

# Annual Report Summary

2015/2016



# Contents

Section 98(4)(b) of the Local Government Act 2002 requires Council to make publicly available a summary of the information contained in its annual report. The specific disclosures included in the summary annual report have been extracted from the full annual report adopted by Council on 06 October 2016. The summary annual report cannot be expected to provide as complete an understanding as provided by the full annual report. The full financial report dated 6 October 2016 has received an unqualified audit report. A copy of the full annual report can be obtained on the Council website – [www.qldc.govt.nz](http://www.qldc.govt.nz)

This summary annual report has been examined by the auditor for consistency with the full annual report. The auditor's report is included with this summary.

The Council's full annual report has complied with NZ GAAP and stated explicitly that it complies with Public Benefit Entity (PBE) Standards for Tier 1 entities. This was the second annual report prepared in accordance with PBE Standards. The summary annual report complies with FRS 43 – Summary Financial Statements and is the second summary annual report to comply with PBE Standards as they relate to summary financial statements.

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## SUMMARY FINANCIAL INFORMATION

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# Contact us



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## COUNCIL OFFICES

### QUEENSTOWN OFFICE



10 Gorge Road  
Private Bag 50072, Queenstown

### WANAKA OFFICE



47 Ardmore Street  
Wanaka

## QUEENSTOWN AIRPORT CORPORATION LIMITED\*

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

\* A Council-controlled trading organisation

## AUDITORS

Deloitte on behalf of the office  
of the Auditor General

Dunedin

## SISTER CITIES

- > Aspen, Colorado, USA (Queenstown)
- > Hikimi, Shimane, Japan (Wanaka)
- > Hangzhou, China

# Chief Executive's Report



The Queenstown Lakes District continues to experience a period of sustained growth. This is reflected in our increasing population, visitor numbers, land prices, housing and accommodation costs and in the demand for infrastructure and public services. The Annual Report reflects the activities the Council has undertaken in the last 12 months to meet the challenges of this expansion, while maintaining prudent stewardship of the community's finances and assets.

This year we have introduced two new sets of performance measures. The first assesses our performance against national criteria set by the Department of Internal Affairs. The second provides consistent measures across all the local authorities in Otago. Together with the results of our annual residents and ratepayers survey, these measures provide new levels of accountability to our community. You will find these reported against our KPIs throughout the Annual Report.

The 2010 amendments to the Local Government Act 2002 encourage councils to focus on core services. These include roading, water, stormwater and sewerage networks; solid waste and recycling; avoiding and mitigating natural hazards; and community infrastructure such as libraries, pools and sports grounds.

In the past year we accelerated progress on the upgrade of Project Shotover to bring forward the completion of Stage One to December 2016. Project Shotover treats the sewage and wastewater from most communities in the Wakatipu. The upgrade increases the plant's capacity and provides a higher standard of treatment, ensuring that discharges meet the standards required by our resource consents.

The other major capital project that was brought forward in 2015-16 was the construction of the Wanaka Recreation Centre, which opened in July and provides high quality indoor sports facilities for Wanaka and the whole Upper Clutha community. Sports fields and outdoor courts will be added to the complex progressively. New swimming facilities including Wanaka's first dedicated learn-to-swim pool are being built alongside and will be open in 2017 to replace the aged community pool in Plantation Road, which is reaching the end of its life.

QLDC has sharpened our focus on transport and roading over the past 12 months, in response to increasing community expectations that congestion and parking issues will be addressed more quickly than provided for in the 10-Year Plan. Projects begun or completed in 2015-16 include finalising the route of the new Eastern Access Road around Frankton Flats to take pressure off the BP Roundabout; changes to car parking in Frankton and Central Queenstown; discouraging campervans from entering inner-Queenstown streets; a trial pedestrianisation of Upper Beach St; and commissioning two sets of traffic lights replacing roundabouts in central Queenstown. Some of these projects were undertaken in partnership with the New Zealand Transport Authority.

Providing housing is not one of our core services, yet our community is looking to QLDC for leadership and direction on the availability and cost of accommodation in many parts of our district. The review of the District Plan is addressing some of the constraints on development, while maintaining provisions to protect the landscapes and features that are significant and special to our communities. QLDC also has a Housing Accord with the Government, aimed at facilitating new housing developments to increase the supply of homes in the Wakatipu area.

We faced well-publicised challenges in the area of building control during the year, mostly arising from the continued growth in building and development across the district and a national shortage of qualified building inspectors. A routine audit by IANZ showed we were not meeting all the standards required of us as an accredited Building Control Authority, and 19 corrective actions were identified. These included reducing the length of time taken to process consent applications; improving systems and processes; more staff training; updating forms and checklists; and better record keeping. QLDC committed to making all the necessary improvements and we have retained our accreditation, with a further audit scheduled for October 2016.

The adoption of this Annual Report is the final act of the outgoing Council. I would like to acknowledge the contribution of the elected representatives on both the Council and the Wanaka Community Board, as well as the Council's staff whose efforts are reflected in the strong and effective services and facilities that the Council continues to deliver to the Queenstown Lakes community.



**Mike Theelen**  
Chief Executive  
Queenstown Lakes District Council

# Delegated Responsibilities as at 30 June 2016

Vanessa van Uden  
**MAYOR**

Mike Theelen  
**CHIEF EXECUTIVE**

Adam Feeley was Chief Executive of QLDC until February 2016, when Mike Theelen began in the role.

Merv Aoake  
 Craig (Ferg) Ferguson  
 Alexa Forbes  
 Mel Gazzard  
 Cath Gilmour  
 Simon Stammers-Smith  
**WAKATIPU WARD**

Meaghan Miller - GM, Corporate Services  
 Tony Avery - GM, Planning & Development  
 Stewart Burns - Chief Financial Officer  
 Peter Hansby - GM, Property & Infrastructure  
**MANAGEMENT GROUP**

Rachel Brown (Chair)  
 Bryan Lloyd (Deputy)  
 Lyal Cocks  
 Ella Lawton  
 Calum MacLeod  
 Ross McRobie  
 Mike O'Connor  
**WANAKA COMMUNITY BOARD**

Scott Stevens  
**ARROWTOWN WARD**

Lyal Cocks  
 Ella Lawton  
 Calum MacLeod  
**WANAKA WARD**

Audit and Risk Committee  
 District Licensing Committee  
 Property Subcommittee  
 Resource Consent Commissioner Appointment Subcommittee  
 Chief Executive Performance Review Committee  
**COUNCIL COMMITTEES**

# QLDC Financial Results at a glance 2015/16

The Council recorded a surplus of \$39.4m for the year. This is up from the \$30.3m surplus recorded last year and against the budget of \$26.7m. The main reasons for the higher surplus, which is not profit, are related to higher revenue (\$3.0m) to budget, \$9.3m of unrealised net gains on revaluation of Council assets and \$15.0m of realised gain on sale of Council development property. Operating revenues were above budget by 2.6% for the year ended 30 June 2016. This was above the estimate by \$3.0m.

The following major items contributed to this variance:

- Increased user charges of \$5.9m of which \$2.2m is directly related to the increase in development activity within the district. This increased revenue from consents, regulatory activities and solid waste offsets increased costs in these areas.
- Increased development contributions of \$1.2m also related to the increase in development activity within the district.
- Vested Assets were \$1.4m above budget for the year; this a non-cash item and relates to the value of assets transferred to Council via the subdivision process.
- Roading subsidy for capital works was \$6.4m under budget for the year, mainly as a result of reduced roading capital expenditure due to the timing of some projects, e.g. Eastern Access Road at Frankton Flats.

The surplus includes the following:

- \$9.3m of unrealised gains relating to the annual revaluation of Council owned investment property. This follows a 2015 value gain of \$7.66m.
- \$15.0m realised gain on sale of Council owned development property in Wanaka. This property had been earmarked for development and sale by Council in May 2006.
- \$1.5m of unrealised losses as a result of the revaluation of interest rate swaps as at 30 June 2016.

Operating expenditure was \$13.4m (14.8%) over budget for the year ended 30 June 2016. Over 50% of this negative variance is due to the costs to defend and resolve a number of building related legal claims against the Council. Much of the remaining negative variance relates to the costs of managing increased activity volumes for the year.

The major remaining operational cost variances are as follows:

- Staff related costs for the year were \$481k higher than budget mainly due to increased resourcing in Planning and Development. This has mostly been offset by additional revenue relating to increased activity in building consents.
- Depreciation expense for the year is \$1.4m higher than budget. This is due to the amortisation of software (\$411k) and the higher than expected vested assets for the last two years.
- Interest expense for the year is \$2.7m less than budget. This is a result of the timing of some capital works and lower than expected interest rates.
- Costs for professional services were \$1.1m above budget for the year, mainly as a result of an increase in on-chargeable consultant costs related to consents.
- Costs for road maintenance were \$1.2m above budget for the year, mainly as a result of snow clearing work required in winter 2015.
- Increased costs of \$1.1m for handling larger than expected volumes of solid waste for the year.
- Expenditure of \$1.4m reflecting the payment of affordable housing grants to the housing trust, offset by the same amount in income.

## STATEMENT OF FINANCIAL POSITION

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

- Capital expenditure was below estimate by \$14.4m for the year ended 30 June 2016.
- This relates mostly to timing differences for the following large projects: Frankton Flats Eastern Arterial Road (2015/16 Budget of \$4.1m - project now programmed for 2016/17); Queenstown Convention Centre (2015/16 Budget of \$2.2m - project now on hold); and Wanaka Aquatic Centre (2015/16 Budget of \$6.8m - project now programmed for 2016/17).
- Reduced capital expenditure in 2015/16 and 2014/15, as well as the sale of the Scurr Heights land, results in borrowings that are \$44.5m below forecast. Total debt as at 30 June 2016 is \$75.9m compared to a forecast of \$120.4m.

## STATEMENT OF CHANGES IN EQUITY

Accumulated differences between actual and budgeted net surpluses as described above for 2016, as well as the impact of the investment property revaluation and reduced borrowings, has resulted in an equity variance of \$17.6m above forecast.

## STATEMENT OF CASH FLOWS

The budget variations explained above also contribute to budget variations in the Statement of Cash Flows, particularly cash flows from investing and financing activities. Cash payments for the purchase of property, plant and equipment (i.e. capital expenditure) was \$12.5 million below estimate; sale of development property was \$15.3m above estimate and net borrowings were consequently around \$25.2 million less than expected.

