Chief Executive of the Council were as follows:

	Council	
	2011	2010
	\$	\$
Elected Representatives		
Council		
Vanessa van Uden - Mayor	73,542	28,077
Lyal Cocks - Deputy Mayor/ Councillor Wanaka/Chair Infrastructure	46,008	38,606
Clive Geddes - Ex Mayor	24,540	85,316
Cath Gilmour - Councillor Wakatipu /Chair Community Services	36,643	28,077
Gillian Macleod - Ex Chair Strategy	11,104	38,606
John Mann - Councillor Wakatipu/Chair Finance and Corporate Accountability	39,672	38,606
Mel Gazzard - Councillor Wakatipu	28,852	28,077
Leigh Overton - Councillor Arrowtown /Chair Strategy	39,672	38,606
Lex Perkins - Councillor Arrowtown	28,852	28,077
John R Wilson - Ex Councillor	8,076	28,077
John S Wilson - Ex Deputy Mayor /Chair Finance	11,104	38,606
Jude Battson - Councillor Wanaka	21,442	-
Russell Mawhinney - Councillor Wakatipu	20,776	-
Trevor Tattersfield - Councillor Wakatipu	20,776	-
Simon Stammers-Smith - Councillor Wakatipu	20,776	-
Wanaka Community Board		
Jude Battson - Ex Board Member	4,422	17,688
Ken Copland - Board Member	14,851	17,688
Carrick Jones - Ex Board Member	5,088	17,688
Dick Kane - Board Member	14,851	17,688
Bryan Lloyd - Board Member	9,764	-
Mike O'Connor - Board Member	9,764	-

Chief Executive

For the year ended 30 June 2011, the total annual cost including fringe benefit tax to the Council of the remuneration package being received by Debra Lawson, the Chief Executive appointed under Section 42 of the Local Government Act 2002 is calculated at \$250,000 (2010: \$83,562 for the period 1 March 2010 to 30 June 2010 and Duncan Field \$199,468 for the period 1 July 2009 to 18 March 2010).

31. Emissions Trading Scheme

The Council is part of the Emissions Trading Scheme (ETS) for its pre 1990 forests (mandatory participation).

Under the ETS the Council is allocated New Zealand Units (NZUs). An initial free allocation of NZUs is provided in relation to pre 1990 forests.

NZUs under the scheme have not yet been allocated.

Under the ETS liabilities can accrue as follows:

Pre 1990 Forests:

Liabilities accrue if the pre 1990 forest land is deforested and not replanted. Council does not anticipate any future liabilities will arise in relation to pre 1990 forest land.

32. Explanation of Major Variances against Budget

Explanation of major variations from Council's estimated figures in the 2010/11 budget as reflected in the 2010/11 Annual Plan are as follows:

Statement of Financial Performance

The Council alone recorded an operating surplus of \$0.6m for the year. Operating revenues were down by 11% on last year and below budget by 21.5% (see below). Operating costs were on budget for the year (up on last year by 4.1%). However, these costs are inflated by the inclusion of a provision of \$2.4m for legal claims against the Council. The reported surplus includes \$1.6m of unrealised losses pertaining to the revaluation of investment property. This follows a 2010 value reduction of \$5.2m, which together represents an unrealised loss in value of around 9.3% in the past 2 years.

Revenue was below estimate by \$24.6m for the year ended 30 June, 2011. The following major items (all relating to capital expenditure) contributed to this variance:

- Development contribution income was below budget by \$10.7m for the year principally because of the continued slowdown in consent related activity.
- Vested Assets were \$6.7m below budget for the year.
- Roading subsidy was \$4.6m under budget for the year, as a result of reduced roading capital expenditure due to the timing and deferral of some projects.

Operating expenditure was on budget for the year ended 30 June 2011. This is very pleasing and means that we were able to stay within budget from an operating perspective. It has been achieved through savings across most activities. These are the major items; mostly positive, that contributed to this variance:

- Interest expense for the year is \$1.8m less than budget. This is a result of the deferral of all non-essential capital works and lower than expected interest rates.
- Staff related costs for the year are \$0.6m lower than budget. This is a result of fewer staff being employed and modest increases to remuneration for the year.
- Depreciation expense for the year is \$0.45m lower than budget. This is a non-cash item and relates primarily to the timing of project expenditure and lower than anticipated levels of vested assets.
- Legal costs for the year are \$2.9m above budget. This variance is mostly due to the inclusion of a \$2.4m provision for claims against the Council and the cost of defending the action taken against Council in relation to the change in QAC share-holding (\$0.6m).
- There is \$2.1m of project expenditure that was classified as capital expenditure within the budget but has been charged as an operating expense for the year. This is not an over-spend as there is budget provided to cover it.
- The balance of the positive variance of \$2.1m relates primarily to reduced maintenance costs for utilities (\$0.9m), and roading (\$0.9m) .

Statement of Financial Position

The main variance relates to the difference in expected capital expenditure for the year. Capital expenditure was below estimate by \$40.3m for the year ended 30 June 2011. The following major items contributed to this variance:

- The main component of the variance relates to \$11.3m of project expenditure within the water supply and wastewater activities which has been delayed or deferred. Projects include several reticulation upgrades in Wanaka and Queenstown and upgrades to Wanaka and Frankton wastewater pump stations, and the Arrowtown reservoir.
- There is \$10.1m of project expenditure within the roading activity which has been delayed or deferred. This includes upgrades to the Ardmore/Brownston intersection in Wanaka (\$2.7m) and the Frankton Flats arterial road (\$1.1m).
- There is also \$4.5m of project expenditure within the community services activity which has been delayed or deferred. Most of the budget for the Wanaka Sports Facilities project (\$0.34m) was not spent and has been carried forward. Other projects affected were Wakatipu and Wanaka Reserve Land (\$3.3m) and planned upgrades to the Earnslaw Park Toilets (\$0.55m).
- There is also \$2.6m of project expenditure within the commercial property activity which has been delayed or deferred. This mainly relates to the timing of the upgrade to water and sewerage systems at Glendhu Bay Holiday Park (\$1.9m).
- Vested Assets were \$6.7m below budget for the year.
- Loan Repayments were \$1.2m below budget for the year.
- The remaining component of the variance relates to \$2.1m of project expenditure which was classified as capital expenditure within the budget but which has been charged as an operating expense for the year.

The revaluation of investment property resulted in an unbudgeted reduction in value of \$1.6m for the year. This movement coupled with the \$22.1m unrealised loss for previous two years, has led to the main variation in the balance sheet which shows Investment Property \$27m below the forecast position. Borrowings are \$23m below forecast; this positive variance relates mainly to the deferral of capital projects (see above).

Statement of Changes in Equity

Accumulated differences between actual and budgeted net surpluses (for 2011 as described above and for 2010) has resulted in an equity variance of \$75m below forecast.

Statement of Cash Flows

The budget variations explained above also contribute to budget variations in the Cash Flow Statement, particularly cash flows from investing and financing activities. Purchase of property, plant and equipment (i.e. capital expenditure) was \$33m below estimate and new borrowings were consequently around \$23m less than expected.

33. Financial Instruments

(a) Capital Risk Management

The Council's capital is its equity (or ratepayer's funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Public equity is largely managed as a by product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted by the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major asset classes detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies.

The Group's overall strategy remains unchanged from 2010.

(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	
	2011	2010	2011	2010
For the Financial Year Ended 30 June 2011	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and cash equivalents (AC)	991	326	3,516	3,109
Trade and other receivables (AC)	8,364	13,307	10,695	14,749
Other financial assets (AC)	502	498	502	498
Other financial assets (FVTPL)	-	-	17	66
Other financial assets (AFS)	90	117	90	117
Financial Liabilities				
Bank Overdraft (AC)	-	-	-	-
Trade and other payables (AC)	11,151	10,612	15,209	13,064
Borrowings (AC)	98,227	99,018	116,689	138,012
Finance Lease liabilities (AC)	-	38	205	303
Other financial liabilities (AC)	293	562	1,413	2,320
Other financial liabilities (FVTPL)	2,016	1,094	2,844	1,565

AC = Amortised Cost, FVTPL = Fair Value Through Profit and Loss, AFS = Available For Sale

(d) Financial Risk Management Objectives

The Council 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 below 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.

The impact to Profit for the Period and Total Equity as a result of a 50 basis point increase in interest rates is as follows (note (i) represents a loss in the table below):

	Note	Council		Group	
		2011	2010	2011	2010
Interest Rate Risk		\$'000	\$'000	\$'000	\$'000
		+50 bps	+50 bps	+50 bps	+50 bps
		Profit	Equity	Profit	Equity
Financial Liabilities:					
Borrowings	(i)	-	(45)	(8)	(76)
		-	(45)	(8)	(76)

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

(i) Secured Loans

Council has floating rate debt with a principal amount totalling \$0 (2010: \$9,000,000).

33. Financial Instruments *continued*

(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 Council 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.

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	
	2011	2010
For the Financial Year Ended 30 June 2011	\$'000	\$'000
Council		
Financial Assets and Other Credit Exposures	9,947	14,248
Group		
Financial Assets and Other Credit Exposures	14,820	18,539

(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.

(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:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the Financial Year Ended 30 June 2011	2011			
	Total	Level 1	Level 2	Level 3
Council	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Derivatives	-	-	-	-
Other Investments	90	-	-	90
Financial Liabilities				
Derivatives	2,016	-	2,016	-
Group				
Financial Assets				
Derivatives	17	-	17	-
Other Investments	90	-	-	90
Financial Liabilities				
Derivatives	2,844	-	2,844	-

For the Financial Year Ended 30 June 2010	2010			
	Total	Level 1	Level 2	Level 3
Council	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Derivatives	-	-	-	-
Other Investments	117	-	-	117
Financial Liabilities				
Derivatives	1,094	-	1,094	-
Group				
Financial Assets				
Derivatives	66	-	66	-
Other Investments	117	-	-	117
Financial Liabilities				
Derivatives	1,565	-	1,565	-

33. Financial Instruments continued

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

2011 Council	Weighted Average Effective Interest Rate %	Carrying Amount \$'000	Undiscounted Contractual Cash Flows \$'000	Less than 1 year \$'000	1-2 Years \$'000	2-3 Years \$'000	3-4 Years \$'000	4-5 Years \$'000	5+ Years \$'000
Financial Liabilities									
Trade and other payables	-	11,151	11,151	11,151	-	-	-	-	-
Borrowings	5.65%	98,227	111,561	6,414	72,139	11,618	10,835	10,555	-
Finance Lease Liabilities	-	-	-	-	-	-	-	-	-
Other Financial Liabilities	-	293	293	293	-	-	-	-	-
		109,671	123,005	17,858	72,139	11,618	10,835	10,555	-

2010 Council	Weighted Average Effective Interest Rate %	Carrying Amount \$'000	Undiscounted Contractual Cash Flows \$'000	Less than 1 year \$'000	1-2 Years \$'000	2-3 Years \$'000	3-4 Years \$'000	4-5 Years \$'000	5+ Years \$'000
Financial Liabilities									
Trade and other payables	-	10,612	10,612	10,612	-	-	-	-	-
Borrowings	6.37%	99,018	110,749	53,059	11,209	25,292	10,986	10,203	-
Finance Lease Liabilities	11.20%	38	40	40	-	-	-	-	-
Other Financial Liabilities	-	562	562	562	-	-	-	-	-
		110,230	121,963	64,273	11,209	25,292	10,986	10,203	-

33. Financial Instruments continued

2011 Group	Weighted Average Effective Interest Rate %	Carrying Amount \$'000	Undiscounted Contractual Cash Flows \$'000	Less than 1 year \$'000	1-2 Years \$'000	2-3 Years \$'000	3-4 Years \$'000	4-5 Years \$'000	5+ Years \$'000
Financial Liabilities									
Bank Overdraft	-	-	-	-	-	-	-	-	-
Trade and other payables	-	15,209	15,209	15,209	-	-	-	-	-
Borrowings	5.59%	116,689	131,182	23,696	73,643	11,646	10,863	11,334	-
Finance Lease Liabilities	11.23%	205	209	86	48	35	25	15	-
Other Financial Liabilities	-	1,413	1,413	1,413	-	-	-	-	-
		133,516	148,013	40,404	73,691	11,681	10,888	11,349	-

2010 Group	Weighted Average Effective Interest Rate %	Carrying Amount \$'000	Undiscounted Contractual Cash Flows \$'000	Less than 1 year \$'000	1-2 Years \$'000	2-3 Years \$'000	3-4 Years \$'000	4-5 Years \$'000	5+ Years \$'000
Financial Liabilities									
Bank Overdraft	-	-	-	-	-	-	-	-	-
Trade and other payables	-	13,064	13,064	13,064	-	-	-	-	-
Borrowings	5.87%	138,012	151,558	92,028	13,049	25,292	10,986	10,203	-
Finance Lease Liabilities	11.37%	303	369	126	86	62	35	35	25
Other Financial Liabilities	-	2,320	2,320	2,320	-	-	-	-	-
		153,699	167,311	107,538	13,135	25,354	11,021	10,238	25

Introduction

The following statements set out the financial and service performance objectives that appear in the 2010/11 Annual Plan, which was incorporated into the 10-Year-Plan. The level of performance reporting required by the 10-Year-Plan is significantly greater than previously undertaken. Some of the performance targets are not measurable at present, but Council is actively working towards ensuring that all reporting requirements are met. These statements therefore report only on those targets where relevant data exists for 2010/11.

Chief Executive Report

The report covers a number of key points regarding the Council performance for the 2010/11 period. These include financial results, project delivery, commentary on the 10-Year-Plan and the issue of affordability, overall performance and project highlights.

Residents Survey - July 2011

For the 2010/11 Annual Report it was determined to undertake a survey of residents and ratepayers. Specific performance measures throughout the Annual Report refer to satisfaction as determined by the annual residents' satisfaction survey with percentage targets to achieve.

The 2011 Queenstown Lakes District Council Residents and Ratepayers Satisfaction and Opinion Survey involves the continued use of a change in methodology adopted in 2009, a change from that used in previous years. The most significant effect of this is the shift from a four-point to a five-point scale for most questions.

