

**QLDC Council
26 October 2017**

Report for Agenda Item: 7

Department: Finance & Regulatory

Annual Report 2016/17

Purpose

The purpose of this report is to adopt the Annual Report for the year ended 30 June 2017.

Recommendation

That Council:

1. **Adopt** the Annual Report for the year ended 30 June 2017 pursuant to sections 98 and 99 of the Local Government Act 2002, and as recommended by the Audit, Finance and Risk Committee.

Prepared by:



Lyn Zeederberg
Financial Controller

10/10/2017

Reviewed and Authorised by:



Stewart Burns
General Manager, Finance
and Regulatory

10/10/2017

Background

- 1 Sections 98 and 99 of the Local Government Act 2002 require Council to prepare its Annual Report for the year ended 30 June 2017 in accordance with the information required by Part 3 of Schedule 10 of the same Act.
- 2 Council is required to adopt its Annual Report by 31 October 2017. The Annual Report was considered at the meeting of the Audit, Finance and Risk Committee ("the Committee") on 5 October 2017.
- 3 The auditors attended this meeting and briefed the Committee on the audit process for the Annual Report 2016/17. This year's audit focused heavily on the revaluations of Council infrastructure and investment property. Council is expecting to receive an unqualified audit report.

- 4 This Annual Report is produced pursuant to the requirements of the Local Government Act 2002. The purposes of an annual report as per section 98 (2) are:
 - a. to compare the actual activities and actual performance of the local authority in the year with the intended activities and the intended level of performance as set out in respect of the year in the 10 Year plan and the annual plan; and
 - b. to promote the local authority's accountability to the community for the decisions made throughout the year by the local authority.

Comment

- 5 A copy of the Annual Report 2016/17 has been circulated to all elected members and it is expected that Council's auditors (Deloitte) will have issued an unqualified opinion on the report by the meeting date. This means that in the opinion of the auditors, the financial statements fairly reflect the financial performance and position of the Council and Group for the year ended 30 June 2017.
- 6 The audit process has been completed and no changes are expected to the Annual Report at Attachment A.
- 7 The Committee considered a draft Annual Report 2016/17 at its meeting on 5 October 2017. No changes to the draft Annual Report were made at this meeting. The Committee has recommended that Council adopt the Annual Report 2016/17 at Attachment A.
- 8 The introductory information in Section One provides a summary of the main financial issues and also the major achievements over the financial year. The key features are:
 - a. QLDC recorded a surplus of \$68.0m for the year. This is up from the \$39.4m surplus recorded last year and also up against a budget of \$21.5m.
 - b. The main reasons for the higher surplus, which is not profit, are related to higher revenue (\$16.1m) to budget and \$34.6m of unrealised net gains on revaluation of QLDC assets. The \$34.6m movement in value for the year relates to the Council's investment property; this is a gain on paper due to higher market prices and the change in zoning for the Lakeview land in Queenstown.
 - c. Both revenue and operating expenditure were above budget for the year ended 30 June 2017. Revenue was above estimate by 12.9% or \$16.1m and expenditure was over by 5.5% or \$5.72m. This reflects extremely high levels of activity across all activities.

Options

- 9 Option 1: The report is for adoption as required by legislation, therefore no options are discussed.

Significance and Engagement

- 10 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because the Annual Report process is largely a reporting back mechanism. The Annual Report neither contains nor requires any new decisions from Council.

Financial Implications

- 11 The Annual Report provides the main mechanism for reporting back to the community on the year's financial results and on organisational performance.

Council Policies, Strategies and Bylaws

- 12 The following Council policies, strategies and bylaws were considered:

- 10 Year Plan 2015-25
- Annual Plan 2016/17

- 13 The recommended option is consistent with the principles set out in the named policy/policies.

Local Government Act 2002 Purpose Provisions

- 14 The recommended option:

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

Consultation: Community Views and Preferences

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

- 16 The report provides a basis for communication between the Council and the community on the year's financial results and on organisational performance, and as such no wider consultation is required.

- 17 The final Annual Report 2016/17 will be made available via the QLDC website.

Legal Considerations and Statutory Responsibilities

- 18 Section 98 of the Local Government Act 2002 requires that a local authority complete and adopt the annual report by resolution within 4 months after the end of the financial year to which it relates.

Attachments (Circulated separately)

- A Annual Report for the year ended 30 June 2017