# Financial Strategy

The Financial Strategy must show prudent financial management by our Council and act as a guide when we make big funding decisions. It also outlines how the Council will tell the story about projects so that the community can understand the implication of big decisions on areas such as rates, debt and investments. The strategy is contained in full in Volume 2 (pp 11-17) of the 2015 10-Year Plan [www.qldc.govt.nz](http://www.qldc.govt.nz)

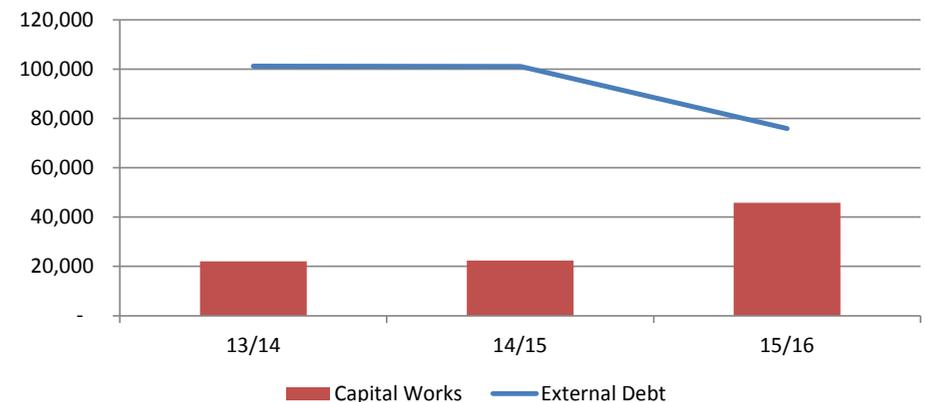
The Council's Financial Strategy is aimed at responding to the needs of our district today and into the future in a responsible and affordable way. It is important that the costs of providing facilities with long lives are shared between today's ratepayers and those in the future. If the task is successfully delivered, the following outcomes should be achieved:

- Prioritised Capital Programme – delivering the 'right' projects at the optimum time.
- Rates increases set at a maximum of 6% per annum (subject to changes in growth or increased levels of service).
- Debt levels maintained at prudent levels (within Borrowing Limits).
- Debt levels at the end of the 10 year period have stabilised and provide sufficient financial flexibility for future Councils.
- The continued provision of excellent service within financial constraints.

## REPORTING BACK ON FINANCIAL STRATEGY

### Capital Programme

#### External Debt vs Capital Works (000's)



The graph above shows that the actual spend on capital projects has increased significantly for the 2015/16 year compared to the past 2 years. This is the result of good progress on major projects including Project Shotover and the Wanaka Recreation Centre.

## RATES

The graph below shows the actual rates increases over the past 3 years compared to the increases forecasted in the 10-Year Plan. The total rates for 2015/16 are in line with the forecast amount. The rates for 2016/17 have been set at \$62.5m compared to the forecasted amount of \$62.7m in the 2015 10-Year Plan. The increase is 1.99% (after allowance for growth) compared to the forecast 3.27%.

The larger increases for 2016/17 reflect the impact of major new facilities including Project Shotover in Queenstown and the Wanaka Recreation Centre. Both of these projects represent significant increases to current levels of service and consequently increased costs.

**Rates Increase % - Actual and Forecast (after allowing for growth)**



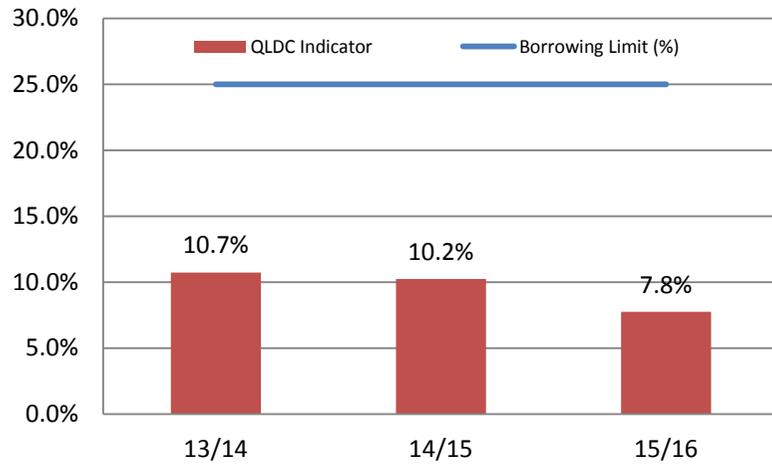
## DEBT LEVELS

Council will need to borrow in order to deliver the large capital programme included in the 10-Year Plan. Council has spent a considerable amount of time and effort working through the capital programme to ensure it is affordable and deliverable. The actual external debt at 30 June 2016 was \$76m; this is \$25m less than June 2015 and \$44.5m less than the amount forecast in the 2015 10-Year Plan.

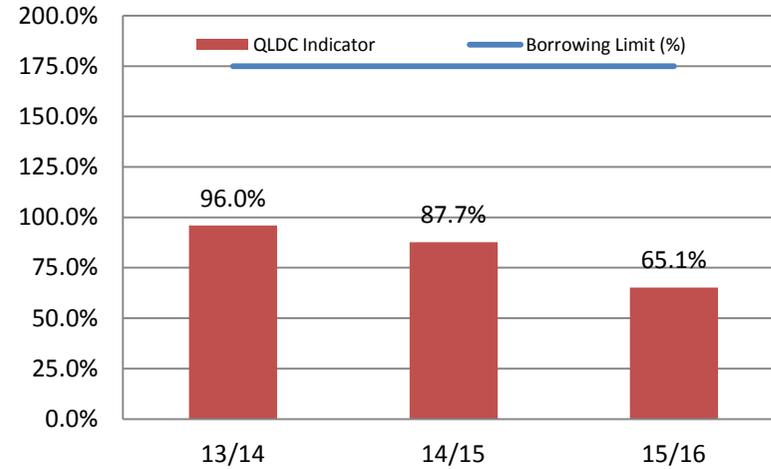
The actual and proposed levels of debt are now within all of the Council's self-imposed borrowing limits:

Borrowing Limits (%)	Actual 2013/14	Actual 2014/15	Actual 2015/16	Forecast 2015/16
Interest Expense/Rates < 25%	10.7%	10.2%	7.8%	12.2%
Interest Expense/Total Revenue < 15%	5.6%	5.0%	3.8%	6.1%
Net Debt/Total Revenue < 200%	96.0%	87.7%	65.1%	101.4%
Net Debt/Total Equity < 20%	10.7%	10.4%	7.6%	12.0%

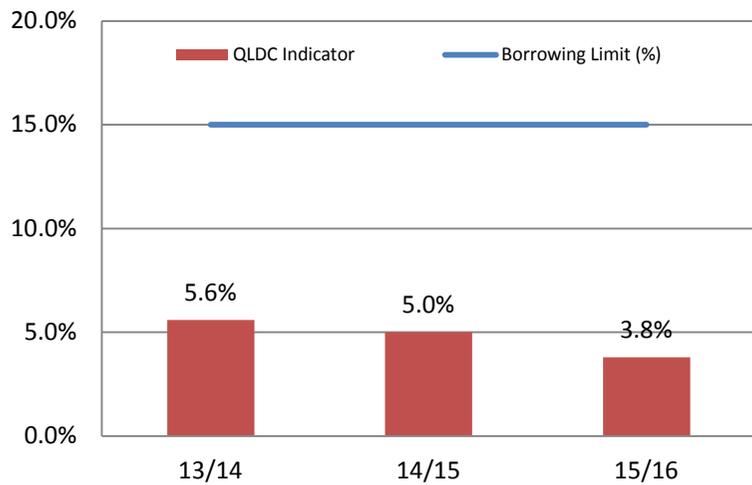
### Interest Expense / Rates Revenue



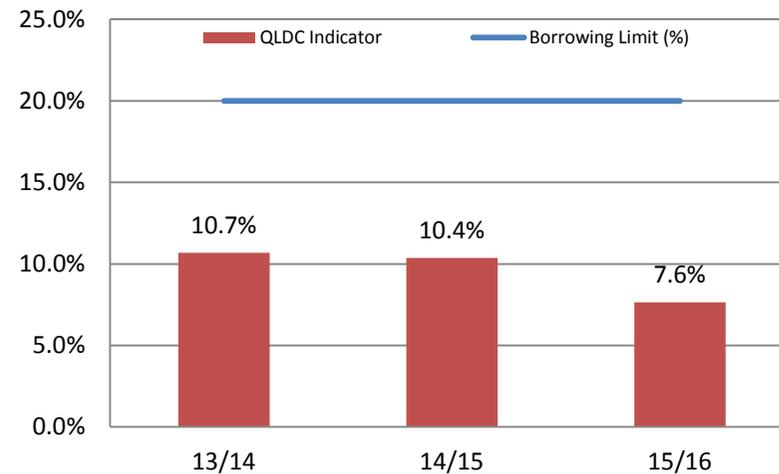
### Net Debt / Total Revenue



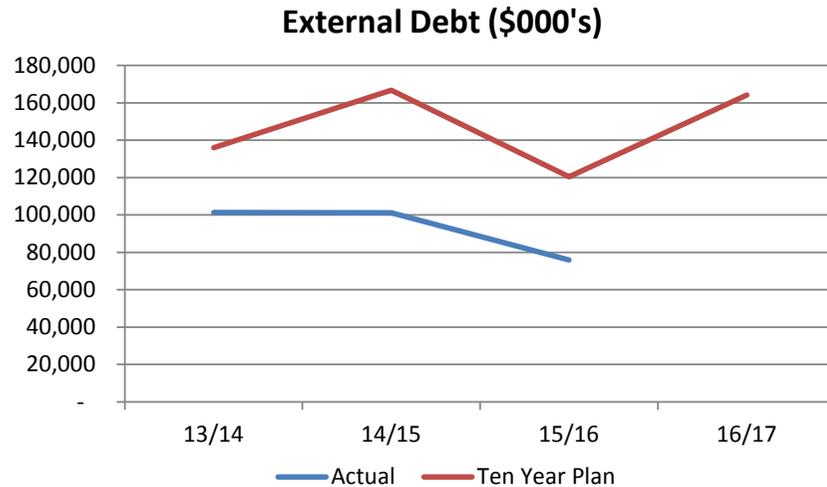
### Interest Expense / Total Revenue



### Net Debt / Equity



The following graph shows the forecast debt levels compared to actual debt levels up to 2015/16. As can be seen, actual debt levels are significantly reduced. The total debt as at 30 June 2016 is \$76m, which is \$44.5m less than forecast in the 2015 10-Year Plan.