This change was made to provide respondents with the option of a mid-point response, considered 'best practise' in terms of research. This mid-point allows respondents to choose a 'neutral' (or ambivalent) response, rather than being forced into reporting satisfaction or dissatisfaction (where such feelings may not be present). This move away from the 'forced choice' design used in previous years means the range of results will provide a more precise measure of community attitudes, going forward.

Note that an anticipated effect of this shift in scoring has been a drop in residents expressing either satisfaction or dissatisfaction with Council services (because those participants in previous years who would prefer to report a mid point score were only able to choose mild satisfaction or dissatisfaction scores). In previous years, only the 'percent satisfied' has been included in the analysis but this was likely to have included an unknown number of people that were neither satisfied nor dissatisfied.

To report on the 10-year plan targets with the changed survey, the Council decided to use 'calculated' four-point data, which shows only those results where respondents scored positively or negatively (i.e. 'satisfied' or 'unsatisfied' response only). The percentage has been calculated on the basis of the results, minus the neutral respondents.

Because the four-point calculation differs from previous years (unknown neutral) the result has been an anticipated drop, comparatively, in some results.

Questionnaires were mailed out to 3300 randomly selected residents and to 1000 absentee owners from the Queenstown Lakes District. The response rate of 13.1% (419) was up from the 2010 year (12.1%).

The results were independently processed by Research First Limited. The maximum margin of error from the sample is 'plus' or 'minus' 4.7%.

Quality Management

The Council has controls in place for monitoring and improving the quality of the services it provides. The controls consist of inspections and audits by technical staff and external consultants with reports to Council. Other controls are by response to public enquiry and concerns. Where measured, these are reported within the appropriate Statement of Service Performance.



The Local Government Act 2002 introduced a new requirement to identify community outcomes for the Queenstown Lakes District. The outcomes are an important part of the new legislation because they will direct future planning and decision making by the Council.

Queenstown Lakes District Community Outcomes



Sustainable growth management



Quality Landscapes and natural environment and enhanced public access



A safe and healthy community that is strong, diverse and inclusive for people of all age groups and incomes



Effective and efficient infrastructure* that meets the needs of growth



High quality urban environments respectful of the character of individual communities



A strong and diverse economy



Preservation and celebration of the district's local cultural heritage

* The term infrastructure includes network infrastructure, roads, trails, public transport and community facilities.

Monitoring of Community Outcomes

The Council adopted an Integrated Monitoring Strategy in June 2005. The strategy provides an integrated framework for meeting the statutory requirements for monitoring of:

- Progress towards community outcomes
- Effectiveness of District Plan

The Council has prepared its first Community Outcomes Monitoring Report (August 2006) in accordance with the Monitoring Strategy. The report is currently a working document and will be updated on an ongoing basis as new information is collected against each of the Council's indicators. The Community Outcomes monitoring reports have been prepared in accordance with the requirements of s92 (1) of the Local Government Act.

What is Monitoring?

Monitoring involves the collection, analysis and reporting of information which indicates the community's progress towards achieving the District's Community Outcomes. Monitoring is essential for the Council to check that its actions and decisions are consistent with community goals and expectations. It also assists the Council to:

- develop better policies, plans, programmes and activities;
- make more informed decisions;
- inform the community about the key issues impacting the District; and
- to meet all of its legal requirements.

In addition, monitoring and reporting enables the Council to keep track of any issues or problems being experienced in the District and to focus its advocacy activity into those areas which need the most attention.

Legal Requirements for Monitoring

The Council is required by national legislation to monitor and report on various issues. A summary of the types of monitoring that the Council is required to undertake is provided in the table below.

Type of Monitoring	Legal Requirement
Progress towards Community Outcomes	Local Government Act 2002 (LGA)
Level of service provided by the Council	Local Government Act 2002
Effects of Council services, programs and activities	Local Government Act 2002
State of the Environment	Resource Management Act 1991 (RMA)
Efficiency and Effectiveness of the District Plan	Resource Management Act 1991
Performance and Accountability of the Resource Management Act and the District Plan for Resource Users and the Council	Resource Management Act 1991

Note: Please refer to the Queenstown Lakes District Council Monitoring Strategy if you would like further information about the Council's legal monitoring requirements.

The monitoring reports prepared by the Council to date primarily respond to the Council's requirements to monitor progress towards Community Outcomes as required by the Local Government Act.

Information Reported to Date

As an introductory comment, a comparison of how the District was performing in 2006 compared to how it is performing in 2009 provides the following figures (ratings are out of 5):

Community Outcome	2006 Rating	2009 Rating
Sustainable Growth Management	2.9	3.2
Quality landscapes and natural environment and enhanced public access	3.1	3.1
A safe and healthy community that is strong, diverse and inclusive for people of all age groups and incomes	2.4	2.6
Effective and efficient infrastructure that meets the needs of growth	2.6	3.1
High quality urban environments respectful of the character of individual communities	2.9	3.4
A strong and diverse economy	3.4	3.8
Preservation and celebration of the district's local cultural heritage.	2.8	3.0

The overall measure of performance, namely "Sustainable Growth Management" shows an improvement from a 2.9 to 3.2 rating. In all community outcomes except "Quality landscapes and natural environment and enhanced public access", improved performance is indicated. The lowest performing community outcome remains, "a safe and healthy community that is strong, diverse and inclusive for people of all age groups and incomes". Much of this rating is driven by population figures, such as age structure, that are not performance based, but much of it is also derived from housing affordability issues.

Further analysis has established the following trends and items of significance:

- Property prices peaked in 2007 and have started to fall since 2008. There is considerable uncertainty as to where the market will go due to the global credit crunch and current economic slow down;
- The satisfaction rating for a range of community facilities remains high. In particular libraries and swimming pools;
- 75% (2011) of respondents to the resident's survey are satisfied with the District Plan. This represents a continuing moderate increase since 2005;
- Since 2005 there has been a continuing increase in the community's satisfaction with parks, reserves and gardens maintenance to a very high level of satisfaction 97% (2011);
- Community satisfaction in relation to the efficient and effective use of infrastructure has also shown an increase. The results indicated satisfaction levels around the target levels for the community as a whole in relation to roading, footpaths and parking although the results for individual communities fluctuated;

- The community response in relation to satisfaction with the reliability and quality of water supply continues to exceed targets;
- The number of heritage sites protected in the district plan has increased and this has been reflected this year in an increase in satisfaction;
- Results have continued an upward trend in the communities overall sense of pride in the area (80% 2011) and the look and feel of their towns;
- The number of paying visitors to the museum has remained relatively consistent despite the increase in both population and tourist numbers that has been recorded over this period. However the museum also has a free art/special exhibitions gallery and a bookshop. This is currently attracting about 8-10,000 people per year, who don't pay to come into the rest of the museum;
- The visitor-serving and construction/property sectors continue to dominate our local economy, and despite the current economic conditions, are likely to continue to do so for the foreseeable future.

A detailed report can be found on the Council's website www.qldc.govt.nz.

This includes:

- Community Leadership
- Tourism Marketing

Community Leadership

Council is a mechanism that allows the community to collectively do things that we can't do as individuals. This includes the power to rate property owners and use these funds in the wider public interest, to regulate activities through the District Plan and Bylaws and to speak on behalf of the community it represents. The underlying view is that more can be achieved where there is a common focus on the desired outcomes.

Historically a Council did this by making decisions for the community. Now the emphasis is on participation with the Council making decisions with and on behalf of its residents and ratepayers. Community leadership is the activity by which the Council and the Wanaka Community Board assist the community to make informed choices on important local issues. This reflects the purpose of local government found in Section 10 of the Local Government Act 2002.

- *"To enable democratic local decision-making and action by, and on behalf of communities; and*
- *To promote the social, economic, environmental, and cultural well-being of communities, in the present and in the future".*

Shaping our Future

This is a community driven project of major significance to the Council as it brings together residents, business, local government and other agencies to debate the important issues for the future of the district. The first community forums commenced in the last financial year and have focused initially on the economic future and events in the district. The forums have been well attended. Ultimately the work being undertaken by the community will feed into the 10-Year-Plan process where appropriate.

Queenstown Airport

The issue of new shares in the airport to Auckland International Airport caused some division within the community and resulted in a group of local business people and Air New Zealand each taking legal action against Council. These legal proceedings were eventually withdrawn before coming to Court, but cost Council approximately \$550,000 to defend to that point.

The increase in shareholders funds resulted in the airport carrying significantly less debt. This enabled the company to pay its first dividend to Council of \$2,460,000 in late August for the year ended 30 June 2011, consistent with the newly adopted dividend policy. In future years, an interim dividend will be paid in January and a final dividend in August / September of each year.

Our Goals

- To facilitate the democratic process through an effective elected system of Government comprising the Mayor, Councillors and Wanaka Community Board Members.
- To ensure that all Council's policies are developed and implemented in an effective and co-ordinated manner.
- To facilitate communication between the Council, the Wanaka Community Board and the wider community. To comply with all statutory obligations including the District Plan, Long Term Plan, Annual Plan, Annual Report and

statutory reporting requirements in a timely and accurate manner with appropriate public consultation.

- To develop an integrated Growth Management Strategy.
- Give active support for flood mitigation measures, led by the Otago Regional Council.
- To provide and maintain high quality infrastructure.
- To ensure the costs of living in this community are fairly distributed by adopting a development contributions policy under the Local Government Act 2002.

Our Accountability

Target

All public meetings held will have a public forum and agendas will be available not less than two working days prior to the meeting.

Achievement

Achieved 100%.

Meetings held by the Council and its Committees:

Queenstown Lakes District Council	15
Finance and Corporate Committee	4
Community Services Committee	6
Strategy Committee	7
Infrastructure Services Committee	7
Wanaka Community Board	9
Annual Plan Submissions Hearings	2
District Licensing Agency Hearings	0
Swimming Pool Subcommittee*	2
Resource Consent Hearings	47
District Plan Change Hearings	48
Total Number of meetings	101

* Note: as of the 2010 election the delegation to hear swimming pool exemption applications was given to the Community Services Committee.

Target

100% compliance with statutory consultation.

Achievement

Achieved 100%.

Target

83% Capex plan completed in period planned.

Achievement

52% Capex completed by value.

Target

Draft Annual Plan completed by 30 April.

Achievement

Achieved.

Target

Annual Plan finalised by 30 June.

Achievement

Achieved.

Target

75% satisfaction of the level of community consultation as determined by the annual residents satisfaction survey.

Achievement

77% satisfaction. (61% 2010). This is a significant and important increase that signifies the work Council is doing around engaging with the community is being acknowledged. Not only has technology heralded some important changes in the way Council consults with its residents and ratepayers ie website and social media (twitter and facebook) but it is likely to reflect satisfaction with the major community engagement forum process called Shaping Our Future. See page 7 for an explanation regarding the new survey methodology.

Target

85% satisfaction with the level of involvement in Community Planning issues (10-Year-Plan) as determined by the annual residents satisfaction survey.

Achievement

81% satisfaction. (61% 2010). This is a rewarding result and no doubt reflects the explanation given above but also the Council's repeated messages around delivering value for money and debt reduction as it prepares for the 2012 10-Year-Plan. The result reflects a significant reduction in the number of people dissatisfied with consultation.



In 1987 the Queenstown Promotion Bureau (now Destination Queenstown) approached the Council to collect and distribute a tourism marketing levy on each business which benefited from tourism growth. This took the form of a rate on every commercial premise (including those having mixed uses) within the Wakatipu Basin. Later, a similar scheme was adopted for Lake Wanaka Tourism and the Arrowtown Promotion and Business Association.

This levy is collected on behalf of the Commercial sector to ensure that all businesses contribute fairly to tourism marketing which in turn contributes to their individual success. It has worked well throughout that period.

The funds are distributed to Destination Queenstown, Lake Wanaka Tourism and the Arrowtown Promotion and Business Association. These bodies, through their constitutions are fully representative of the contributing businesses. They in turn apply the funds in accordance with business plans agreed by their membership. The Council also supplements this funding by around \$200,000 per annum (spread across the three organisations) from general rates to reflect the wider community benefit gained from tourism.

As the rating authority the Council achieves its accountability by satisfying itself that the funding reflects the strategic planning and business plans of each regional tourism organisation.

The Council and Destination Queenstown have also concluded a strategic statement for marketing all four seasons, longer stay and high yield business. A similar strategic statement is planned for the relationship between Council and Lake Wanaka Tourism.

Our Goals

To support the commercial interests of the District by collecting tourism promotional funding and providing it to the bodies representative of those commercial interests for distribution through targeted promotion.

Our Accountability

To ensure that the promotional bodies enjoy the ongoing confidence of the commercial ratepayers, all of who are members. Our measure is to assure that strategy, (high yield, seasonality and long stay) is progressed.

Target

5% increase in visitor nights.

Achievement

0.9% decrease in guest nights. Unprecedented string of natural disasters in second half of financial year affected travel. (9.3% increase 2010)

Target

90% Tourism Promotion satisfaction, as determined by the annual residents satisfaction survey.

Achievement

87% (87% 2010) - annual resident and ratepayers survey. It is satisfying to note this has not decreased given the explanation above, which can be taken to reflect the importance of destination promotion in this climate.



**Governance and District Promotion
Summary of Forecasted Financial Performance**

Actual		Actual	Annual Plan
2009/10		2010/11	2010/11
\$000	Expenditure	\$000	\$000
4,074	Governance	4,628	4,286
3,655	Tourism Promotion	3,808	3,815
7,729	Operating Costs	8,436	8,101
-	Group Activity Income	-	-
7,729	Net Cost/(Surplus) of Service	8,436	8,101
-	Capital Expenditure	-	-
7,729	Funding Required/(Generated)	8,436	8,101
	Funded By:-		
5,824	Targeted Rates	6,042	5,631
1,905	General Rates	2,394	2,333
-	Transfers (to)/from Reserves	-	137
7,729	Total Funding	8,436	8,101

Significant Cost of Service Variances

Not Applicable.

Significant Capital Expenditure

Not Applicable.

Significant Capital Expenditure Variances

Not Applicable.



Community Assets

The Council is involved in this activity to provide the maximum possible return and benefit for the community. The Council portfolio includes residential and commercial subdivisions, freehold land, leased camping grounds, reserve land, airports, rental properties, housing and elderly housing. Cemeteries, community and recreational facilities or utilities are regarded as part of these land holdings. The Council also manages a production forest jointly with the Central Otago District Council and administers wilding conifer cover on recreation reserve, including the harvest of timber.

