

QLDC Council  
28 October 2021

Report for Agenda Item | Rīpoata moto e Rāraki take : 1

Department: Finance, Legal & Regulatory

Title | Taitara Annual Report 2020/21

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

The purpose of this report is to adopt the Annual Report for the year ended 30 June 2021 pursuant to sections 98 and 99 of the Local Government Act 2002.

RECOMMENDATION | NGĀ TŪTOHUNGA

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That Council:

1. **Note** the contents of this report; and
2. **Adopt** the Annual Report for the year ended 30 June 2021 pursuant to sections 98 and 99 of the Local Government Act 2002, and as recommended by the Audit, Finance and Risk Committee.

Prepared by:



Paddy Cribb  
Finance Manager  
14/10/2021

Reviewed and Authorised by:



Stewart Burns  
GM Finance Legal & Regulatory  
14/10/2021

## CONTEXT | HORPOAKI

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- 1 Sections 98 and 99 of the Local Government Act 2002 require Council to prepare its Annual Report for the year ended 30 June 2021 in accordance with the information required by Part 3 of Schedule 10 of the same Act.
- 2 Council is normally required to adopt its Annual Report by 31 October 2021. However due to the impact of COVID-19, legislation was passed to extend this deadline temporarily until 31 December 2021, which is the same two month extension as last year. Notwithstanding, Council has managed to complete the work required within the original timeframe.

## ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

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- 3 The Annual Report was considered at the meeting of the Audit, Finance and Risk Committee (“the Committee”) held on 14 October 2021.
- 4 The auditors attended this meeting and briefed the Committee on the audit process for the Annual Report 2020/21. Council is expecting to receive an unqualified audit opinion.
- 5 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.
- 6 A copy of the Annual Report 2020/21 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 2021.
- 7 The audit process will have been completed by the time this agenda is circulated and no changes are expected to the Annual Report at Attachment A.

### Financial Summary

- 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 \$17.8m for the year. This is well down from the \$51.4m surplus recorded last year and the budget of \$31.6m.
  - b. Revenue was above estimate by 20.6% or \$37.8m. There was additional vested asset income of \$30.9m, this non-cash income reflects the value of assets passed to Council as a result of continued high levels of development activity in the district and an increase in development contribution income of \$2.1m which is related to

the level of development activity within the district. This income can only be used to fund growth related capital expenditure. The increase in revenue reflects better than expected levels of activity for the financial year.

- c. Operating expenditure was \$44.1m (27.7%) over budget for the year. Most of this negative variance (\$22.0m) is due to an increase in loss provision to defend and resolve building related legal claims against the Council and \$12.4m of costs originally included within capital budgets which have been transferred to operational costs as they cannot be capitalised.
- d. Overall, the impact of COVID-19 was less than expected on both revenue and expenditure for the year.

### Options:

- 9 This report does not identify options as required by section 77 of the Local Government Act 2002 because the Council is required by statute to adopt an Annual Report and this is the recommendation contained in this report.

## CONSULTATION PROCESS | HĀTEPE MATAPAKI:

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### > SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

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

### > MĀORI CONSULTATION | IWI RŪNANGA

- 11 The Council consulted with Te Ao Marama and Aukaha on behalf of Mana Whenua as part of the 10 year Plan (LTP) process.

## RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

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- 12 This matter relates to the Regulatory/Legal/Compliance risk category.

### FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

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

## COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

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

- 2018-28 Ten Year Plan
- 2020-21 Annual Plan

## LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

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15 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- 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.

## ATTACHMENTS | NGĀ TĀPIRIHANGA

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A	Annual Report for the year ended 30 June 2021
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