This is due to reduced capital spending as previously explained; increased debt repayments and the recent sale of Scurr Heights development land.

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

## CAPITAL WORKS 2014/15

Notable infrastructure projects that have been substantially advanced or completed during the 2015/16 financial year:

Project	Cost at Year End 2016 (\$)
Project Shotover (2015/16 Costs)	16,536,559
Wanaka Recreation Centre (2015/16 Costs)	8,829,415
Frankton Flats / Glenda Drive (2015/16 Costs)	1,610,051
Wanaka Aquatic Centre	1,419,028
Hawthorne Drive / Eastern Access Rd (2015/16 Costs)	1,245,553
Frankton Flats Stormwater - Construction (2015/16 Costs)	867,213
Wakatipu - Sealed road resurfacing	730,317
Land Purchase - Wanaka - Reserve	706,811
Albert Town Ring Main	696,206
Wanaka - Sealed road resurfacing	684,652
Wanaka Wastewater - Aubrey Road East	620,828
Wakatipu - Unsealed road metalling	584,091
Wanaka - Unsealed road metalling	570,086
Glenorchy - Sealed road resurfacing	451,162
Frankton Flats Water Supply - Construction (2015/16 Costs)	399,407

The following carry-forward projects (>\$120k) are scheduled for completion in 2016/17 and were approved by Council in August 2016:

- Project Shotover (\$4m)
- Eastern Access Road including 3 Waters (\$2.9m)
- Wanaka Aquatic Centre (\$5.4m)
- Wanaka Recreation Centre (\$3.2m)
- Convention Centre (\$2.8m)
- Andrews Road Safety Improvements (\$270k)
- Albert Town Ring Main (\$233k)
- Mt Aspiring Road booster to address firefighting capability (\$229k)
- Wanaka Lakefront Reclamation (\$209k)
- Atley Rd Extension (\$205k)
- Arrowtown Athenaeum Hall Seismic Strengthening (\$203k)
- Cardrona New Water Supply Scheme (\$202k)

# Summary Statement of Service Performance

Queenstown Lakes District area

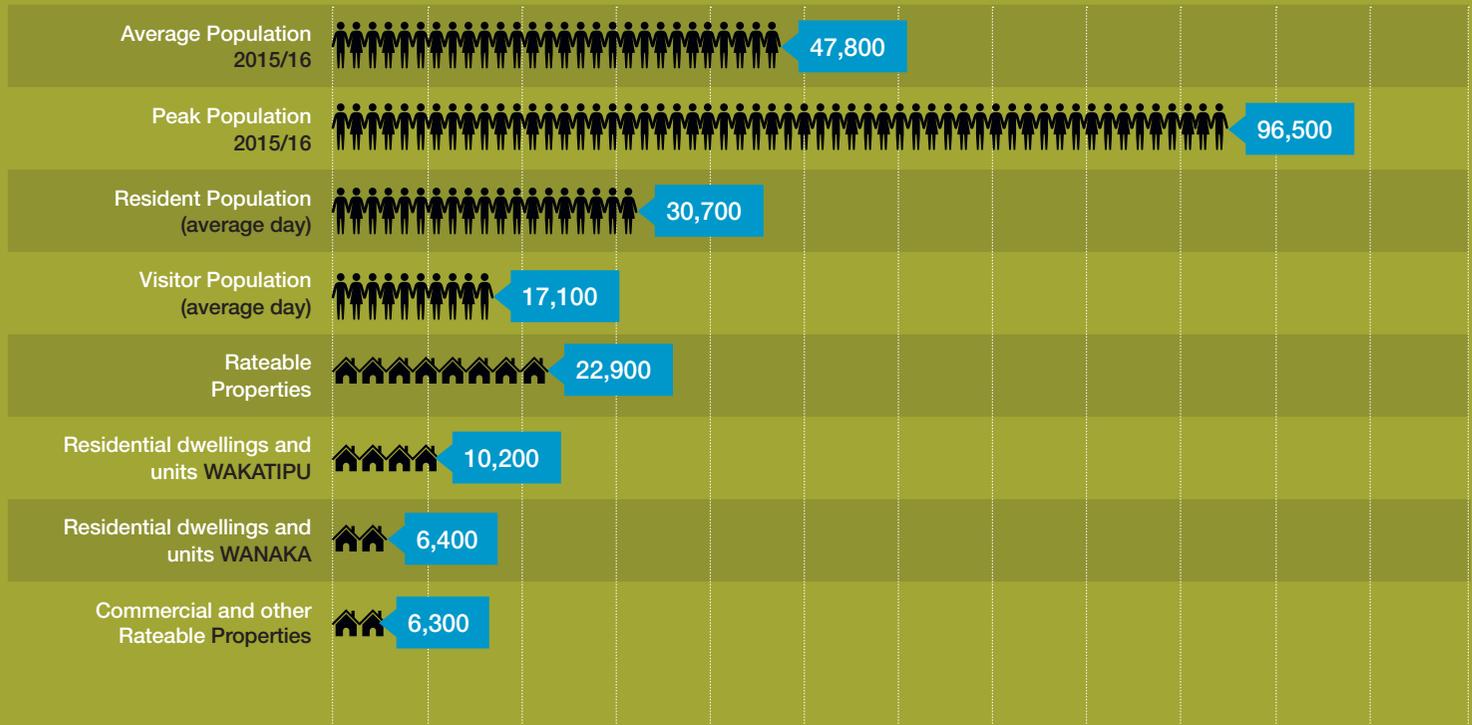
8,467  
square kilometres

We live in one of the  
most beautiful places  
on the planet

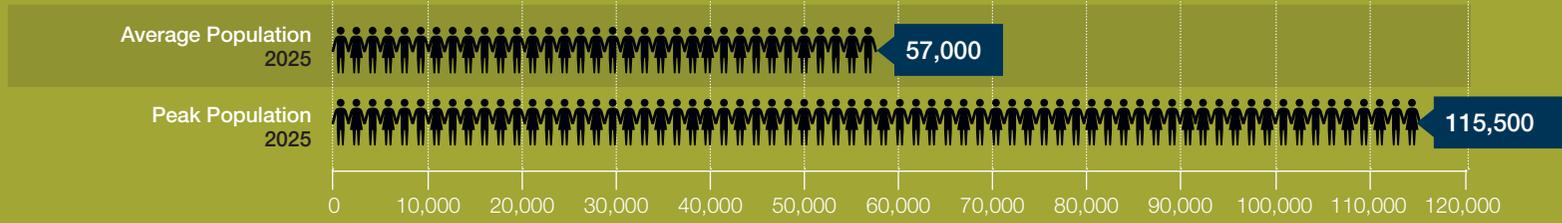


**2015/16 FACT FILE**

**Fact file**



**2025 PROJECTED GROWTH**



Source: Queenstown Lakes District Growth Projections for 2015

## What's new?

### SATISFACTION SURVEY - CHANGE TO DEMOGRAPHIC MODEL

This year we have reviewed the balance of demographic feedback, in order to have a more representative lens on satisfaction within our community. A greater number of the 18-25s were included in the survey than in previous years, providing stronger representation from the younger demographic. This does however mean that our results this year are not directly comparable with previous years.

This year's results reflect a detectable shift to a more neutral response, which translates to a slight but reasonably consistent downturn in satisfaction. Notably, there are several areas where the level of service is entirely unchanged from last year but a shift to a neutral response has translated to a decrease in satisfaction. This provides an important insight into opportunities for QLDC to grow engagement with our younger demographic, a challenge faced by local government nationally and globally.

The impact of these changes are seen in the satisfaction results across all areas of council operation, including water supply, wastewater, roads and footpaths, community services and facilities, regulatory services, environment, economy and financial management.

### DEPARTMENT OF INTERNAL AFFAIRS - NEW MEASURES

This year, QLDC is reporting against a number of new measures that are being introduced for the first time. The Department of Internal Affairs (DIA) has outlined a range of new benchmarking measures for inclusion in the Annual Report. The measures focus on the performance of QLDC's Infrastructure and add further detail to reporting related to water supply, wastewater, stormwater, waste management and transport and roading.

These measures are summarised at the end of each relevant section within Section 02 of the full annual report.

### THE OTAGO REGIONAL PERFORMANCE FRAMEWORK REPORT

In 2015 the District Councils in Otago, inclusive of the Regional Council, agreed to benchmark their performance annually against a set of seven Key Performance Indicators (KPIs). The purpose of this benchmarking is to provide a better basis for comparison, as well as enable Councils to work together to identify best practice and efficiencies.

The Otago Performance Improvement Framework (OPIF) was developed to cover five key areas of interest: Infrastructure Asset Management, Resident and Ratepayer satisfaction, Planning services, Affordability and Corporate services.

The report can be found in full at Section 04 of the full annual report.

In a district experiencing such rapid growth and change, it is important to tell you

Why you  
should care  
about what  
we do

What we've  
achieved  
in the  
last year



# INFRASTRUCTURE

OUR  
ACTIVITIES  
ARE

WATER  
SUPPLY

STORM  
WATER

WASTEWATER

WASTE  
MANAGEMENT

TRANSPORT  
(ROADING &  
FOOTPATHS)

## OUR LONG TERM COUNCIL OUTCOME IS:

### High performing infrastructure and services that:

- > meet current and future user needs and are fit for purpose;
- > are cost effective and efficiently managed on a full life-cycle basis; and
- > are affordable for the District.