Land

Our Goals - Land

- To generate revenues from section sales that will assist in the financing of major projects such as water and sewerage, other infrastructure developments and community facilities.
- To rationalise Council owned and managed land that has no amenity value or benefit to the community.
- To rationalise land holding with the Department of Conservation.
- Provision of community facilities.
- Acquisition of land to assure the long term operational viability of Wanaka Airport.

Our Accountability - Land

Target

Achieve 100% of target deadlines for development and marketing of subdivisions.

Achievement

No subdivision work was undertaken for the year 2010/11.

Target

75% Community Satisfaction Affordable Housing as determined by the annual resident and ratepayers survey.

Achievement

32% satisfaction - annual residents satisfaction survey (56% - 2010). Clearly affordability is a significant issue in the Lakes District. This result no doubt reflects concerns about the economic climate during the 2010/11 year. It does not reflect the delivery of affordable housing by the Community Housing Trust for the period, with 40 families assisted into ownership and a further 22 homes under construction.

Target

90% Satisfaction Sports Grounds as determined by the annual resident and ratepayers survey.

Achievement

Achieved 91% satisfaction - annual residents satisfaction survey (93% - 2010). Lakes Leisure continues to deliver quality sports grounds.

Target

60% Sense of Pride as determined by the annual resident and ratepayers survey.

Achievement

Achieved 80% satisfaction - annual residents satisfaction survey (78% - 2010). This is a rewarding result that can be associated not only with the natural environment but also the quality of the urban environment.

Target

85% Satisfaction Community Halls as determined by the annual resident and ratepayers survey.

Achievement

83% satisfaction - annual residents satisfaction survey (83% - 2010). The results show smaller communities and rural areas are more satisfied, however Queenstown and Wanaka residents and ratepayers are less satisfied, possibly reflecting aging facilities in those two locations.

Target

On all Council developments - 100% Urban Design Panel consideration, 100% resource conditions met, 100% meeting financial forecasts.

Achievement

No development was undertaken for the 2010/11 year.

Housing

Our Goals - Housing

- Provision of elderly housing.
- To maximise returns from all other Council owned housing.
- To maintain heritage buildings to a good standard and obtain a commercial return from leasing where practical.
- To complete the affordable housing study 2004 and undertake to implement any outcomes.

Our Accountability - Housing

Target

Community Housing Trust delivering 35 houses

Achievement

Achieved - 40 dwellings delivered.

Target

100% occupancy of all available housing.

Achievement

85.1% occupied - based on elderly 81.75% , other 88.5%. This change may be due to the slower residential market in 2010-2011. Additionally some housing was upgraded when vacated, resulting in a delay in letting. (93% occupied - elderly 97%, other 88% 2010).

Target

100% Compliance with the Buildings Asset Management Plan 2002-2012.

Achievement

Achieved 100%

Camping Grounds**Our Goals - Camping Grounds**

- To achieve optimum returns from each camping ground.
- To ensure existing facilities are maintained to a high standard.
- To continue to implement the outcomes of a review of all camp grounds (Glendhu Bay and Wanaka Camp Grounds reverted to Council management last year).
- To undertake a comprehensive development of Lakeview site.

(Please note that during 2008/9 Council selected its preferred developer for the Lakeview site but was unable to successfully complete a development agreement because the developer could not provide the necessary financial assurances. The project has not advanced further in 2010/11).

Our Accountability - Camping Grounds**Target**

80% satisfaction for all camping grounds - annual residents satisfaction survey.

Achievement

75% satisfaction (71% 2010) - A new wastewater system at Glendhu Bay and Wanaka Camp Ground will be installed during 2011/12.

Significant Cost of Service Variances

The net cost of service includes \$1.6m of unrealised losses pertaining to the revaluation of investment property. This follows a 2010 value reduction of \$5.2m which together represents an unrealised loss in value of around 9.4% in the past 2 years.

Significant Capital Expenditure

Not applicable

Significant Capital Expenditure Variances

Capital expenditure was below estimate by \$2.6m for the year and relates mainly to the delay in construction of the waste-water upgrade required for Glendhu Bay camp ground (\$1.9m).

Property			
Summary of Forecasted Financial Performance			
Actual		Actual	Annual Plan
2009/10		2010/11	2010/11
\$000	Expenditure	\$000	\$000
473	Council Land	841	536
135	Housing	145	177
297	Wanaka Airport	229	345
283	Forestry	275	327
3,517	Holiday Parks	4,302	4,844
4,705	Operating Costs	5,792	6,229
(58)	Group Activity Income (1)	4,803	6,784
4,763	Net Cost/(Surplus) of Service	989	(555)
	Capital Expenditure		
289	Council Land	69	538
16	Housing	17	134
187	Wanaka Airport	415	490
1,066	Holiday Parks	811	2,752
1,558	Capital and Debt Repayment	1,312	3,914
6,321	Funding Required/(Generated)	2,301	3,359
	Funded By:-		
353	General Rates	386	329
692	Asset Sales	-	-
1,097	Loans (Internal & External)	961	3,192
(1,094)	Transfers (to)/from Reserves	896	(200)
5,273	Other	58	38
6,321	Total Funding	2,301	3,359
	Activity Income Includes (1)		
5,336	User Charges	6,017	6,784
24	Other	40	-
(5,418)	Other gains/(losses)	(1,254)	-
(58)	Total Activity Income	4,803	6,784

The Community activity includes the operation of:

- Library Services
- Community development
- Public Toilets
- Cemeteries
- Community Facilities
- Waterways Facilities
- Parks and Recreation Facilities
- Emergency Services

Library Services

Internationally libraries are seen as one of the most fundamental facilities in our democratic society. They promote education and the exchange of information and ideas. They are also a focus for the communities they serve. In New Zealand most communities started opening libraries at the same time as they were building their first roads and sewers, setting aside town belts and establishing public gardens

There are seven libraries in the Queenstown Lakes District. These are Queenstown, Wanaka, Arrowtown, Kingston, Glenorchy, Hawea and Makarora. The libraries are jointly managed together with seven other Central Otago District Libraries and offer the Symphony System of electronic book co-resourcing. The Council considers libraries to be an essential part of the community's resource, providing high quality library services to a national standard.

It should be noted that the Council is not reporting on a library measure contained in the CCP. This is because the question pertaining to a full and diverse collection was not included in the 2011 Resident and Ratepayers Survey.

Our Goals

In keeping with the goals of the Central Otago / Queenstown Lakes Libraries, it is their objective to ensure quality in the selection, preservation and organisation of library materials to make them readily available to all the residents of Central Otago / Queenstown Lakes District.

Providing access to materials is the key component of the Central Otago / Queenstown Lakes Libraries' philosophy. Access is gained through acquiring a core library collection on site and making the widest possible use of all the resources. This is achieved by providing a shared library service with Central Otago District, and through SouthLib Consortia - a partnership with Dunedin Public, Invercargill Public, Southland District and Central Otago Queenstown Lakes District libraries formed in order to share resources and jointly purchase Symphony Library Management System. Other resources are accessed through the interlibrary loan system and national and international online networks and databases.

All materials acquired by the Library should reflect resource needs of the community. This basic principle will determine such fundamentals as type, format, quantity, and scope of resources to be acquired.

Our Accountability

Target

15% of Library operating budget allocated for the purchase of new library materials.

Achievement

Achieved 15%

Target

95% satisfaction with the range of books available as determined by the annual residents satisfaction survey.

Achievement

Achieved 96% satisfaction achieved. (97% 2010).

Target

97% satisfaction with library services as determined by the annual residents satisfaction survey.

Achievement

Achieved - 97% satisfaction. (98% 2010).

Target

84% of population registered.

Achievement

Achieved - 88% population are registered - this figure is due to the large number of temporary residents. (Achieved 98% 2010) (based on figures: 24,933 registered & population of 28,440 - Mar 11).

Target

310,000 numbers of material issued.

Achievement

For the period 01 July 2010 – 30 June 2011 QLDC Libraries issued: 382,040 items. This is an increase of 4.87% on last year's figures.

Target

0.88 Items catalogued and added to collection per head of population (2006 census)

Achievement

Achieved 1.38 items per head of population - This figure is due to the unit cost of items purchased for library collections. (1.70 items - 2010)

Target

Achieve NZ Library Standards 2004 percentage of residents registered (the percentage of population that has used the library in the past two years. Districts covering large areas with rural populations have a target of 35%)

Achievement

Achieved for the period 01 July 2010 - 30 June 2011 - 88% (Achieved 2010).

Community Development

This activity is the means by which the Council helps the community to help itself. It captures the Council's relationships with its community, providing programmes and communications that strengthen the networks that are based around social agencies, community groups and volunteers. The Council's role in this area is generally undertaken through communication, promotion, advocacy and support. Community development is aimed at informing, involving and empowering the community.

Continued development of the Council's website is a key component of the community development activity. With over 8892 visits each week the website is proving an essential source for information on the District's educational, cultural, social, recreational, environmental and political activities. The Council is also a central point for information about community funding.

Our Goals - Community Development

- To have a range of community grants readily available to all community groups.
- To facilitate ease of access for community groups to various sources of funding.
- To provide the community with advice on funding enquiries and applications.

Our Accountability - Community Development

Target

100% of approved community grants initiatives are paid out within the year.

Achievement

Achieved 100% (see page 6).

Target

85% satisfaction with community grants as determined by the annual residents satisfaction survey.

Achievement

Achieved 88% satisfaction (86% 2010) This increase is likely to reflect an increase in grants paid (see below).

Target

\$300,000 allocated in the district.

Achievement

Achieved - 33 grants paid (\$512,151). Grants are a critical means of ensuring arts, culture and sport are nurtured and able to continue to deliver in a difficult economic climate.

Target

\$50,000 pa of funding for Aspiring Arts Trust public artworks.

Achievement

Achieved.

Community Information

Our Goals - Community Information

- To provide high quality, clear and timely media releases.
- To ensure a high level of understanding amongst media.
- To ensure the website reflects the most up to date and accurate information and continues to be a simple and user-friendly resident and ratepayer tool.
- To provide communications support to Council and contractor services.
- To provide regular support and information to community network groups (smaller communities).

Our Accountability - Community Information

Note the measure regarding Scuttlebutt as a key source of information was incorrectly asked in the survey (the question was missed) and cannot therefore be reported here.

Target

A minimum of 15 press releases per month to ensure the community is being kept apprised of all key Council issues.

Achievement

12 per month on average, but Council has increased its Social Media Communication via Facebook and Twitter (750 followers August 2011). (12 2010).

Target

A minimum of six issues of Scuttlebutt delivered within deadlines and budget constraints by 30 June annually.

Achievement

Achieved 83% (five issues). One publication was withheld due to its proximity to the local government election. According to the Resident and Ratepayers Survey Scuttlebutt is the most favoured method of receiving Council news (81.2%). This is over 20% higher than any other means and supports continuing with the publication.

Target

10% increase in website visitors per annum.

Achievement

Achieved 17% (8,892 visits per week 2009/10, 10,458 visits per week 2010/11) The website is a growing means of interfacing with our residents and ratepayers. It is becoming a recognised medium for up to date daily information (twitter feed) and consultation forum.

Target

85% satisfaction with how well residents are kept informed, as determined by the annual residents satisfaction survey.

Achievement

84% satisfaction achieved (67% 2010). The Council has continued to grow Social Media as an essential means of keeping the Community informed. This combined with an emphasis on clear messages and a push to communicate in new ways, such as Snippets Columns and dropin sessions have no doubt contributed to this result.

Target

100% facilitation of successful events annually (eg Sumerdaze, Winter festival, Festival of Colour)

Achievement

Achieved 100% The Council began community engagement in the 2010/11 year around Events through the Shaping Our Future forums which will help to shape the Council's future involvement with events.

Target

175,000 visitors per annum (Queenstown Aquatic Centre)

Achievement

154,734 visitors (135,606 visitors 2010). Visitors have increased however the continued target shortfall reflects the economic climate and the ongoing closure of the hydro slide.

Target

85% satisfaction with website as determined by the annual residents satisfaction survey.

Achievement

Achieved 88% satisfaction (88% 2010). The website is a growing means of interfacing with our residents and ratepayers. It is becoming a recognised medium for up to date daily information (twitter feed) and consultation forum. It is rewarding to continue to exceed the target.

Target

25,000 distribution of Scuttlebutt per issue

Achievement

Achieved - 25,150 - inserted in Mirror and Sun Newspapers and direct mailed to out of town ratepayers. Also made available online on website.

Target

Six iconic events in the district - Winter Festival, Summerdaze, Jazz Fest, Festival of Colour, Arrowtown Autumn Festival and WanakaFest.

Achievement

Achieved. The Council began community engagement in the 2010/11 year around Events through the Shaping Our Future forums which will help to shape the Council's future involvement with events.

Film Queenstown

Our Goals - Film Queenstown

- To provide good information to inquiries about filming in the Queenstown Lakes District.
- To ensure a high level of satisfaction with the information given from the local screen production industry.
- To ensure the Film Queenstown website reflects the most up to date and accurate information and is a simple and user-friendly tool.

- To provide support and resources to assist in the promotion of the Queenstown Lakes District as a location.
- To provide regular support and information to the local screen production industry.

Our Accountability - Film Queenstown

Target

Number of film permits increase 10% per annum.

Achievement

Permit numbers were down in the 2010/11 year by 35%, however while permits were down the length of shoots increased with permitted shoot days rising from an average of 65.5 to 80. (38% 2010)

Target

Numbers of industry people listed on Film Queenstown Database increase 10% per annum.

Achievement

11% per annum - 189 2010/11. (10% 2010)

Public Toilets

The Council provides 30 public toilets in order to enhance the public's experience of our outdoor places and to protect the public environment. There are four key factors to this activity, they are: cleaning, inspecting, monitoring use and revising conditions. This in turn leads to demand management and improvements to the service.

The introduction of counters to new toilet facilities and radio frequency tags for maintenance monitoring has enabled Council to consistently improve toilet facilities available to the community.