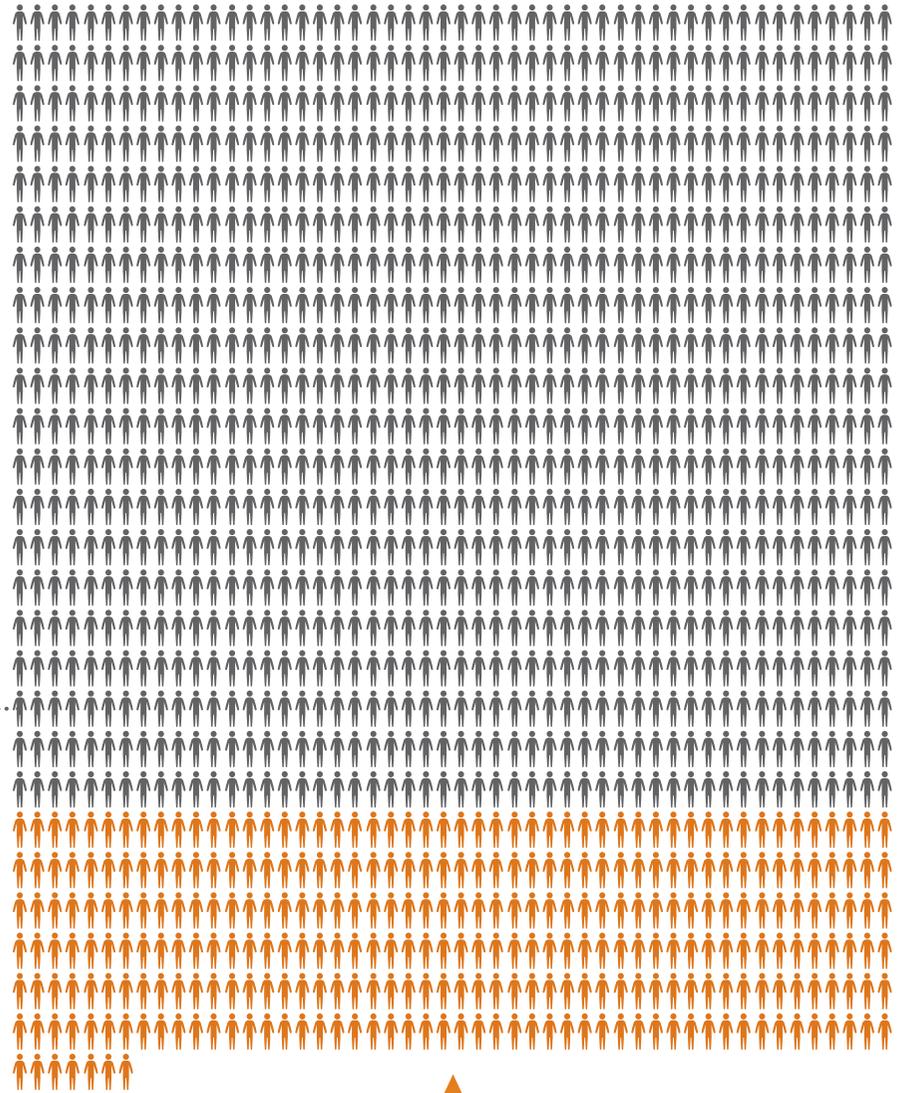
# Why should you care?

SMALL TOWN FUNDING, WITH BIG CITY DEMAND

 = 100 PEOPLE

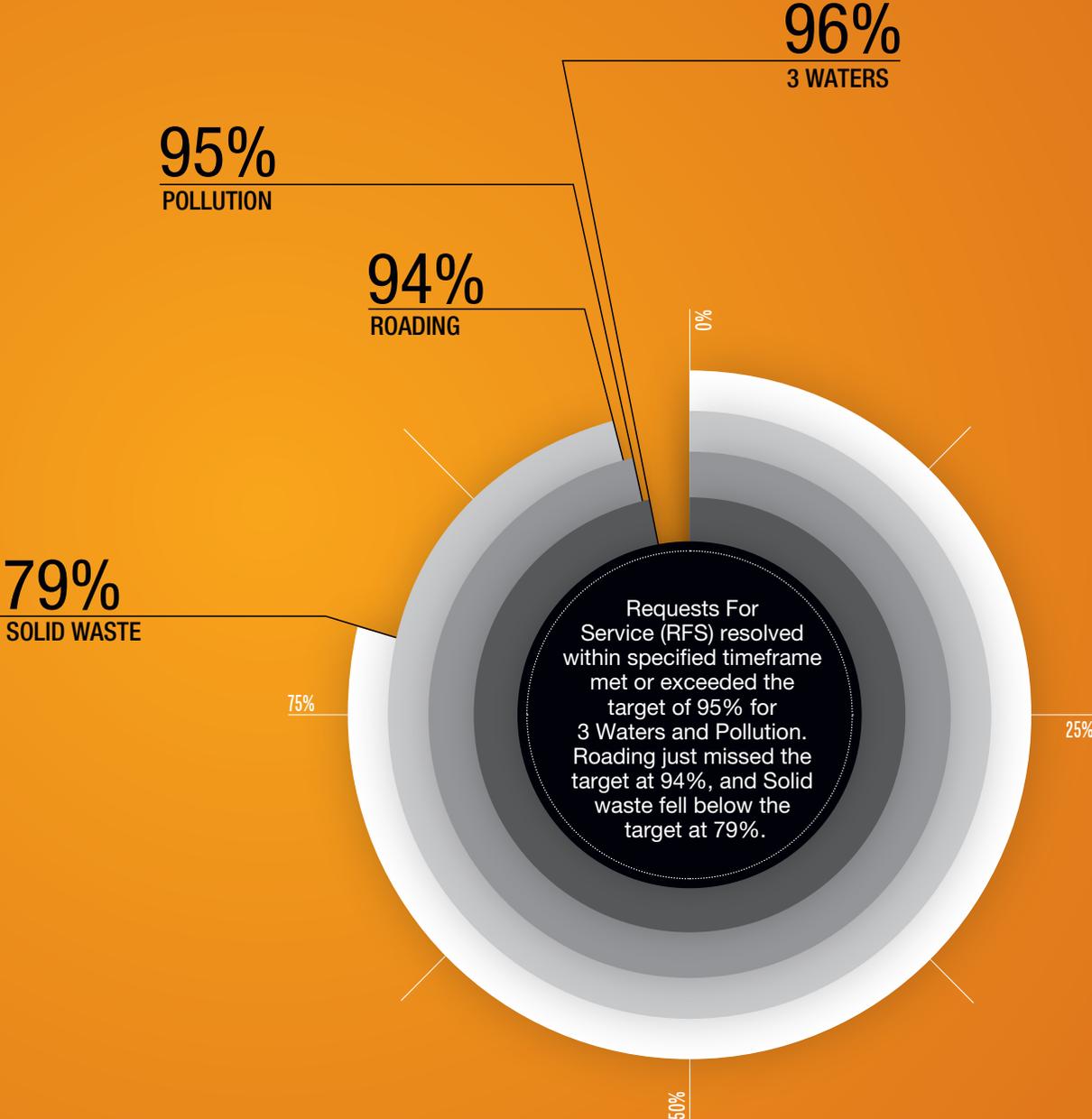
In December 2014 the Council adopted the 30-year Infrastructure Strategy, as required under the 2014 reforms to the Local Government Act 2002. The strategy continues to be recognised as an important document to continuously improve the provision of core services to the community. The document focuses on the core infrastructure services of drinking water supplies, wastewater collection and treatment, stormwater management and discharge, roading and footpaths.

96,500+ PEOPLE DURING PEAK PERIODS USING THE DISTRICT'S INFRASTRUCTURE



AND ONLY 30,700 RESIDENTS FUNDING SERVICES

# What we achieved





# Why should you care?

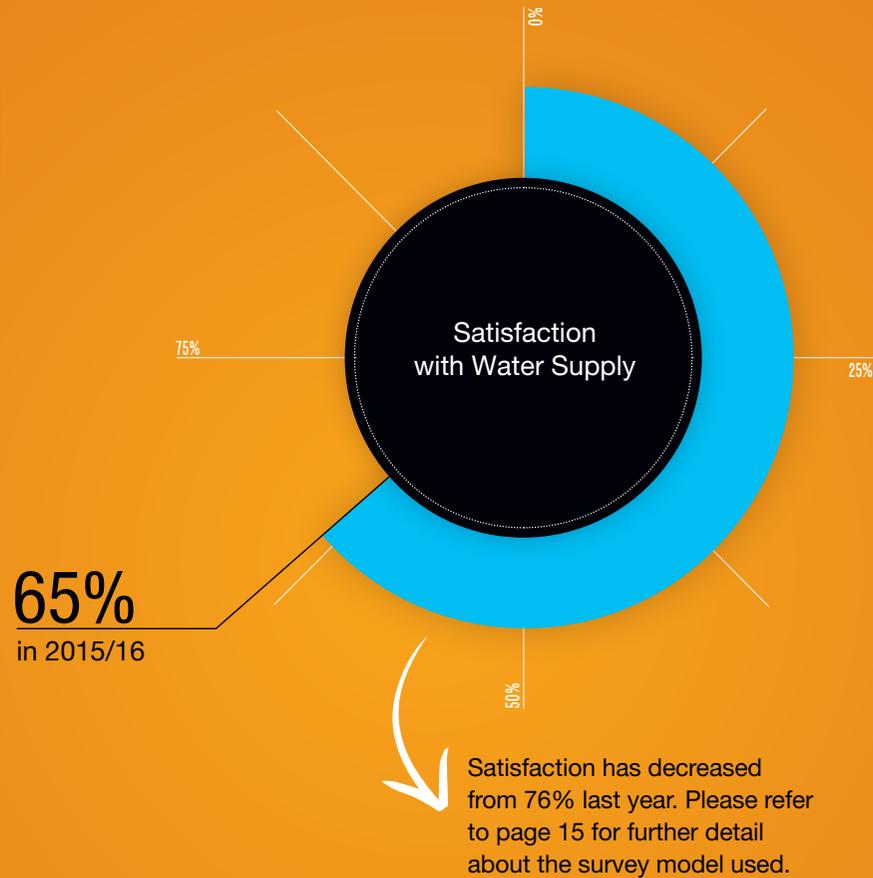


# What we achieved

QLDC met the benchmark set for most of the new DIA measures set relating to water cost from the supply, response times to attend faults and the consumption of water per person.

In light of the recent water supply contamination crisis in Havelock North, QLDC is undertaking a significant review of the water supply risk register and all associated emergency communications plans.

All current supplies meet chemical, cyanotoxin and plumbosolvency notification compliance where applicable, and full compliance within DIA standards is targeted for 2018.