A highlight of the year included:

Earnslaw Park Toilets

A design competition was held for the proposed replacement toilets at Earnslaw Park. This project did not proceed in the 2010-11 year and has been carried forward to the 2011/12 year to enable alternative options for the delivery of the toilets.

It should be noted that the Council is not reporting on seven public toilet measures contained in the 10-Year-Plan. This is for a number of reasons including:

1. Public use measures - only new toilets have usage counters. The cleaning schedule is reviewed as issues arise in liaison with cleaning contractor.
2. Compliance with Strategy - Council does not have a Public Toilet Strategy
3. Closure - Toilets are closed by various contractors as problems arise. This measure would require significant administration and estimated closure time is negligible. Minimal periods of closure times are ensured by contractual response times. Council has agreed to winter closures at more remote locations to save costs. Target for 2010-11 is 90%.
4. Toilet's reflect unique character - This is a request from some community associations and happens where required e.g. Arrowtown, Butler Green toilet / Cardrona.

The Council has included a new measure, which reflects the end of year toilet contract performance.

Our Goals

- To provide public toilets in town centres and adjacent to high use recreational areas and in areas of high tourism interest.
- To maintain clean and sanitary toilet facilities.

Target

100% completion of annual projects on time and within budget.

Achievement

0% by value. The Council deferred the construction of the Earnslaw Park toilets to 2011/2012 in order to explore other options for the location of the toilets (71% 2010).

Target

Satisfaction as determined by annual residents satisfaction survey:
75% provision of public toilets
75% cleanliness

Achievement

Achieved provision of public toilets - 86% satisfaction (84% 2010).
Cleanliness - 90% satisfaction (73% 2010).

The Council and the contractor have continued to place focus on providing clean toilets and responding to requests for service promptly. Cleaning schedules are adjusted to provide additional service at peak times.

Target

80% achievement on contract performance 2009/10 - replaces a number of 10-Year Plan measures as outlined.

Achievement

83% - key measures include cleanliness (audited by Council staff) and timeliness (electronically monitored). An average audit score of 83% was achieved for contract performance which is unchanged from the previous year. The Cleaning Services contractor generally performed to a high standard and worked within the contractual response times (83% 2010).

Cemeteries

There are nine operating cemeteries in the Queenstown Lakes District. These are situated at Makarora, Queenstown, Glenorchy, Frankton, Kingston, Cardrona, Wanaka, Lake Hawea and Arrowtown. All cemeteries in the district are of major historical importance, including Skippers and Macetown cemeteries, which are no longer operational. A cemetery has been provided at Lower Shotover to meet future demand, once Wakatipu cemeteries are no longer operational.

It should be noted that the Council is not reporting on one cemetery measure that was contained in the 10-Year Plan. This is because the Cemetery Conservation Strategy has now been delivered. The Council has included a new

measure, which reflects the end of year contract performance result for parks and reserves/cemeteries.

Our Goals

To provide cemeteries throughout the district that are attractive memorial parks, and that provide an efficient and respectful burial service.

Our Accountability

Target

90% satisfaction with cemetery grounds as determined by annual residents satisfaction survey.

Achievement

Achieved 94% satisfaction (96% 2010). It is rewarding to see this activity continue to exceed the target.

Target

100% Compliance with national standards (regarding burial) and local protocol (cultural sensitivities).

Achievement

Achieved 100% - based on no complaints. All interments were undertaken in accordance with the relevant standards and Council policy and protocols (100% 2010).

Target

80% end of year contract performance

Achievement

An average audit score of 93% was achieved for contract performance (Asplundh). Contract performance is based on a quarterly audit of both physical works and contractor performance in terms of grounds maintenance. The contractor has continued to perform to a high standard and worked seamlessly with Council staff to provide a high level of service (87% 2010).

Community Facilities

The aim of this activity is to provide affordable and inclusive facilities to a wide range of recreational, community, and cultural groups. Specifically, the purpose of this activity is to provide a range of halls and similar multi-use indoor facilities throughout the district. This includes community halls in Arrowtown, Queenstown, Glenorchy, Hawea, Cardrona and Luggate.

The Queenstown Aquatic Centre, Alpine Aqualand and fitness centre are outstanding facilities and along with the Arrowtown swimming pool, the Queenstown Events Centre and many other indoor and outdoor recreation facilities, are managed by Council Controlled Organisation, Lakes Leisure. The Glenorchy, Hawea and Wanaka Pools are community run, with support from the Council. Memberships and concession cards for the Queenstown Aquatic Centre are attractive options for ratepayers ranging between \$2.30 - \$6.10 per week, for long term residents this is exceptional value. Casual prices represent great value for a day's visit.

A highlight of this activity was:

Wanaka Sports Facility

Council reached a decision in March 2011 on the location of the proposed sports facilities after a considerable period of technical review and community consultation. A working party was established in the later part of the year which is leading the facility design and consultation process.

Our Goals

- To minimise the cost of these facilities to the general ratepayer (see above).
- To maximise usage by community groups through pricing policies approved by the Council.

Our Accountability

Target

100% management and maintenance of community centres and halls that meet building standards.

Achievement

Maintenance of community venues is at 100% with all community venues managed by Lakes Leisure passing their annual Warrant of Fitness that includes lifts, fire exits, disabled access, evacuation, smoke detectors and sprinklers, heating and ventilation, food hygiene and on licenses. (100% 2010)

Target

80% satisfaction with swimming pools, as determined by the annual residents satisfaction survey.

Achievement

Achieved 80% satisfaction (80% 2010). A result maintained for two years running and no doubt reflective of the high standard Aquatic Centre and the Wanaka Pool upgrade.

Target

90% satisfaction with community halls, as determined by the annual residents satisfaction survey.

Achievement

83% satisfaction - annual residents satisfaction survey (83% - 2010). The results show smaller communities and rural areas are more satisfied, however Queenstown and Wanaka residents and ratepayers are less satisfied, possibly reflecting aging facilities in those two locations.

Target

100% to achieve NZ Water Pool Standards for all pools.

Achievement

Achieved 100% - NZ Pool water standards are covered by New Zealand standards NZS 5826 2010 which outlines the parameters for water testing and allowable limits for chlorine residual, ph levels, water hardness and solubility. (100% 2010)

Target

14,000 people per month using Queenstown Aquatic Centre.

Achievement

An average of 12,895 people used Alpine Aqualand per month. This is an improvement on the last periods recorded 11,300 but still reflecting the long term closure of the fast hydro slide.

Target

100% Compliance with RMA/ Plan/ independent design panel requirements for new or refurbished facilities

Achievement

Achieved (Achieved 2010).

Target

No more than 80 health and safety incidents.

Achievement

160 incidents reported which includes all minor pool, hydro slide, indoor and outdoor courts, staff and field injuries. Only one major incident reported - cardiac arrest with a positive outcome (247 - 2010).

Waterways Facilities

The purpose of this activity is to help provide affordable and accessible water based recreation facilities throughout the District that may also be used by commercial operators. This includes the maintenance and development of Council owned waterways facilities including ramps and jetties. The Council maintains boat ramps and associated structures at Glenorchy, Sunshine Bay, St Omer Park, Bay View (Kelvin Peninsula), Frankton Marina, Kingston, Hawea foreshore, Roy's Bay (Wanaka).

Our Goals

- To promote boat ramps for community and commercial use as appropriate
- To provide and maintain foreshore structures for community and commercial use as appropriate.
- To introduce a fair and equitable user charges system to recover the cost of providing waterways facilities.
- To plan the future extension of facilities in a way that will not detract from other amenity values.

Our Accountability

Target

80% satisfaction with waterways facilities as determined by annual residents satisfaction survey.

Achievement

84% satisfaction (79% 2010). This is a pleasing increase and is likely to reflect the good provision of facilities.

Target

8 Council waterway facilities accessible to public at all times.

Achievement

Achieved - 8 facilities accessible. All waterway facilities were available at all times other than for a period of a few days when considerable debris was deposited on some ramps during a storm/flood event (achieved 2010).

Target

500 boat and trailer parks available

Achievement

Achieved - 500 parks. The number of boat and trailer parks remained unchanged. (Achieved 2010)

Target

Revenue of \$65,000 from user charges (ramps and moorings).

Achievement

\$59,590 (\$59,430, 2010).

Target

100% facilities identified and recorded.

Achievement

Achieved. All waterway facilities are identified and recorded. (Achieved 2010)

Parks and Recreation Facilities

This activity provides affordable and accessible recreation facilities throughout the District. The Council owns and maintains 230ha of designated reserve areas in the communities of Glenorchy, Queenstown, Arthur's Point, Luggate, Arrowtown, Kingston, Wanaka, Albert Town, Hawea and Makarora.

Maintenance of the Council's parks and reserves is managed by the Council's horticulture team. This includes: the Queenstown Gardens, 30 playgrounds and 24.5ha of sports fields in Queenstown, Arrowtown, Hawea and Wanaka. This activity does not include facilities on Council owned land that are owned by other organisations i.e. bowling, tennis and golf clubs. Multi-use indoor facilities are covered in Community Facilities. Council assisted (not operated) facilities are covered under the Community Grants activity. Capital expenditure on walkways projects in the District has been significant. These projects represent a long term investment in the "green network". The cost of these projects will be funded on a joint basis by Council, DOC, The Trails Trust and community funders.

Our Goals

- To provide and maintain open and unstructured space in urban communities.
- To support maintenance of significant recreational sites in rural areas.
- To provide and maintain parks in urban communities (including youth facilities).
- To provide and maintain designated tracks for recreational and access use (trails and walkways strategy).

Our Accountability

Target

90% satisfaction with parks, reserves and gardens maintenance as determined by the annual residents satisfaction survey.

Achievement

Achieved - 97% satisfaction. (94% 2010). This is a pleasing result that reflects the high level of service delivered by the Council's horticultural team.

Target

90% satisfaction with playgrounds, as determined by the annual residents satisfaction survey.

Achievement

Achieved - 92% satisfaction (91% 2010). This result reflects the investment made in improving playgrounds over the last three years.

Target

85% satisfaction with number of recreation sports grounds.

Achievement

86% satisfaction. (88% 2010)

Target

85% satisfaction with condition of sporting grounds, as determined by the annual residents satisfaction survey.

Achievement

Achieved - 91% satisfaction (93% 2010). This reflects the high level of service delivered by Lakes Leisure.

Target

90% satisfaction with provision of cycleways and walkways.

Achievement

96% satisfaction. (96% 2010)

Target

60km of walkways/cycleways

Achievement

14.8km constructed - land owner negotiations for easements for the New Zealand Cycleway delayed construction. This work is now well underway (75.8km 2010).

Emergency Services

This activity relates to the provision of civil defence and rural fire emergencies. The Council is reviewing its civil defence plan and the associated infrastructure. The Council supported a Rural Fire Unit, volunteer Rural Fire Forces based at Kingston, Makarora and Glenorchy and offers financial support to volunteer brigades at Hawea and Luggate.

The main roles of this function are to protect public safety by conducting emergency planning, educating the public and responding to emergencies. Each utility operator has prepared Emergency Management Plans that outline procedures to be followed to enable the District's essential infrastructure to continue to function in the event of a major breakdown or civil emergency. These plans have been established to meet the needs of the Civil Defence Emergency Management Act 2002 (Lifelines). The Council, in association with the other local authorities and emergency services in the Otago have rewritten the Regional Civil Defence Plan.

Highlights of the 2010/11 year include:

Kingston Emergency Building

The Council contributed to the development of a new combined emergency services centre in Kingston. The building houses the Kingston Ambulance and volunteer fire brigade and Council rural fire force. The facility provides an improved capacity to respond to local emergency situations.

Fire Appliance

The Council purchased and fitted out a new water tanker to provide additional rural fire capacity. This tanker is housed at the new Kingston Emergency Services Centre.

Our Goals

- To provide fire-fighting resources for rural areas controlled by the Queenstown Lakes District Council.
- To prevent uncontrolled rural fire emergencies.
- To provide management resources for the control of Civil Defence emergencies.
- Completion of Civil Defence Plan under new Civil Defence and Emergency Management Act.

Our Accountability

Target

90% satisfaction with rural fire suppression, as determined by the annual residents satisfaction survey.

Achievement

Achieved - 94% satisfaction. (89% 2010). Strong satisfaction levels in communities throughout the district, with the lowest satisfaction recorded in Queenstown, where the service is less relevant. This reflects good investment in the rural fire service with facility and plant improvements for Kingston.

Target

90% satisfaction with Civil Defence activities as determined by the annual residents satisfaction survey.

Achievement

91% satisfaction (89% 2010). The Council's significant response to the Canterbury Earthquake (emergency management, building inspectors, communications, welfare etc) may be reflected in this result in addition to the Council's own awareness campaign and the publication of an emergency preparedness guide.

Target

100% civil defence response provided to all notified civil emergencies within 10 minutes of notification. In the event of a significant civil emergency an Emergency Operations Centre will be appropriately staffed and functioning within one hour.

Achievement

There were no Civil defence emergencies in the Queenstown Lakes District. The Council did however respond to the Ministry of Civil Defence and Emergency Management within the 10 minute notification to the National Emergency following the Earthquakes in Christchurch and provided considerable staff resource to the response in Christchurch. The Councils Coordinated Incident Management Response System was utilised throughout the national emergency.

Target

100% Equipment level specified by the Rural Fire Management Code of Practice for the QLDC area will be maintained in a state of operational readiness at all times. The number of trained personnel specified by the Rural Fire Management Code of Practice (RFMCOP) for the QLDC area will be available for fire suppression at all times as follows:

1st eight hours - 25

Subsequent shifts - 40

Achievement

The Rural Fire Code of Practice was discontinued when new regulations came into force so we are unable to measure against these. Council has however been subject to a more in-depth PAC (Performance Assessment Criteria Audit) which covers all aspects of Councils Rural Fire responsibilities. Council achieved a pass with this audit and as such is still eligible to claim on the National Rural Fire Fighting Fund. The assessment was undertaken in November 2010. We have 25 personnel available within the first eight hours of response and an additional 46 persons available for subsequent shifts (Achieved 2010).

Target

Fire fighting water available to required standard.

Achievement

Achieved - water accessed from lakes or rivers for rural fire fighting (Achieved 2010).

Target

100% Rural Fire Plan in Place

Achieved

Achieved 100% - adopted by the Council July 2011. (100% 2010)

Target

100% Implementation of plan under Civil Defence and Emergency Management Act

Achieved

100%. Fully met requirements during activation of a national emergency following the Canterbury Earthquakes and provided considerable staff resource to support the Canterbury Emergency Operations Centre. (100% 2010)

Significant Cost of Service Variances

Revenue was below estimate by \$2.7m for the year with Development Contributions the main reason for this. Operating expenditure is shown as over budget because \$1.27m of capital grant paid to Lakes Leisure was not classified as capital expenditure (per budget).

Significant Capital Expenditure

The major items here are \$1.1m of debt repayments and \$1.2m of reserve improvements; \$0.48m of new or upgraded walkways (including Kelvin Heights and Glendhu Bay) and \$0.33m of new toilets.

Significant Capital Expenditure Variances

Capital expenditure was below estimate by \$5.8m for the year and relates mainly to the classification of the Lakes Leisure Capital grant (\$1.27m) and the deferral of other reserve land purchases (\$3.3m). A number of other projects have been delayed or deferred as a result of the forward capital review process which will result in revised project prioritisations for the next 10-Year Plan.

Community Summary of Forecasted Financial Performance

Actual 2009/10	Actual 2010/11	Annual Plan 2010/11
\$000	\$000	\$000
4,274	5,137	4,346
5,439	6,028	5,819
900	827	866
522	504	506
1,954	1,793	2,021
206	242	188
152	152	135
644	689	760
477	460	587
14,568	15,832	15,228
8,972	3,815	6,480
5,596	12,017	8,748

Community Summary of Financial Performance

Actual 2009/10	Actual 2010/11	Annual Plan 2010/11
Capital Expenditure		
1,021	1,231	3,086
2,279	2,849	6,546
204	205	313
272	18	23
126	15	15
379	119	597
85	448	116
4,366	4,885	10,696
9,962	16,902	19,444
Funding Required/(Generated)		
Funded By:-		
5,621	6,442	6,838
4,088	4,408	4,385
2,586	3,059	2,724
(3,730)	1,608	3,982
1,397	1,385	1,515
9,962	16,902	19,444
Activity Income Includes (1)		
1,604	1,428	1,258
511	819	699
273	370	183
457	1,659	-
6,127	(461)	4,340
8,972	3,815	6,480

This includes:

- The District Plan
- Regulatory Services
- Waterways Control

The District Plan

The single most effective way the Council can exert influence over growth is through the District Plan. The primary purpose of this activity will be to better align the District Plan with the philosophy of the Council Community Plan.

The form and nature of the District Plan is governed by the Resource Management Act 1991 (RMA). That legislation contains extensive checks and balances to protect all parties to the process. Development of the District Plan will require considerable time and resources to achieve a defensible result.

Since the District Plan was released in 1995 a large number of submissions have been lodged. Subsequently, it has evolved considerably, and as of December 2009 we now have a fully operative plan.

The combination of rapid community growth and a sensitive environment will result in rapid evolution of the District Plan.

A highlight of this activity was:

District Plan Review

A three year project was commenced that aims to notify a reviewed District Plan in November 2013. A project plan for the review has been agreed by Council. Initial consultation and monitoring reports have been undertaken and the project is currently meeting timelines.

It should be noted that the Council is not reporting on a district plan measure contained in the 10-Year-Plan. This is because the measurement pertaining to heritage variations and compliance is not relevant as the District Plan is now operative. This will be dealt with in the District Plan Review, due for notification in 2013.

Our Goals

- To progress Environment Court and Council hearings on District Plan references, variations, and plan changes as expeditiously as possible.
- To undertake effective mediation and negotiation on references to the Environment Court in order to resolve as many references as possible without the need for an Environment Court hearing.
- To continuously work toward having a plan which is aligned and consistent with the community outcomes outlined in the 10-Year-Plan.
- To maintain a District Plan that is free of errors.
- To prepare and notify proposed plan changes to the District Plan, where this is deemed to be necessary, and an effective and efficient method of giving effect to the 10-Year-Plan.
- To undertake effective community consultation in respect of plan changes in a manner which meet the requirements of both the Resource Management Act and the Local Government Act.
- To ensure that the community is well informed in respect of all outstanding District Plan matters.
- To establish and implement a monitoring framework which enables the effectiveness of the District Plan, the

State of the Environment, and the achievement of the Community Outcomes to be monitored in an integrated way, and in a way that meets the legislative requirements of both the RMA and the LGA.

- To undertake effective community education to ensure that the public are well informed in regard to interpretation of the District Plan provisions, RMA and District Plan processes, and changes to the District Plan.
- To ensure that up to date copies of the District Plan are available for public use in those places specified in the RMA and that an up to date electronic version of the District Plan is available on the Council's website.
- To provide certainty and consistency wherever possible to applicants for consent, including clear advice and guidance.

Our Accountability

Target

70% Satisfaction with District Plan planning policy, as determined by the annual residents satisfaction survey.

Achievement

75% satisfaction - Continuing improvement over the last two years. This result reflects a general improvement in levels of satisfaction regarding the environment (64% 2010).

Target

Statutory regime for monitoring plan effectiveness.

Achievement

Achieved - Monitoring of rural visitor, built heritage and low density residential zones (achieved 2010).

Target

100% annual plan change program completed

Achievement

85% -The programme of District Plan Changes meeting project timelines except for Plan Change 19 (Frankton Flats) and Plan Change 24 (Affordable Housing) which are both held up in the Environment Court and whose progress depends on other parties (80% 2010).

Target

100% cost of growth allocated to development

Achievement

Achieved 100%

Target

100% adhere to RMA Maori Protocol.

Achievement

Achieved 100% - Regular meetings with Ngai Tahu (100% 2010).

Regulatory Services

As a territorial authority, the Council has certain regulatory functions that it is obliged to administer.

The functions, which are contracted in whole or part to Lakes Environmental Ltd are:

- Resource Management Services
- General Environmental Health
- Inspection and Licensing
- Animal Control
- Bylaw and General Enforcement
- Car Parking Enforcement
- Building Services
- Road Legislation Management
- Waterways Control

The Resource Management Act 1991, Building Act 1991, Local Government Acts of 1974 and 2002, Health Act 1956, Sale of Liquor Act 1989, Dog Control Act 1996 and the Litter Act to name a few require Council to be involved in these functions and from time to time create bylaws for the better administration of these Acts.

The Council is committed to:

- Effective compliance to ensure consent conditions and community standards are achieved.
- Providing effective guidance to interested parties on consent and licensing processes.
- The Council is obliged to observe the wording of the relevant act and must generally act as an impartial decision maker weighing the evidence placed in front of it by the parties.
- One area of high public interest is the leaky homes issues. The past year has seen a small number of weathertightness claims work further through the tribunal system and have repairs undertaken. The government has conducted a review and has developed a financial assistance package for homeowners to simplify settlement of weathertightness claims. Refer to the financial statements for details of the potential financial impact on these claims.

Resource Consents

Our Goals

- To process applications for land use and subdivision consents and new activities requiring special consents ensuring that proposed activities meet the performance standards provided for in the District Plan.
- To publish support material to provide information and assistance to consent applicants.
- Effective compliance to ensure consent conditions and community standards are achieved.
- Providing effective guidance to interested parties on consent and licensing processes.
- To monitor the ongoing compliance of standards imposed on resource consents and through other methods.

Our Accountability

Target

90% of Resource Consent applications and related functions are processed within statutory timeframes.

Achievement

Achieved 97% - Lakes Environmental monitoring system (80% 2010).

Target

All notified planning application reports be available five working days before scheduled hearing date.

Achievement

Achieved 100% - 46 applicants have gone to hearing, Lakes Environmental monitoring system (58 2010).

Target

All resource consents monitored for compliance or withdrawn within two years of issue.

Achievement

69% of consents issued were monitored for compliance within two years of issue. The ongoing reduction in resource consent applications is likely to lead to an improvement in this measure.

Target

100% material updated and available.

Achievement

Achieved 70% - a number of guidelines now require to be updated.

Target

70% satisfaction with amenities in town centres, as determined by the annual residents satisfaction survey

Achievement

69% satisfaction (63% 2010). Council continues to work with community-based urban design panels to review resource consents and ensure high amenity standards are achieved.

Target

50% satisfaction with resource consent planning, as determined by the annual residents satisfaction survey.

Achievement

49% satisfaction (37% 2010) - this satisfaction level is improving and reflects improved processing systems.

General Environmental Health

Our Goals

- To investigate complaints in a timely and effective manner.
- To effectively carry out water analysis and provide timely advice on quality.

Our Accountability

Target

All water analysis reported within seven days of receiving the results.

Achievement

Achieved 100% - Lakes Environmental meeting set timeframes.

Target

80% satisfaction with noise control as determined by annual residents satisfaction survey.

Achievement

67% satisfaction achieved - an education campaign was undertaken in 2009/10. Notably noise in town centres continues to trigger community debate and is the subject of a change to the District Plan (68% 2010).

Inspection and Licensing

Our Goals

- To ensure compliance of food premises and other registered premises to statutory requirements.
- To carry out the functions of the District Licensing Agency in a timely and efficient manner.
- To ensure dangerous goods storage areas do not present a public hazard and comply with the relevant legislation.

Our Accountability

Target

All food premises and other registered premises are inspected once per year.

Achievement

100% achieved (417 premises inspected 2010/11)

Target

80% satisfaction with food premises as determined by annual residents satisfaction survey.

Achievement

94% achieved (89% 2010).

Target

100% of food premises identified as at risk inspected within 1 week.

Achievement

100% achieved.

Target

60% satisfaction with Liquor Licensing, as determined by annual residents satisfaction survey:

Achievement

81% satisfaction. This is a strong increase that is likely to reflect both a strong political stance on alcohol abuse and the ongoing employment of night time patrols ie community guides (54% 2010).

Dog and Animal Control

Our Goals

- To regularly patrol and monitor the District to ensure compliance to statutory and bylaw requirements.
- To maintain an up to date register of dogs in the district.
- To respond to complaints in an efficient and timely manner.
- To ensure that appropriate enforcement action is taken where required in an effective, timely and correct manner.

Our Accountability

Target

100% of complaints received responded to within 2 hours.

Achievement

Achieved 100%.

Target

Maintain an up-to-date register of all dogs.

Achievement

Achieved 100%.

Target

Satisfaction as determined by annual residents satisfaction survey:

80% Registration and Licensing.

60% Dog Enforcement Services.

Achievement

Achieved Registration and Licensing - 86% satisfaction. (81% 2010)

Dog Enforcement Services - 63% satisfaction. (57% 2010). We have engaged with Communities / Stakeholders to identify where the issues are, to divert 'general' Animal Control patrolling to respond to the areas of increased complaints in certain areas. We are also ensuring that we classify the menacing and dangerous dogs where necessary to take a firm response to such issues and the irresponsible owners.

Bylaw and General Enforcement

Our Goals

- To monitor noise levels and respond to public complaints of excessive noise.
- To publish support material to provide information and assistance to consent and licence holders.

Our Accountability

Target

Zero ratified complaints received.

Achievement

Achieved.

Target

70% satisfaction with amenities in town centres, as determined by the annual residents satisfaction survey

Achievement

69% satisfaction - Council continues to work with community-based urban design panels to review resource consents and ensure high amenity standards are achieved (63% 2010).

Carparking Enforcement

Our Goals

- To ensure parking areas are regularly patrolled - 130 hours per week between 8.00 am and 6.00 pm.
- To ensure turnover of public parking spaces in the Queenstown and Wanaka CBD in accordance with optimised parking usage.
- To ensure appropriate parking enforcement action is taken where required in an effective, timely and correct manner.

Our Accountability

Target

130 hours per week of regular patrols of parking areas.

Achievement

Achieved 139 hours per week.

Target

Public complaints assessed and actioned within 48 hours.

Achievement

Achieved 100%.

Target

Zero justified complaints received.

Achievement

Achieved no complaints received.

Target

60% satisfaction with parking enforcement services, as determined by the annual residents satisfaction survey.

Achievement

Achieved 65% satisfaction - Parking continues to be identified by Wakatipu Residents and Ratepayers, via the survey as a key priority, this is likely to influence satisfaction levels. Council introduced a new parking regime in Queenstown in 2010/11. Notably the satisfaction with parking as determined by the annual resident satisfaction survey increased from 52% in 2010 to 56% in 2011 (parking enforcement 71% 2010).

Building Control

Our Goals

- To process applications for building consents, PIMs and LIMs in a correct, timely and effective manner.
- To ensure compliance to building codes by monitoring and inspecting building works.

Our Accountability

Target

80% of Building consent, PIM (100%) and LIM (100%) applications processed within statutory timeframes.

Achievement

Achieved Building Consents - 99% achieved meeting statutory time frames.

Achieved LIM - 100%.

Achieved PIM - 100%.

Target

95% building inspections completed within 24 hours of the request.

Achievement

Achieved 99%.

Target

Satisfaction as determined by annual residents satisfaction survey:

Building Control Services - 60%

LIM Services - 80%

Achievement

Building Control Services - 51% satisfaction. (40% 2010) - improved processing timeframes.

Achieved LIM Services - 85% satisfaction. (81% 2010) - improved processing timeframes.

Road Legislation Management

Our Goals

- To maintain Council's records management on road legislation.
- To maintain good liaison with interested parties including Government agencies.
- To ensure Council's ongoing obligations are considered.
- To ensure access (public and for services).

Our Accountability

Target

Zero complaints received regarding road stopping and closure for events completed in a timely fashion.

Achievement

No complaints received.

Waterways Control

The purpose of this function is to control, by way of inspection, enforcement and promotion, the safe use of waterways and safety in waterways based activities in the District. It includes the provision of harbourmaster services, which is contracted to Southern Lakes Monitoring Services.

Harbourmaster services are provided 365 days a year.

Our Goals

- Provide regular monitoring of waterways to ensure that users are behaving in a safe and appropriate manner in compliance with bylaws.
- Increase public awareness of safety on the water and designated areas for particular activities.
- Liaise with commercial operators and provide guidance and auditing with regard to the safety of their customers.
- Audit and inspection of structures.

Our Accountability

Target

Boating guides for Wakatipu and Wanaka be made available to the public annually by December.

Achievement

Achieved.