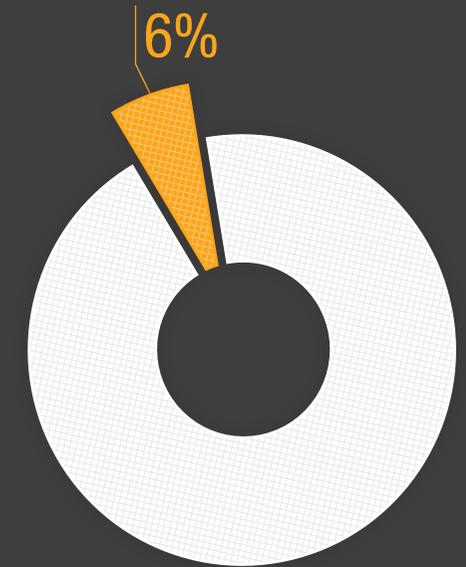
## HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

*KPI: Annual cost of water supplied per cubic metre*

	2013/2014	2014/2015	2015/16
Cost per cubic metre	\$0.83	\$0.80	\$0.73
Target	<\$0.90	<\$0.90	<\$0.90

The cost of water per cubic metre was down this year compared to previous years due to a slight reduction in interest rates, reduction in our capital programme and a slight increase in total water demand met.

## AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of \$81,930,000 (excluding depreciation)  
Water supply expenditure of \$5,261,000

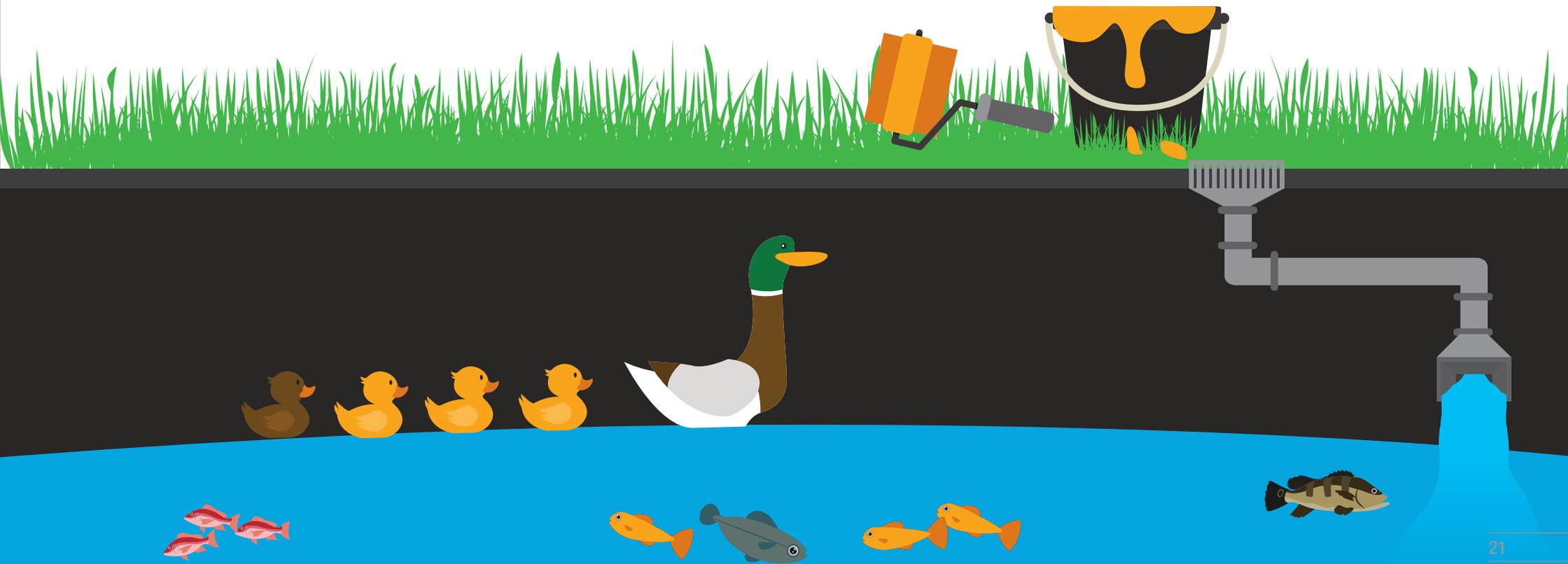
**970**

In April 2015, Council installed the first of 970 water metres with the aim of understanding water use.



## Why should you care?

STORMWATER IS A LEADING CAUSE OF WATER POLLUTION. IT RUNS OFF THE GROUND OR IMPERVIOUS SURFACES AND COLLECTS POLLUTANTS SUCH AS OIL, PESTICIDES, SEDIMENTS, BACTERIA, AND OTHER CHEMICALS, AND THEN DEPOSITS THEM DIRECTLY INTO OUR WATERWAYS. THIS RUNOFF CAN KILL AQUATIC LIFE, AND MAKE OUR WATERWAYS AN UNHEALTHY PLACE TO LIVE, WORK, AND PLAY.

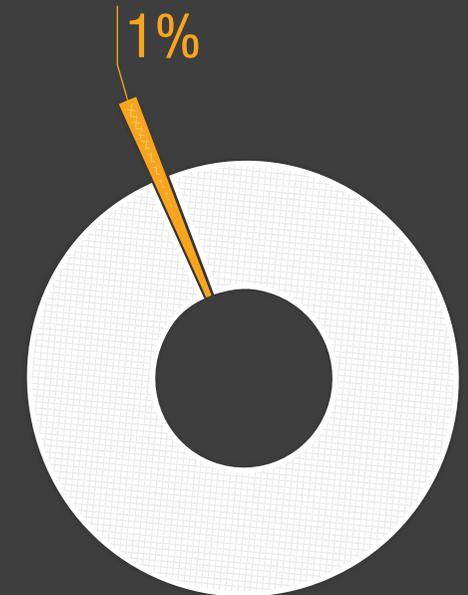


# What we achieved

QLDC met the stormwater benchmark's set for all the new DIA measures relating to compliance with resource consents, service response times and complaints.

There were no flooding events to habitable floors per 1000 properties.

AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of \$81,930,000 (excluding depreciation)  
Stormwater expenditure of \$722,000



# Why should you care?

IF YOU LAY ALL THE COUNCIL'S WASTEWATER MAINS OUT IN A LINE THEY WOULD REACH FROM QUEENSTOWN TO FRANZ JOSEF GLACIER.

QUEENSTOWN

FRANZ JOSEF GLACIER

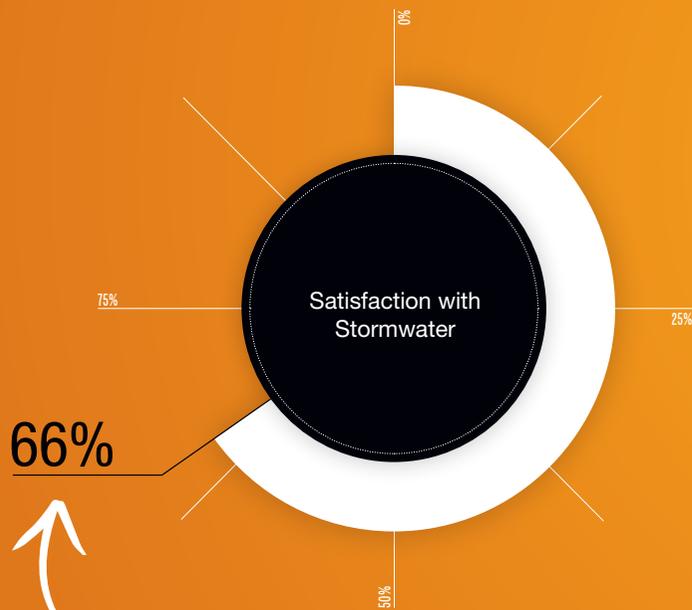
# What we achieved

QLDC met the wastewater benchmarks set for most of the new DIA measures relating to dry weather overflows and resource consent compliance.

Median response time to attend sewer overflows resulting from blockages or other faults – achieved within target.

**7-73** 7.73 minutes for personnel to reach site

**166-25** 166.25 minutes from time of notification to resolution of the issue



66%

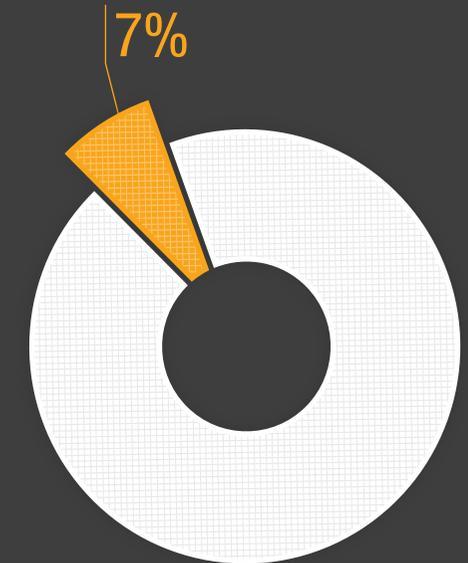
Satisfaction with wastewater is consistent with findings in other areas, having reduced from 78% satisfaction to 66% this year. Capital expenditure (capex) has increased this year as a result of the Project Shotover treatment plant project.

## HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPI: Annual cost of wastewater

	2014/2015	2015/2016
Cost per cubic metre	\$2.76	\$1.96
Target	<\$2.15	<\$2.25

## AS A PERCENTAGE OF TOTAL EXPENDITURE



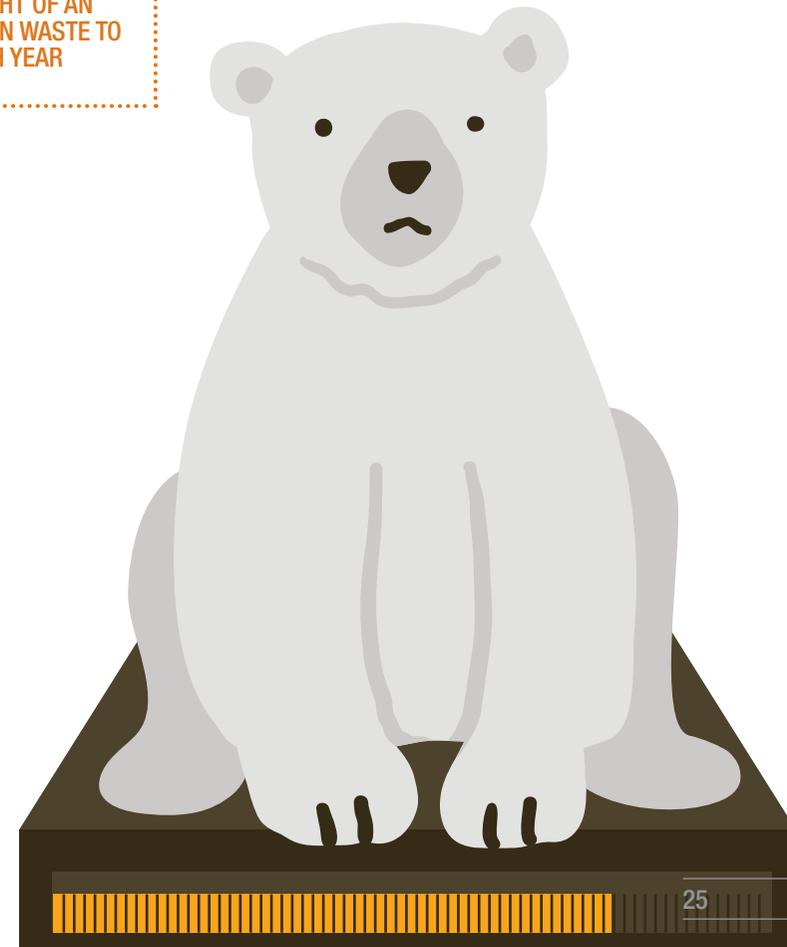
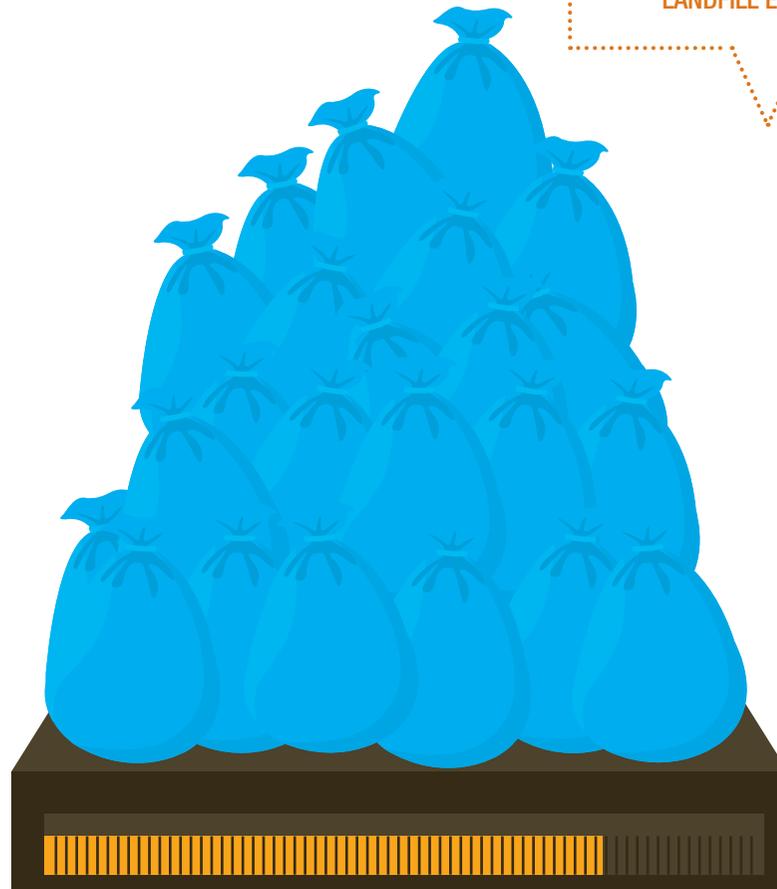
Total operating expenditure of \$81,930,000 (excluding depreciation)  
Wastewater expenditure of \$5,649,000

The cost of wastewater is below the target this year due to the timing of expenditure for Project Shotover. It is anticipated that the cost of wastewater per m<sup>3</sup> will increase next year as the project is completed.



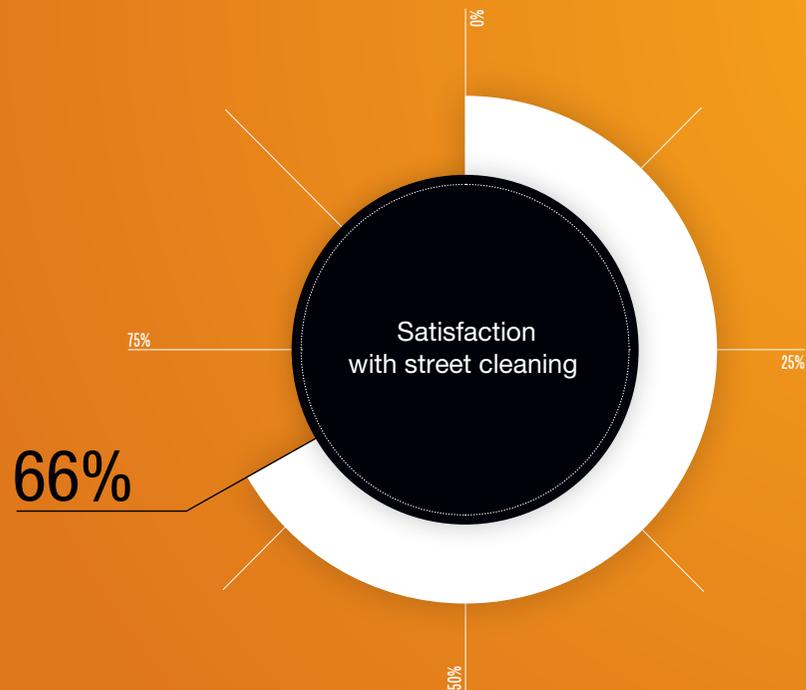
# Why should you care?

EACH RESIDENT SENDS THE EQUIVALENT WEIGHT OF AN ADULT POLAR BEAR IN WASTE TO LANDFILL EACH YEAR

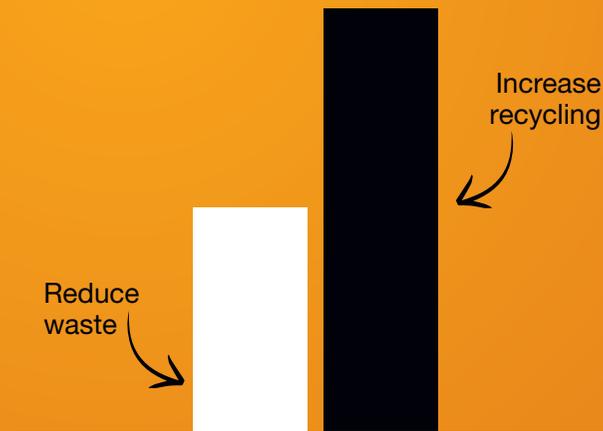


# What we achieved

Satisfaction with street cleaning has decreased from 76% to 66%, which is consistent with findings in other areas. Please refer to page 15 for further detail about the survey model used.

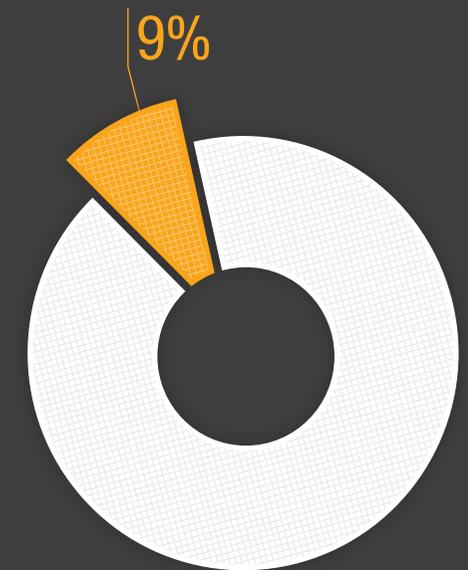


There have been challenges in the ongoing management of recycled glass in the district, with supplier availability impacting the ability to recycle locally and without environmental impact. QLDC is working with local contractors and the recycle market to achieve a sustainable approach to glass recycling moving forward.



Further work will be done in 2016/17 to reduce waste and increase the volumes of recycling – we need your help to achieve this.

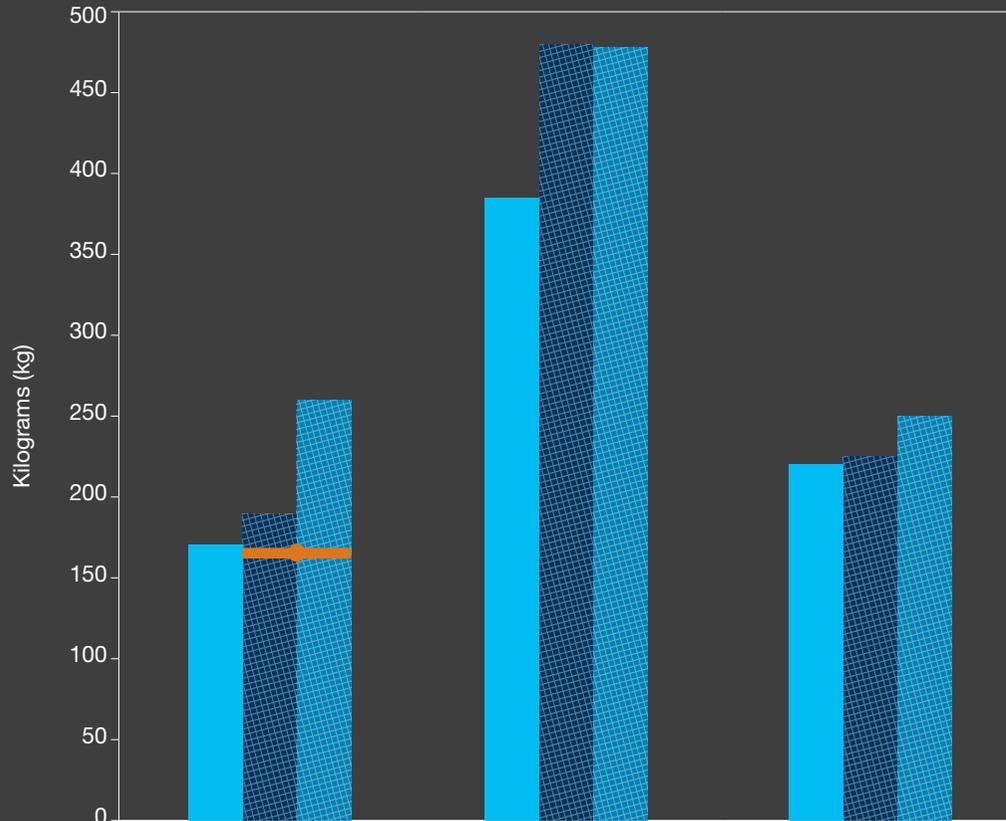
## AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of \$81,930,000 (excluding depreciation)  
Waste Management expenditure of \$7,684,000

## HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPI: Kilograms of residential waste to landfill per head of population



The target applicable to this KPI is for residential waste only, and applies from 2014/15. A specific target was not provided within the 10 year plan.