Target

Water safety radio promotion annually in January.

Achievement

Achieved.

Target

Safe Operation Plans audited annually.

Achievement

Achieved.

Target

90% satisfaction with Harbourmaster Services as determined by the annual residents satisfaction survey.

Achievement

Achieved 89% satisfaction - This continues to be a high result against a high target. There have been some high profile inquiries during the previous year and two fatalities (91% 2010).

Target

15 incidents

Achievement

12 attended by harbourmaster (variety of vessels on lakes and rivers).

Target

No fatalities

Achievement

Two fatalities occurred with the drowning of two kayakers on Lake Wakatipu.

Target

100% safety of private and public structures.

Achievement

95% (two year audit 2009).

**Regulatory and Resource Management
Summary of Forecasted Financial Performance**

Actual 2009/10		Actual 2010/11	Annual Plan 2010/11
Expenditure			
4,347	Regulatory Services	6,108	4,096
406	Waterways Regulation	401	422
2,129	District Plan	2,002	2,487
6,882	Operating Costs	8,511	7,005
1,437	Group Activity Income (1)	1,513	1,461
5,445	Net Cost/(Surplus) of Service	6,998	5,544
Capital Expenditure			
2	Regulatory Services	151	11
410	District Plan	445	445
412	Capital and Debt Repayment	596	456
5,857	Funding Required/(Generated)	7,594	6,000
Funded By:-			
4,836	General Rates	3,964	4,748
801	Loans (Internal & External)	1,117	1,206
217	Transfers (to)/from Reserves	2,509	43
3	Other	3	3
5,857	Total Funding	7,594	6,000
Activity Income Includes (1)			
94	User Charges	67	58
1,343	Other	1,446	1403
1,437	Total Activity Income	1,513	1,461

Significant Cost of Service Variances

Regulatory Services is \$2.0m over budget due to the inclusion of a \$2.4m provision for claims against Council

Significant Capital Expenditure

Not applicable.

Significant Capital Expenditure Variances

Not applicable.



The Utilities activity includes the operation of:

- Water Supplies
- Stormwater
- Wastewater
- Waste Management

Water Supply

In the Queenstown Lakes District there are eight public water supply schemes, located at Queenstown, Arrowtown, Glenorchy, Lake Hayes, Arthur's Point, Wanaka, Hawea, and Luggate. There are 15,193 connections to these schemes.

Current gradings are a consequence of the source water being unprotected, namely open lakes. The gradings are due for a review in 2011. QLDC is reviewing the works necessary to comply with the new Drinking Water Standard that would lead to a change in the water quality gradings. Drinking water standards compliance is mandatory from 2012 for Queenstown and Wanaka. Our means of compliance is through undertaking all practicable steps as required by our Public Health Risk Management Plans.

Our Council is fortunate to have sources of high quality drinking water through our three lakes and bore supplies. The exception to this has been an issue around algae in the Lake Wanaka supply. This issue is being monitored and managed with the community.

Our systems continue to be reliable, however we have experienced some breakages in the Queenstown area mainly due to pipe failures in older pipes. A small number of Wanaka properties continue to receive low pressure water. We will continue to plan around addressing this issue.

Our district continues to have extremely high level of water use at 706 litres per person per day and a significant proportion of this usage, indicated by high night flow, could be leakage (night flow Wanaka 66%). A leak detection programme is in place. The impact of our low compliance on the environment is minimal because our sources are not rivers or streams where a residual water flow is important to stream and all other health. We have continued to implement a resource consent monitoring software package which has given us increased visibility and improved measurement of compliance.

Water supply demand management

The 2009 10-Year Plan included expenditure for implementing water supply demand management initiatives. It did not include any evaluation of the potential savings resulting from these initiatives. This analysis has now been undertaken at a high level as part of the Forward Capital Review. The work to date, has shown that demand management together with improved engineering solutions will enable postponement of a significant proportion of the water supply capital expenditure identified in the 2009 10-Year Plan.

Queenstown and Wanaka along with the other schemes in the district have Water Demand Management Plans in place, these are presently being reassessed.

The process to assess the impact demand management will have:

- Calibrated dynamic water supply models for Queenstown and Wanaka to confirm existing demand and demand patterns.

- Benchmark current water use.
- Develop future scenarios including demand management targets.
- Evaluate project savings between the 2009 LTCCP and the 2012 LTP and demand management implementation costs.

High level analysis, using current data, shows that there is the potential to remove or postpone a significant amount from the Queenstown District water supply capital programmes as a result of demand management and reengineering of proposed projects.

It should be noted that the Council is not reporting on the 10-Year Plan target, illness attributed to the water supply due to the fact that this is not measurable.

Our Goals

- To ensure that adequate treatment, pressure and flow of potable water supply is provided for all residential, accommodation, commercial and industrial connections (other than single buildings on a single property) within approved supply areas.
- To ensure that adequate water supplies are available for fire fighting purposes; and
- To encourage the sustainable use of water resources and to discourage waste.
- To comply with the drinking water standards

Our Accountability

Target

Satisfaction as determined by the annual residents satisfaction survey:
85% water quality
100% reliability

Achievement

Water quality - 80% satisfaction (80% 2010).
Reliability - 93% satisfaction (90% 2010).

Target

550 litres per person, per day per capita average consumption targets.

Achievement

525 litres per day. This figure has been arrived at by using the Council's population growth model (46,612 average day - inclusive of visitors) and water -use data and leakage figures. It should be noted this does not take into account private water supplies. The Council is working towards more accurately benchmarking water use.

Target

95% of hydrants meeting fire safety standards

Achievement

Not measured in 2011 but due to nature of target likely to be relatively unchanged - (97% 2010).

Target

No more than 50 complaints related to low/high pressure.

Achievement

76 complaints - the majority related to Wanaka algae issues. The reduction in complaints likely reflects an education campaign around how to manage and mitigate the algae issue (122 complaints 2010).

Target

100% compliance with NZDWS 2005 - aesthetics standard.

Achievement

96% - a testing regime is in place to comply with the NZ Drinking Water Standard. In practice all schemes are tested, with frequency varying according to the presence of on site equipment (most sites have continual monitoring). The achievement of 96% is due to environmental factors affecting turbidity but not potability of the water. (94% 2010)

Target

All affected customers receive at least 24 hours notice of any planned shutdown

Achievement

100% achieved - measured through United Water contract monitoring (96% 2010).

Target

99% household connections at a point of supply with pressure >300kPa and <900kPa (kPa water pressure measure).

Achievement

Not remeasured in 2011 (97% complied with the target., 100% were within the range of 150kPa to 1160kPa in 2010).

Target

80% completion of repairs within the specified response time for requests for service (RFS).

Achievement

Achieved - 88% as per the RFS system reporting (93% 2010).

Target

100% completion of repairs within the specified time in response to level 1 incident (health and safety issues < 1 hour).

Achievement

100% - no RFS (1 incident 2010).

Target

The conditions of all resource consents for water supply to be complied with 95% of the time.

Achievement

83% achieved - note this includes pending consents. The achievement is not indicative of a significant non-compliance issue but is indicative of generally minor technical issues that are highlighted and agreed with the consenting authority as minor.

Stormwater

In the Queenstown Lakes District, there are seven public reticulated stormwater systems located at Queenstown, Wanaka, Arrowtown, Hawea, Glenorchy, Albert Town and Arthur's Point. Other settlements in the district such as Kingston, Luggate and Makarora have limited stormwater assets and typically rely on ground soakage and natural watercourses for their stormwater disposal. In addition there are small amounts of rural assets including open channels. This activity exists because stormwater can carry contaminants into public waterways and from there affect the environment of the District. Left unchecked, stormwater could also lead to flooding and land instability.

Our Goals

- To protect property, public health and the environment through the provision of stormwater control systems.

Our Accountability

Target

85% Satisfaction with storm water facilities, as determined by the annual residents satisfaction survey.

Achievement

76% satisfaction achieved (73% 2010). An improvement reflecting investment made in this area.

Target

80% performance in completing repairs within the specified time in response to requests for service (RFS).

Achievement

Achieved 81% as per the RFS system reporting (95% 2010).

Target

100% performance in completing repairs within the specified time in response to level 1 incidents (health and safety issues) < 1 hour.

Achievement

100% - no RFS's reported (100% 2010).

Wastewater

The safe management of human waste is a core function of the Council. By undertaking this activity we protect public health, ensure the pristine nature of our environment, particularly waterways, and live up to the clean green image that we portray to the world. Community expectations of how the Council treats and disposes of waste are rising rapidly.

In the Queenstown Lakes District, there are seven public wastewater systems. Schemes are located at Queenstown, Wanaka, Arrowtown, Hawea, Albert Town, Lake Hayes and Arthur's Point. More than 1,393 dwellings deal with their wastewater by other means – such as septic tanks and package plants. The single biggest priority for the Council is to achieve internationally accepted standards of wastewater treatment, which will involve disposal to land. This involves acquiring the necessary land, seeking consents and constructing wastewater treatment and disposal facilities.

Project Pure at Wanaka has been operating since February 2009. While odour complaints have reduced in the last financial year further improvement works have been undertaken with the construction of large biofilter odour beds. For Hawea investigations continued to find an affordable way to upgrade the treatment plant for disposal to land.

Project Shotover

During the 2010/11 financial year data collection and analysis of the wastewater reticulation system using recently installed equipment coupled with revised growth projections highlighted that flows in the system are not as great, or growing as rapidly as previously projected. This resulted in staff bringing a recommendation to Council that the project be delivered within the current short term consent, but at the latest possible date, ie. April 2014.

This procurement programme alteration is intended to allow staff time to review delivery strategies and treatment methods given this new information. Engineering advice to date is that the existing system, with some upgrades, may be able to continue for the short to medium term. These options include desludging the ponds and carrying out some other operational improvements.

Currently staff are engaging with the various stakeholders and interested and affected parties to update them on the progress being made. This will continue into the next financial year.

Our Goals

- To protect the health of the community and minimise adverse environmental affects through the provision of sewerage treatment and disposal facilities.
- To provide and maintain wastewater reticulation networks to communities, wastewater treatment and disposal facilities.
- To monitor Council disposal facilities to minimise environmental effects.
- To monitor Council wastewater systems to ensure adequate capacity and treatment capability and to encourage the sustainable use of water resources and to discourage waste.
- To establish the District as a safe destination for visitors.

Our Accountability

Target

85% Satisfaction with sewerage system as determined by annual residents satisfaction survey.

Achievement

Achieved 86% satisfaction (86% 2010).

Target

No sewage overflows into habitable buildings due to faults in the public wastewater system.

Achievement

6 - these are a combination of burst pipes and pipe flushing causing backflow, this issue has been addressed (7 - 2010).

Target

100% of affected customers receive at least 24 hours notice of any planned service interruption.

Achievement

Achieved 100% - as per the monthly report from contractors (100% achieved 2010).

Target

100% of urgent wastewater issues responded to within 1 hour.

Achievement

31% - Responses were not being captured correctly. Contractors are now equipped with electronic tablets to respond on site as soon as the matter is resolved so this figure should improve. There were 26 Requests For Service of which 8 were responded to and signed off within an hour (31% 2010).

Target

No more than 30 odour complaints.

Achievement

33 - odour complaints have reduced in the last financial year with further improvement works undertaken with the construction of large biofilter odour beds (93 - 2010).

Target

290 litres per person per day of wastewater production based on the average dry weather flow.

Achievement

124 litres per person - this is a good result which relates fairly directly to the rainfall, which enters the system. The 2010 figure reflect heavy rainfall events (406 litres per person 2010).

Target

Compliance with all resource consents - 100%

Achievement

90% achieved - note this includes pending consents.

Target

80% performance in completing repairs within the specified time in response to requests for service (RFS).

Achievement

Achieved 80%

Waste Management

The Council is committed to a 'Zero Waste' future. This is reflected in its continuing drive towards the implementation of the Waste Management Strategy. The Strategy covers solid waste and outlines the steps that the Council is taking towards implementing 43 waste minimisation initiatives identified through a district-wide public participation process. In the last financial year the Council has drafted a new Waste Management and Minimisation Plan which it has since published for public consultation. The new plan will supersede the current strategy. Waste management includes the provision and management of the Victoria Landfill, the provision of transfer stations at Queenstown and Wanaka for the collection of solid waste and hazardous waste facilities in accordance with the Regional Council's requirements.

The 2010/11 budget was amended to reflect an ongoing decrease in tonnages to landfill compared with the 2001 10-Year-Plan. End of year tonnages were close to those budgeted which resulted in a favourable financial position at the end of the financial year. It should be noted that the Council is not reporting on the 10-Year Plan target, illness attributed to waste management services due to the fact that this is not measurable.

Our Goals

- To implement the recommendations of the Waste Management Strategy.
- To provide refuse collection and recycling services to communities.
- To educate communities on alternate, more sustainable waste management options.
- To provide environmentally secure disposal facilities.
- To maintain and monitor closed landfills.

Our Accountability

Target

Satisfaction as determined by the annual resident and ratepayers survey with:
Recycling Collection Service - 85% Refuse Collection Service - 85% Resource Recovery Parks - 85%
Landfill site management - 85% Transfer station - 85%

Achievement

Achieved Recycling Collection Service - 92% satisfaction (94% 2010). Refuse Collection Service - 89% satisfaction (84% 2010). Achieved Resource Recovery Parks - 89% satisfaction achieved (91% 2010). Achieved Landfill site management - 90% satisfaction (87% 2010). Achieved Transfer Station - 89% satisfaction achieved (90% 2010).

Target

100% compliance with Victoria Flats Landfill resource consents.

Achievement

90% compliance with resource consent conditions - the 10% non compliance were minor matters that were reported on but out of time (78% 2010).

Target

100% monitoring of transfer stations and resource recovery parks.

Achievement

100% - the Council's contractors carry out daily self monitoring and the Council carries out site inspections at monthly meetings (75% 2010).

Target

No more than 40 complaints per annum regarding overflowing bins.

Achievement

50 complaints (as reported in the Request For Service system) (37 - 2010).

Target

In accordance with the Waste Management Strategy to divert 35% of waste from the landfill.

Achievement

29% - this figure was derived from establishing the total recyclables/greenwaste tonnage (8,571 tonnes) as a percentage of the total waste tonnage (29,911 tonnes) (26% 2010).

Target

100% compliance with conditions of consent for closed landfills

Achievement

97% compliance with resource consent conditions. Tucker Beach is the reason for 3% non compliance - Council has yet to implement probes. (50% 2010).

Target

100% compliance with resource consent conditions for transfer stations and landfills.

Achievement

100% compliance with resource consent conditions for transfer stations and landfills received to date. Note some results are pending (100% 2010).

Target

100% services requested actioned within the specified contract timeframes

Achievement

96.84% - based on 917 Request For Services and 29 overdue (95.55% 2010).

Target

Waste Management charge increase per property per annum < 10 %

Achievement

Not achieved – commercial charge increased by 19% (\$123 in 2010/11 compared to \$103 in 2009/10)
Not achieved – residential charge increased by 23% (\$172.84 2010/11 compared to \$140 in 2009/10)

The reason for the result was a change in the funding policy. The waste management charge was increased, but rubbish bags charges, transfer station charges and landfill levy was maintained at 2009/10 levels to: mitigate the risk of increased illegal dumping; waste leaving the district to cheaper landfills; and to protect revenue.

Target

50% waste minimisation costs to be recovered from polluter.

Achievement

Not achieved - 35%. This is measured through the rates and levy charge which implemented the landfill levy of \$36 per tonne in order to fund 50% of the waste minimisation initiatives (50% 2010).

Target

100% monitoring of resource recovery parks.

Achievement

Achieved - 100%

Utilities

Summary of Forecasted Financial Performance

Actual 2009/10		Actual 2010/11	Annual Plan 2010/11
\$000	Expenditure	\$000	\$000
8,442	Wastewater	8,169	8,759
8,058	Water Supply	7,685	7,595
5,964	Waste Management	6,038	6,575
2,403	Stormwater	2,227	2,105
24,867	Operating Costs	24,119	25,034
10,957	Group Activity Income (1)	6,156	14,802
13,910	Net Cost/(Surplus) of Service	17,963	10,232
	Capital Expenditure		
7,292	Wastewater	3,589	11,792
4,238	Water Supply	2,815	8,241
227	Waste Management	170	170
2,687	Stormwater	1,219	4,592
14,444	Capital and Debt Repayment	7,793	24,795
28,354	Funding Required/(Generated)	25,756	35,027
	Funded By:-		
15,271	Targeted Rates	16,916	17,137
15	General Rates	52	287
8,050	Loans (Internal & External)	5,003	11,796
2,170	Transfers (to)/from Reserves	787	3,419
2,848	Other	2,998	2,388
28,354	Total Funding	25,756	35,027
	Activity Income Includes (1)		
3,050	User Charges	3,232	3,329
150	Grants & Subsidies	70	128
533	Other	980	409
4,508	Vested Assets	953	5,827
2,716	Capital Contributions	921	5,109
10,957	Total Activity Income	6,156	14,802

Significant Cost of Service Variances

Revenue was below estimate by \$8.6m for the year with the shortfall in Vested Assets (\$4.9m) and Development contribution income of \$4.2m being the main causes.

Significant Capital Expenditure

Expenditure on water and wastewater upgrades account for \$4.6m of the total. The major projects include completion of the Sunshine Bay to Queenstown wastewater gravity main and the capacity upgrades to the Two Mile and Kelvin Heights water intakes.

Significant Capital Expenditure Variances

Capital expenditure for Utilities was \$17.0m below estimate; most of this underspend relates to wastewater projects (\$6.6m) which have been delayed or deferred as a result of the forward capital review, which will deliver a revised prioritisation of projects for the next 10-Year Plan. Vested assets were \$4.9m below estimate. Debt repayments were \$1.6m below budget because of the reduced funding available from development contributions.

This activity includes:

- Roading
- Parking Facilities

Roading

Roads in this district are the arteries through which residents and visitors find their way to work, home and recreation. Our focus is to ensure the network is predictable and safe for the road user. The District Council controls 804km of formed roads (of which 449km are sealed), 90km footpaths, 89 bridges and over 3300 streetlights.

There also exist numerous other features including signs, barriers and street furniture. This activity includes not only the roadway but many associated aspects and the use of roading corridors for community activities contained in our rural roading corridors document. This activity requires the Council to work in close partnership with New Zealand Transport Agency which funds a portion of local roads through national levies and provide the complementary state highway network.

Safety continued to be a key focus and is part of our road upgrade program. We endeavor to re-engineer areas with a poor safety performance. Initiatives include such things as School Travel Safety Plans and the winter gritting and de-icing. We have also had a focus on the smoothness of road pavements as this can help reduce vehicle operating costs and improve travel comfort.

Ardmore Brownston

The Brownston Street upgrade was delayed. The completion of the design of the new roundabout – which forms a key part of the overall Ardmore Brownston Street project – has taken longer than expected due to the importance of resolving property access and safety issues. Power undergrounding, street lamps, water renewals and pedestrian refuges are now underway. Allowing for a break over the Rugby World Cup, these works will continue into early December 2011. This project has the largest Annual Plan budget of the Wanaka Capex projects.

Lake Esplanade

This project was completed on time and under budget during the last financial year. The project was a finalist in the Roading Excellence Awards 2011.

Malaghans Road Site 5

This was partially completed but held over for winter. It is now due for completion in October.

Crown Range

Last year's upgrade was successfully completed on time and under budget. More upgrades are to be undertaken this summer.

Please note the Council is not reporting on the 10-Year-Plan target regarding emergency closures. Although the Council is not aware of any there is currently no formal documentation of such closures.

Our Goals

- To provide and maintain a safe roading network that allows the integrated and sustainable movement of people and goods throughout the district.
- To provide and maintain a safe roading network that promotes and enhances the cultural, social and environmental aspects of the district.
- To provide and maintain safe town centre and urban community assets that promotes the cultural, social, economic and environmental aspects of the District.
- To deliver a road safety strategy.

Our Accountability

Target

Satisfaction based on the annual residents satisfaction survey with:

- 70% Sealed roads
- 70% Unsealed roads
- 60% Footpaths
- 65% Bus stop facilities
- 90% Trails and Cycleways

Achievement

- Achieved - Sealed roads - 83% satisfaction (76% 2010).
- Achieved - Unsealed roads - 78% satisfaction (74% 2010).
- Achieved - Footpaths - 74% satisfaction (67% 2010).
- Achieved - Bus stop - 85% satisfaction (88% 2010). Introduction of new services.
- Achieved - Trails and Cycleways - 96% satisfaction (96% 2010).

2010/11 was the first full year of the current roading maintenance contract. This covers maintenance of sealed/unsealed roads and of footpaths.

Target

- Roughness rating (NAASRA counts). NAASRA means National Association of Australia State Road Authorities.
- Urban Roads - Less than 105 NAASRA
- Rural Roads - Less than 90 NAASRA

Achievement

- Urban Roads - 102 (108 - 2010).
- Rural Roads - 71 (84 - 2010).
- (Roughness rating provides a measure of the condition of a road. The ratings are obtained using standardised mechanical tests undertaken as prescribed by Austroads.)

Target

- Percentage of smooth sealed roads (below 150 NAASRA counts)
- Urban Roads - Greater than 85%
- Rural Roads - Greater than 85%

Achievement

Achieved - Urban Roads - 86.8%

Achieved - Rural Roads - 98.2%

(Measurements are for all sealed roads measured at 100 metre intervals).

Target

No serious injury road crashes per 10,000 vehicles.

Achievement

16 serious injury crashes, including four fatal crashes, with a range of causes (this is how NZTA Road Safety Data is compiled within the 2010 calendar year). The 2010 figure was 26 serious injury crashes.

Target

100% Streets cleaned to an acceptable level to the community as determined by the annual residents satisfaction survey.

Achievement

83% satisfaction achieved (85% 2010).

Target

Mode share of non-car modes to increase to 5% of all people over a period of 10-years on Frankton Road.

Achievement

Achieved 7% (Queenstown Traffic Modal Split Survey 2011). Undertaken through annual 'screen line' surveys. (6% 2010). Change is negligible. Note that new bus services started in July 2010.

Parking Facilities

Parking provides access to the attractions of Queenstown, Arrowtown and Wanaka. Increasingly the Council is seeing tension between inner town residences and worker/visitor parking. In the past year we have reviewed parking controls in the three main centres. We have continued to work on incentivising commuters to consider travel choice options through changes to the parking regime. This included the introduction of the highly successful month-long Right Way Campaign in 2009 which has run annually since and will run in 2012.

In the Queenstown Lakes District, there are presently 3,584 parking places provided by the Council. These are made up of Free All Day, metered, time restricted, Pay & Display and leased parking places.

The Council's main carparking facilities in Queenstown are at Boundary Street and Ballarat Street. There are also facilities in Gorge Road, Athol Street, the Recreation Ground and Brecon Street. In central Wanaka the Council has facilities on Pembroke Park, Dunmore Street and Wanaka waterfront. All of these facilities are at times under considerable pressure.

In November the Council extended parking charges to the Boundary Street and Recreation Ground carparks and increased charges at the Ballarat Street Carpark. This had the objectives of increasing revenue from carparking (to enable debt associated with the parking facilities to be reduced), encouraging commuters to consider the range of travel choices, and to free up parking for visitors to the Queenstown town centre.

Our Goals

- To ensure that adequate parking options are available to residents and visitors.

Our Accountability**Target**

60% Overall Satisfaction with parking based on the annual residents satisfaction survey.

Achievement

56% satisfaction achieved (52% 2010). Notable during the year was the increase in Queenstown town centre carparking and extension of charges from two to four of the main Council off-street carparks.



Roading and Parking
Summary of Forecasted Financial Performance

Actual 2009/10		Actual 2010/11	Annual Plan 2010/11
\$000	Expenditure	\$000	\$000
16,263	Roading	15,053	16,771
511	Parking Provision	530	566
16,774	Operating Costs	15,583	17,337
18,029	Group Activity Income (1)	11,690	21,442
(1,255)	Net Cost/(Surplus) of Service	3,893	(4,105)
	Capital Expenditure		
21,362	Roading	15,416	29,062
150	Parking Provision	198	194
21,512	Capital and Debt Repayment	15,614	29,256
20,257	Funding Required/(Generated)	19,507	25,151
	Funded By:-		
9,509	Targeted Rates	10,413	10,438
6,939	Loans (Internal & External)	6,831	10,969
1,508	Transfers (to)/from Reserves	(38)	1,219
2,301	Other	2,301	2,525
20,257	Total Funding	19,507	25,151
	Activity Income Includes (1)		
907	User Charges	999	868
11,811	Grants & Subsidies	9,607	14,244
457	Other	398	450
3,327	Vested Assets	119	3,603
1,527	Capital Contributions	567	2,277
18,029	Total Activity Income	11,690	21,442

Significant Cost of Service Variances

Revenue was below estimate by \$9.7m for the year with the shortfall in subsidy income (\$4.6m) from LTNZ as a result of changes in the approved NZTA program. Development contribution income was below budget by \$1.7m, as were Vested Assets (\$3.5m).

Significant Capital Expenditure

Expenditure on major road reconstructions and rehabilitations accounts for \$6.2m of the total. The balance of \$7.8m comprises mainly resurfacing, seal extensions and town centre improvements. Included in the figure above is 30.3 km of resurfacing of sealed roads; seal extensions at Hawea; 16.25km of sealed road rehabilitation including parts of: Glenorchy Road, Lakes Esplanade Road, Brecon Road, Gorge Road, Crown Range Road, Camp Street and Perkins Road; and built 3,227m of new footpath including 822m in Glenorchy.

Significant Capital Expenditure Variances

The positive variance of \$13.6m relates to a combination of factors including the deferral of certain projects (\$7.7m) and vested assets being \$3.5m under estimate.

Corporate Mission

To provide airport and related activities in the district and meet the growing needs for airport services to the Southern Lakes District, to the highest quality and at a level within the means and in the best interests of the Community.

Goals

To achieve its mission the Company has a number of goals. These are:

- To provide a quality of service to its customers and take all reasonable steps to enhance safety margins wherever possible.
- To continue operating the company as a successful business and in an effective and efficient manner maximising the return on funds invested in the medium and long term – subordinating the latter when appropriate and necessary in order to achieve broader economic objectives.
- To expand maintain and plan the facilities at the airport to allow for full domestic and trans-Tasman operational capability of aircraft types currently in use, and likely to be in use in the future, by New Zealand domestic airlines and International Airlines likely to operate here.
- To promote Queenstown's commercial and non-commercial air travel and maximise the usage of the airport facilities.
- To seek and develop profitable business opportunities that make best use of the people, technical and financial resources of the Company.
- To act as a good employer by providing equal employment opportunities, good and safe working conditions as well as opportunities for individual career development.
- To act as a good corporate citizen in regard to the needs of the greater Lakes District Community and the environment.
- To act as a 'good neighbour' to the adjacent residential areas.

It is QAC's objective to be a successful business. This success will be measured by setting a number of objectives identified at the start of each financial year which we believe can and should be achieved within the following year. These objectives will be measurable and achievable and QAC's performance against these objectives will be reported annually.

Objectives

Target

Provide suitable terminal facilities for satisfactory trans-Tasman and expanded domestic operations.

Achievement

The Company has completed a comprehensive capacity study and Terminal expansion plans incorporating feedback from airlines, border control agencies and other stakeholders. The study will be the foundation for further expansion of Terminal capacity.

Target

Promote planning measures designed to ensure the mission and goals of Queenstown Airport can be achieved.

Achievement

The Company continues to be involved in ensuring that surrounding land developments and planning are consistent with the Airport's operations. The Airport progressed its Noise Boundary Plan Change (PC35) to a Hearing and Decision. Following appeals, PC35 is scheduled to be heard by the Environment Court in January 2012.

Target

Ensure adequate communication exists between Queenstown Airport and the community and its elected representatives by way of an ongoing public information service and the holding of regular open meetings with a liaison group comprising community group representatives, interested individuals, airport users, while continuing existing reporting systems.

Achievement

The Shareholders of the Company are represented at Board meetings as observers, and the Company provides six monthly and annual reports to the Shareholders. Regular meetings are held with Airport users and interested members of the public regarding Airport operations.