Levels of residential waste sent to landfill have increased this year, which in part could be due to the issues experienced in recycling glass over a two month period.

Commercial waste to landfill levels have slightly fallen and increased volumes of waste have been diverted from landfill. These results have been achieved despite increased growth in the district.

	2013/2014	169.70	386.00	220.90
	2014/2015	186.60	458.05	226.65
	2015/2016	258.63	424.18	260.54
	Target for residential waste (as of 2014/15)	165kg	-	-



# Why should you care?

HAAST-MAKARORA  
ROAD

THE RELATIVE TOURISM  
IMPORTANCE IN DOLLARS OF  
THE HAAST-MAKARORA ROAD  
IS EQUIVALENT TO THAT OF THE  
AUCKLAND HARBOUR BRIDGE,  
YET THE ANNUAL VOLUME ON  
THE ROAD IS LESS THAN 1% OF  
THE BRIDGE.

AUCKLAND  
HARBOUR  
BRIDGE

# What we achieved

QLDC met the transport and roading benchmarks set for most of the new DIA measures. These relate to the number of fatalities, the smoothness of the road and the percentage resurfaced annually. Satisfaction with roads and footpaths is consistent with findings in other areas, having reduced from 69% satisfaction to 59% this year. It is likely that traffic issues surrounding the new Queenstown traffic lights and roundabouts are negatively influencing perception of performance in this field.

## HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

*KPI: Annual cost per km to maintain and operate a) sealed roads b) unsealed roads*

Year	Result	Target	Commentary
<b>A) SEALED ROADS</b>			
2014/15	\$165	<\$129 per km	The New Zealand Transport Agency has made available additional budget. Whilst the target set was not achieved, all activity was undertaken within budget.
2015/16	\$214.55		
<b>B) UNSEALED ROADS</b>			
2014/15	\$84.44	<\$85 per km	The target was not achieved for unsealed roads and focus is required in 2016/17.
2015/16	\$98.37		

*KPI: Sealed road closures (planned and unplanned) that exceed the Council's service standard (one per month, no longer than 8 hours and not during peak demand times)*

Year	Result	Target	Commentary
2014/15	0.25	Average of 1 per month	In 2015/16 QLDC made three unplanned sealed road closures. These were all due to a high wind weather event in November 2015 that resulted in the necessary closure of a number of roads. This achieved the target set.
2015/16	0.25		

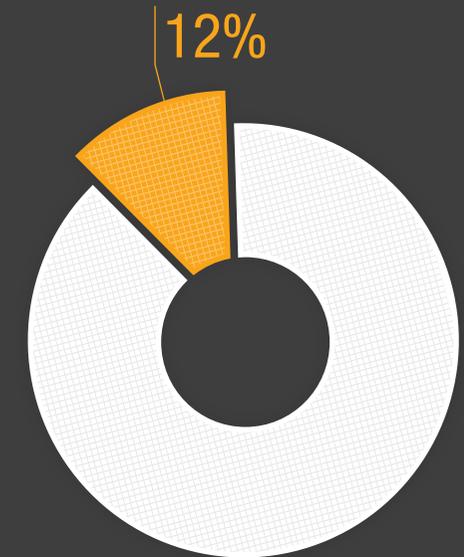
New roundabouts at Frankton through to Ladies Mile

Two new sets of traffic lights in Queenstown CBD

Final design review of the Eastern Access Road

Full review of all CBD parking in connection to the Transport Strategy

## AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of \$81,930,000 (excluding depreciation)  
 Transport expenditure of \$9,551,000

Considerable planning has also been undertaken in relation to the over-arching Transport Strategy for the district, which aims to make public transport affordable, reliable and accessible. Initial steps have also been undertaken to investigate Park and Ride options for Queenstown.

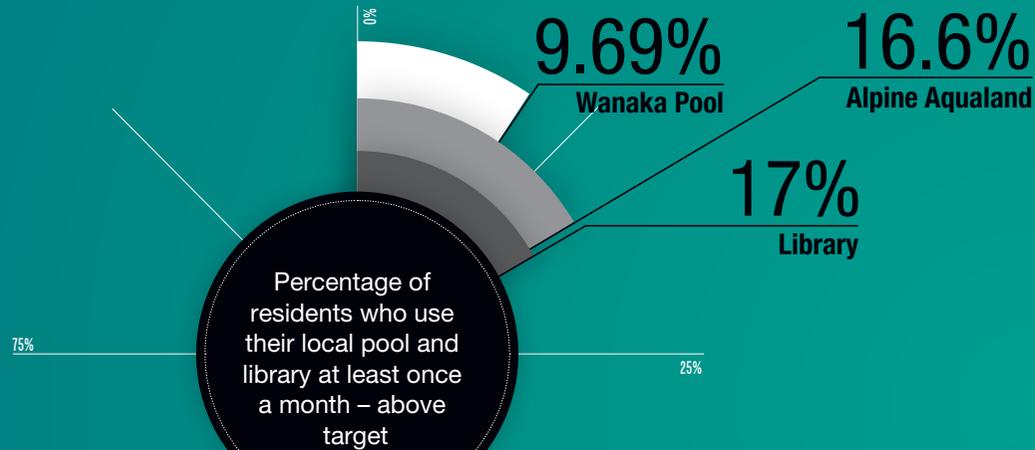


# Why should you care?

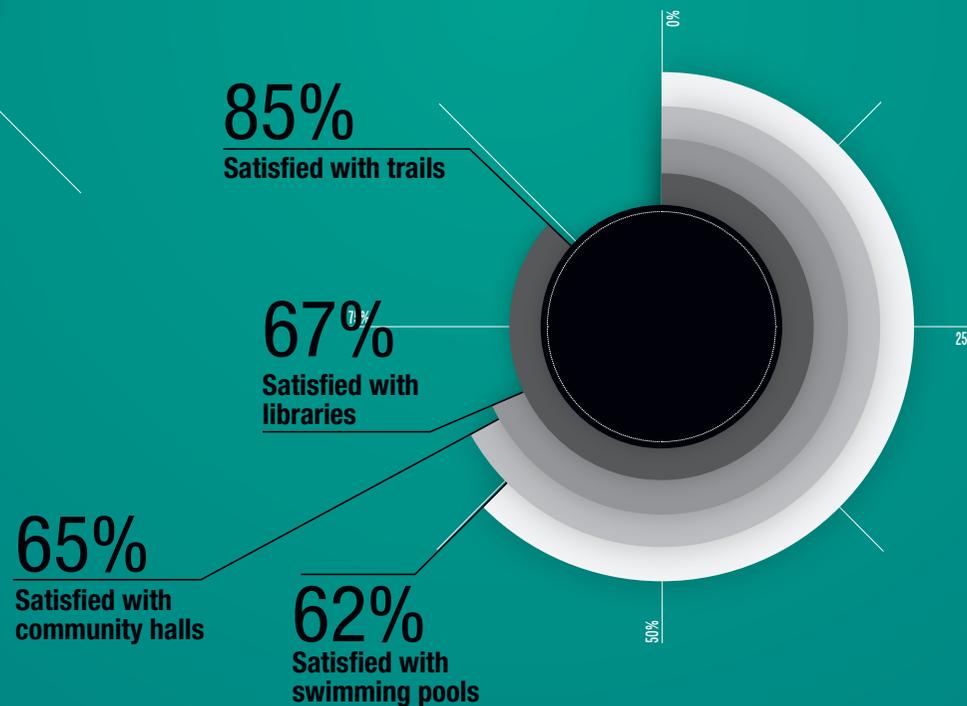
IF YOU BORROWED ONE ITEM A WEEK, IT WOULD TAKE YOU  
**2164 YEARS**  
TO READ YOUR WAY THROUGH ALL THE BOOKS IN OUR LIBRARIES.



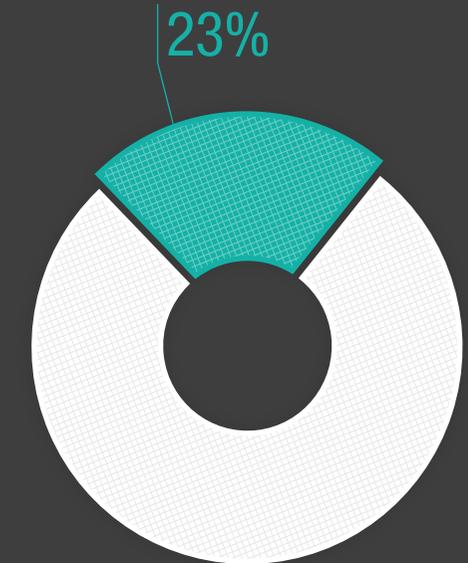
# What we achieved



Resident and ratepayers satisfaction across all community services remained reasonably high, despite the decrease from last year. Please refer to page 15 for further detail about the survey model used.



## AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of \$81,930,000 (excluding depreciation)  
Community expenditure of \$18,906,000

- Trail usage has increased by 20%
- Community facilities and halls reached 64% average occupancy (target 60%)



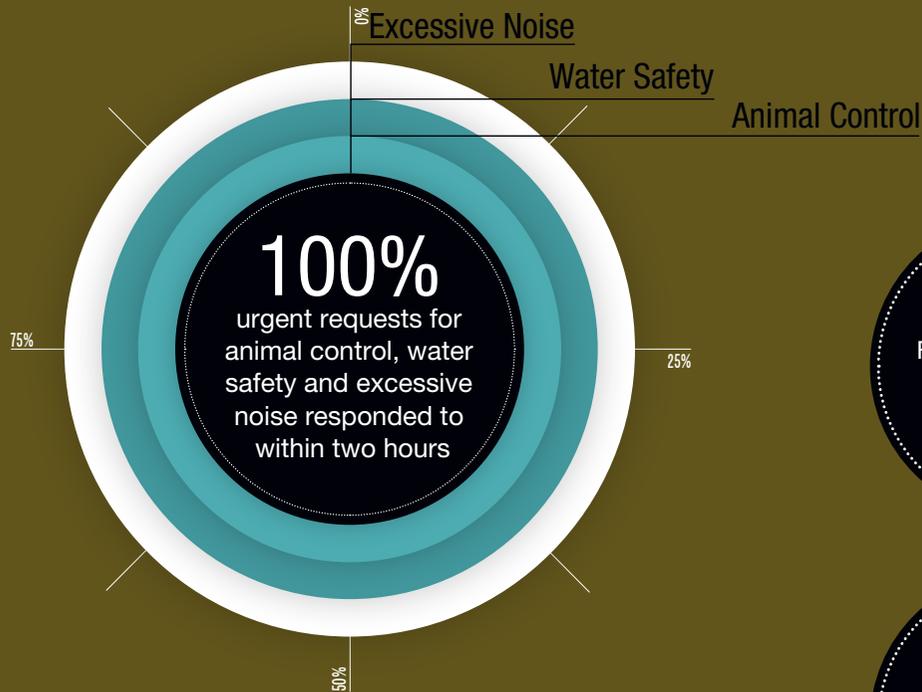
## Why should you care?