Target

Manage the noise impact of the airport in accordance with the District Plan, taking into account the surrounding residential and business areas.

Achievement

The Company continues to promote "the responsible use of airspace over Queenstown" through the Queenstown/Milford Users Group.

Target

Develop an achievable plan to meet the revised RESA requirements within the prescribed transitional timeframes.

Achievement

The Airport has completed its RESA (Runway End Safety Area) project ahead of schedule and the deadline of October 2011 to secure international flights.

Target

Achieve the forecast profit result.

Achievement

The forecast profit result in the Company's Statement of Intent was a surplus after tax of \$2.193M. The actual result was a surplus of \$4.57m. The actual shareholders funds to total assets is 81.7%.

Financial Performance

2010 Actual		2011 Actual	2011 Budget
000's		000's	000's
12,812	Revenue	15,579	12,284
9,481	Operating Expenditure	9,404	9,150
3,331	Operating Surplus/(deficit) before tax	6,174	3,134
7086	Taxation	1,598	941
74,988	Other comprehensive income	-	-
71,233	Operating Surplus/(deficit) after tax	4,576	2,193



Our Vision

To enhance the wellbeing of the community.

Our Mission

To encourage and provide for participation in sports, entertainment and recreation in our district.

Lakes Leisure was established to ensure that the communities of the Lakes District were well served by existing and planned sport and recreation facilities, and that the future of these assets was preserved for generations to come.

The impact of sport and recreation on a community's health and wellbeing, both social and physical, is well understood. It is important to ensure people not only have access to sports and recreation facilities, but are actively encouraged to participate.

Lakes Leisure's management portfolio includes:

Venues

- Queenstown Events Centre
- Queenstown Memorial Hall
- Lake Hayes Pavilion
- Arrowtown Athenaeum Hall
- Lake Wanaka Centre

Achievement

- Alpine Aqualand
- Wanaka Community Pool
- Arrowtown Memorial Pool

Objectives**Assets****Target**

Complete and maintain a Facilities Maintenance Plan for all facilities.

Achievement

A maintenance plan is in place and closely followed for all facilities. General repairs & maintenance for 10/11 were \$72k (excluding Aquatics).

Target

Work cooperatively with Council and Queenstown Airport Corporation to resolve issues in relation to use of current and planned facilities at the Queenstown Events Centre.

Achievement

Land boundaries have been discussed and will form part of the Master Facilities Plan going forward. Communication with Queenstown Airport Corporation continues regularly.

Target

Work with Council to complete a current traffic and access strategy (walking, cycling, public transport, safety, parking, and accessibility) for the Queenstown Events Centre.

Achievement

The cycle/walkway path has been established linking the Wakatipu Trails Trust route through Frankton and onto Kelvin Heights.

Target

Contribute to the planning for proposed regional leisure facilities that are currently managed, or are likely to be managed by Lakes Leisure in the future.

Achievement

The Master Facilities Plan is an ongoing project being developed in consultation with sports clubs and facility users. This will ensure the community's needs are well represented in district planning going forward. A workshop was held in January with the QLDC Councillors and the plan will be reviewed in September as part of the LTCCP review.

Participation**Target**

Support community participation and maintain an appropriate balance between direct programme delivery and facility hire.

Achievement

Lakes Leisure offers programmes for sport and leisure that encourage participation amongst the wider community. Delivery of these programmes is undertaken while also ensuring space remains available to independent community users. Swimming and volleyball are good examples of when it is appropriate for Lakes Leisure to both offer programmes and provide space to independent users.

Target

Manage a community participation strategy that effectively utilises the mechanisms of pricing, space allocation, and the amount of direct programming that meets Council's community objectives.

Achievement

There is currently a lack of court and field space at peak times which is impacting on sport and leisure participation in the district. Master Facilities Planning is currently underway that will address a shortfall in space, with development options to meet current and future demand.

Target

Record usage and participation numbers in all facilities.

Achievement

This is undertaken monthly. Total participation for 10/11 Lakes Leisure across the venues and facilities was 635,340 compared with 501,142 for the year ended June 2010.

Target

Support external parties in their independent delivery of events and deliver community focused events in the district that encourage wide community participation.

Achievement

A working group comprised of Lakes Leisure, DQ, QLDC, Chamber of Commerce and Lake Wanaka Tourism has been established to develop a cohesive events strategy in the future. Lakes Leisure fosters close working relationships with local and national event managers to assist them in the delivery of events they are promoting. Lakes Leisure delivered several community events in the year that included art and culture, sporting and children's productions.

Target

Continue to provide direct programme delivery in the district.

Achievement

Lakes Leisure delivered five children's programmes (including aquatics), one woman's programme and three sports leagues in the financial year.

Target

Continue to grow the Learn to Swim Programmes and Aquatic Education programmes in order to enhance water safety in the district.

Achievement

Aqualand Swim School Growth rates:

Swim School Programme*	2008	2009	2010	2011
Children & Adults	to yr end			
Term 1	0	453	611	583
Term 2	0	423	555	501
Term 3	226	435	428	
Term 4	319	596	580	
 Aquatic Education Programme*				
Term 1	0	58	285	414
Term 2	0	0	93	202
Term 3	0	0	390	
Term 4	232	338	321	

*Please note these tables represent calendar years and terms 3 and 4 of 2011 will be reported in the following financial year

Target

Achieve membership targets for the Health and Fitness Centre.

Achievement

Alpine Health & Fitness has exceeded performance targets with membership for the year end budgeted to be 1100. At 31 July 2011 membership was 1400.

Target

Continue to grow participation in health and fitness activities for the wider community.

Achievement

Programmes are run for overweight people with 25 people going through the fully sponsored Big Bods programme. The Leisurelys programme targeted at older people in the community, has grown to 28 members.

Operations**Target**

Maximise the efficient use of pool space for maximum community benefit.

Achievement

Lakes Leisure works closely with community groups to ensure fair allocation of space to sports groups that will maximise pool usage without disadvantaging individual public users. A policy is maintained which ensures a minimum of 3 lanes at peak times and 4 lanes at all other times are available for public use. The only exceptions made are for events such as school sports which require all 8 lanes. The swims schools in both Wanaka and Alpine Aqualand are experiencing consistent growth.

Target

Maintain safe and well managed pools that meet "Pool Safe" guidelines.

Achievement

Alpine Aqualand passed its annual "Pool Safe" review administered by the NZ Recreation Association. Work is being done to assist the Wanaka Community Pool to gain eligibility for this voluntary accreditation.

Target

Manage the district sports field maintenance contract efficiently and effectively.

Achievement

Maintenance has been delivered within budget to the prescribed standards set down in the QLDC contract.

Target

Manage community facilities to ensure efficiency of operation.

Achievement

The Yardstick Pools and Leisure Centres Report 2010 reported Lakes Leisure pools to have excellent operational efficiency benchmark results. These included a low operating cost per m3 of water with Alpine Aqualand ranked as having the 5th lowest cost per m3 in New Zealand, and Wanaka Community Pool the 3rd lowest for indoor pools.

Target

Measure and deliver facilities and services to ensure high levels of customer satisfaction

Achievement

The QLDC 2010 ratepayers survey measured user satisfaction and reported a 12% increase for swimming pools, an 8% increase for venues, a 7% increase for sports fields and a 14% overall increase in satisfaction with Lakes Leisure.

Financial Sustainability and Organisational Development

Target

Maintain and strengthen financial position.

Achievement

The balance sheet has significantly strengthened with increased assets and a reduction in loan funding.

Target

Develop a strategy to secure sponsorship and funding grants for community programmes.

Achievement

Funding is being sought for programme sponsorship and commercial sponsors are also being assessed for their suitability and willingness to support other Lakes Leisure projects.

Target

Complete and manage a sponsorship and community funding strategy by December 2009.

Achievement

Lakes Leisure has a sponsorship strategy in place that is geared towards the support of community based, volunteer and not for profit organisations that are considered complementary to Lakes Leisure's goals supporting the social, cultural, economic and environmental wellbeing of the community. As a not for profit organisation Lakes leisure does not provide cash sponsorships preferring the provision of facilities and services. Events such as Winter Festival, Winter Games and the Festival of Colour were supported with venue sponsorship. Several smaller sponsorships were granted to community and charitable organisations to assist them in fundraising.

Target

Secure funding for all capital items required for ongoing operations.

Achievement

This has been managed as part of the Annual Plan and delivered within budget.

Target

Explore the viability and feasibility of business opportunities when they arise.

Achievement

Alpine Health & Fitness is self funding and the QEC cafe provides revenue to Lakes Leisure in the form of rental income. Both are examples of revenue streams that have been developed.

Target

Develop alternative revenue streams to minimise dependence on ratepayer funding.

Achievement

Sports tourism is a potentially very good revenue stream for Lakes Leisure that will complement community use of the facilities. Sports teams use of the facilities is largely off peak creating minimal disruption to community users. A business case is being developed for a dedicated RPM studio that will both provide additional revenue from RPM and other classes that can use the hours currently taken by delivering the very popular RPM in the existing group fitness studio. The new RPM studio will be membership revenue funded.

Target

Effective recruitment, management, development and care of staff.

Achievement

Internal communications have been increased to foster staff engagement in the overriding objectives. A companywide understanding of the company values is being developed through workshops and the conscious reinforcement of recently re-defined value behaviours. A staff wellbeing programme has been implemented to ensure staff are given .

Financial Performance

2010 Actual		2011 Actual	2011 Budget
000's		000's	000's
5,216	Revenue	6,806	6,454
4,737	Operating Expenditure	5,573	5,217
479	Operating Surplus/(deficit) before tax	1,233	1237
-	Taxation	4	-
479	Operating Surplus/(deficit) after tax	1,229	1237

Lakes Environmental Ltd (LEL) was incorporated on 12 March 2007 and is 100% owned by the Council. The primary objective of the company is to provide resource management and regulatory services for the community.

LEL is a Council Controlled Organisation (CCO) in terms of section 6 of the Local Government Act 2002.

Goals

- To achieve the performance targets specified in the contract for services between the Company and the Queenstown Lakes District Council;
- To educate and inform the community on the matters within the Company's scope of service;
- To provide excellent customer service to all its customers;
- To adopt a culture of continuous improvement in the delivery of all of its statutory responsibilities in respect to quality, timeliness, consistency and cost;
- To recover its reasonable costs, with such costs including the direct and indirect costs of operation, development of systems and processes, staff training and development, education and awareness for consent applicants and the wider industry, depreciation of fixed assets and servicing and reducing debt; and
- To observe and promote the spirit and intent of the District Plan as it relates to resource consent matters, and ensure the relevant laws and standards applying to other functions are observed.

Objectives

Target

To achieve 90% customer satisfaction.

Achievement

92% achieved (77% 2010) - as determined by the results of a direct customer survey (those who rated themselves satisfied or better in their dealings with the company).

Target

To achieve 90% staff satisfaction.

Achievement

82% achieved (82% 2010). The staff satisfaction survey measures the degree of staff satisfaction with the company as an employer. Staff satisfaction has remained unchanged when compared with the 2010 result and is below the target (90%).

Target

To have no more than 11% staff turnover.

Achievement

25% staff turnover - as consent application volumes have decreased, staff levels have been reduced proportionately. (28% 2010) The staff turnover measures the number of permanent staff that left the company during the year ended 30 June 2011 as a percentage of total staff positions as at 30 June 2011.

Target

To have nil number of lost time injuries.

Achievement

No lost time injuries. (Nil 2010) A lost time injury is an injury incurred at work that requires more than one day off work.

Financial Performance

2010 Actual		2011 Actual	2011 Budget
000's		000's	000's
7,717	Revenue	7,611	7,903
7,531	Operating Expenditure	7,363	7,671
(186)	Operating Surplus/(deficit) before tax	248	232
60	Taxation	82	58
126	Operating Surplus/(deficit) after tax	166	174



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF QUEENSTOWN LAKES DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

The Auditor-General is the auditor of Queenstown Lakes District Council (the District Council) and group. The Auditor-General has appointed me, Peter Gulliver, using the staff and resources of Deloitte, to carry out the audit of the financial statements, statements of service performance and compliance with the other requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 15 to 59, that comprise the statement of financial position as at 30 June 2011, the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the statements of service performance of the District Council on pages 60 to 96; and
- the District Council's compliance with the other requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report (other schedule 10 information).

Opinion on the Financial Statements, Statements of Service Performance and other Schedule 10 Information

In our opinion:

- The financial statements of the District Council and group on pages 15 to 59:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2011; and
 - the financial performance and cash flows for the year ended on that date.
- The statements of service performance of the District Council on pages 60 to 96:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council levels of service for the year ended 30 June 2011, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term

council community plan; and

- the reasons for any significant variances between the actual service and the expected service.
- The District Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Our audit was completed on 25 October 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

Basis of Opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, statements of service performance and other schedule 10 information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, statements of service performance and other schedule 10 information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, statements of service performance and other schedule 10 information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, statements of service performance and other schedule 10 information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council and group's financial statements, statements of service performance and other schedule 10 information that fairly reflect the matters to which they relate. We consider internal control 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements and statements of service performance;
- determining the appropriateness of the reported statements of service performance within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, statements of service performance and other schedule 10 information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, statements of service performance and other schedule 10 information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statements of service performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council and group's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to its forecast; and
- other information required by schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, statements of service performance and other schedule 10 information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, statements of service performance and compliance with the other schedule 10 information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit we have carried out assignments in the areas of tax compliance, the audit of an amendment to the Long Term Council Community Plan, and the audit of the Long Term Plan which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the District Council or any of its subsidiaries.



Peter Gulliver
Deloitte
On behalf of the Auditor-General
Dunedin, New Zealand

Matters relating to the electronic presentation of the audited financial statements, statement of service performance and the other requirements

This audit report relates to the financial statements, statement of service performance and the other requirements of Queenstown Lakes District Council and group for the year ended 30 June 2011 included on Queenstown Lakes District Council's website. The Council is responsible for the maintenance and integrity of Queenstown Lakes District Council's website. We have not been engaged to report on the integrity of Queenstown Lakes District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, statement of service performance and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, statement of service performance and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, statement of service performance and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, statement of service performance and the other requirements as well as the related audit report dated 25 October 2011 to confirm the information included in the audited financial statements, statement of service performance and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.