REGULATORY FUNCTIONS AND SERVICES ARE ABOUT KEEPING THE COMMUNITY SAFE. ENVIRONMENTAL HEALTH OFFICERS INVESTIGATE, MONITOR, AND ASSESS THE EFFECTS OF ENVIRONMENTAL HAZARDS, SUCH AS POLLUTION, UNSAFE FOOD AND INFECTIOUS DISEASES ON PEOPLE'S HEALTH AND WELLBEING. THEY ALSO ENSURE REGISTERED PREMISES COMPLY WITH REGULATIONS AND GRANT LICENCES TO THEM.

### RESTAURANT

- ENVIRONMENTAL HAZARDS
  - POLLUTION
  - UNSAFE FOOD
  - INFECTIOUS DISEASES
- COMPLIES WITH REGULATIONS
- GRANT LICENCE

# What we achieved



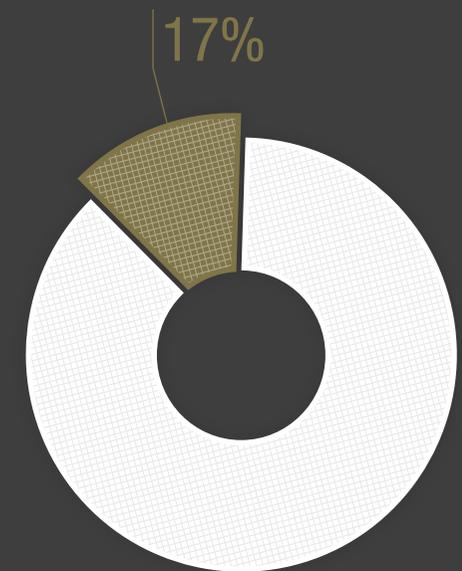
- Freedom Clamping introduced
- All high and very high risk liquor premises have been inspected at least quarterly this year
- Increased animal control monitoring
- New Food Safety Act introduced in March 2016
- Lifejacket campaign and improved Harbourmaster satisfaction levels

## HOW THE COUNCIL PERFORMED AGAINST ITS KEY PERFORMANCE INDICATORS (KPIs)

KPI: Percentage of building consents issued within statutory timeframe

Year	Result	Target	Commentary
2013/2014	92.00%	100%	2015/16 has been a challenging year, with a 26% increase in the number of building consent applications being made, compared with 2014/15.
2014/2015	96.28%	100%	
2015/2016	73%	100%	

## AS A PERCENTAGE OF TOTAL EXPENDITURE

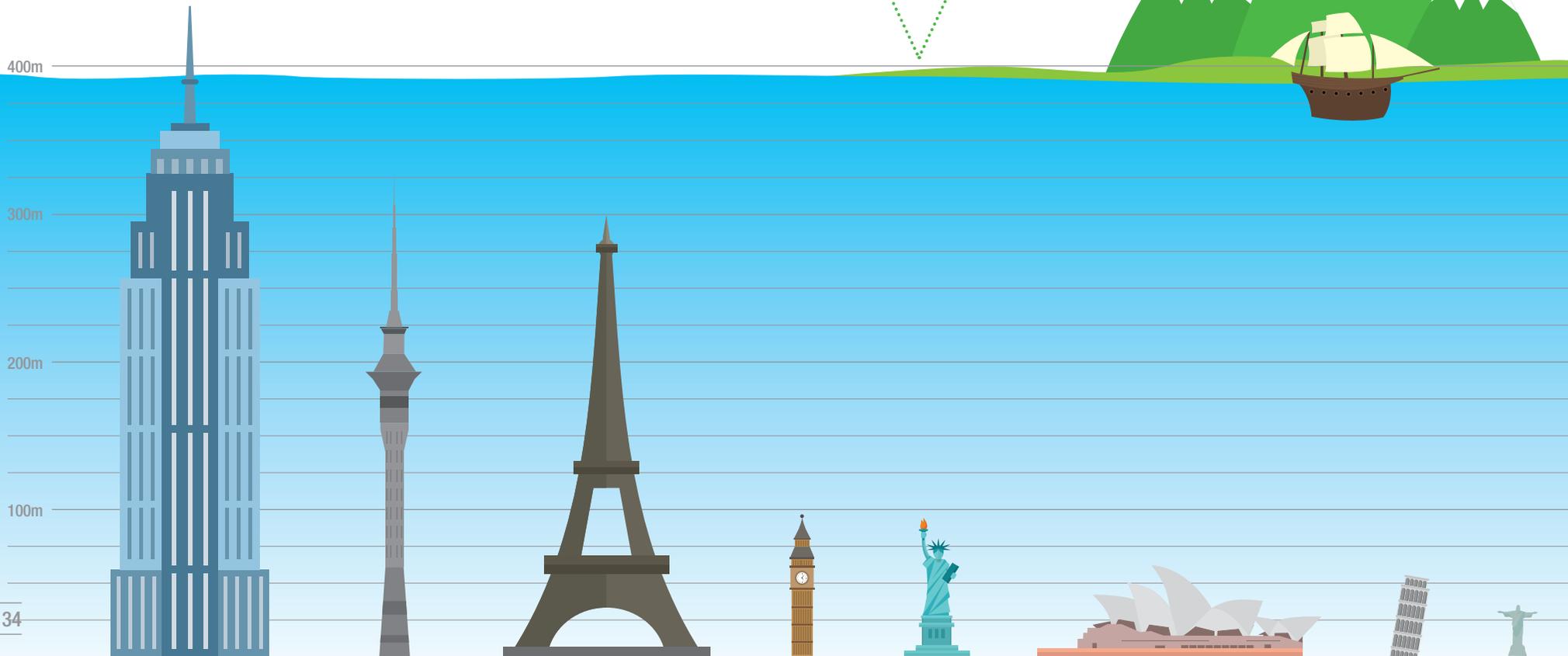


Total operating expenditure of \$81,930,000 (excluding depreciation)  
**Regulatory expenditure of \$14,255,000**

IANZ (International Accreditation New Zealand) is the body that enables QLDC to retain its status as a building consenting authority. Following a full review of the building consenting process by IANZ in April 2016, ten corrective actions were issued. QLDC made strong progress in rectifying these actions during 2015/16 and continues to do so in 2016/17. Reassessment is scheduled for October 2016.

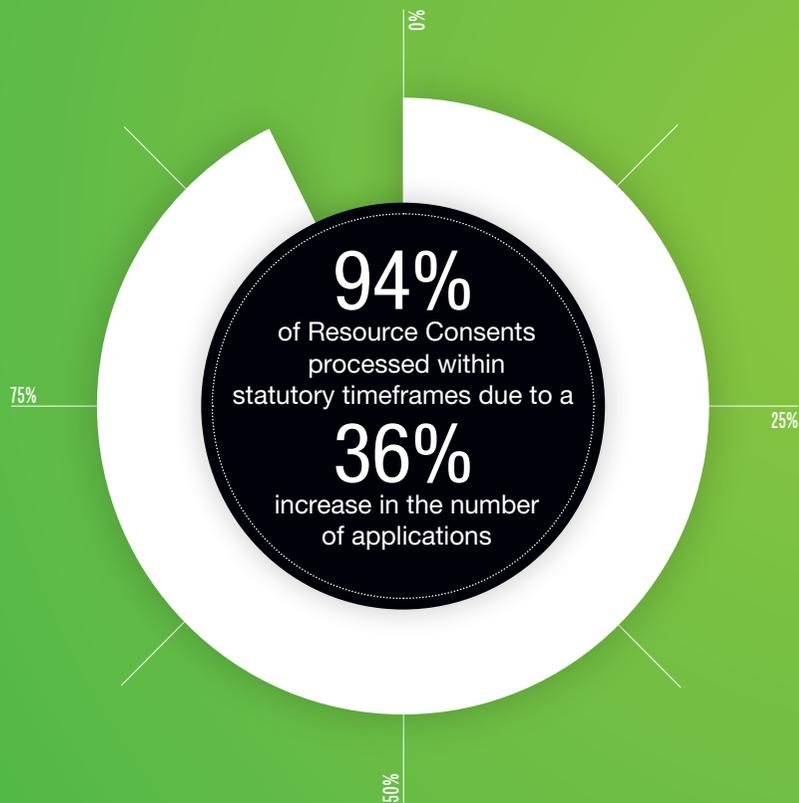
# Why should you care?

LAKE HAWEA IS OUR DISTRICT'S DEEPEST LAKE AT **392m**



# What we achieved

Satisfaction with resource consents has reduced from 37% to 29%. Similarly, satisfaction with LIM reports has reduced by 7% to 43%. Please refer to page 15 for further detail about the survey model used.

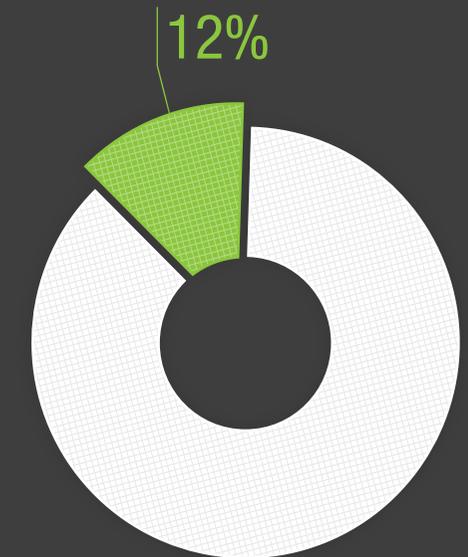


First stage of District Plan Review commenced

Increase in Resource Consent monitoring

Cost of non-notified median consent charge was below the \$1500 target

AS A PERCENTAGE OF TOTAL EXPENDITURE



Total operating expenditure of \$81,930,000 (excluding depreciation)  
Environment expenditure of \$9,923,000



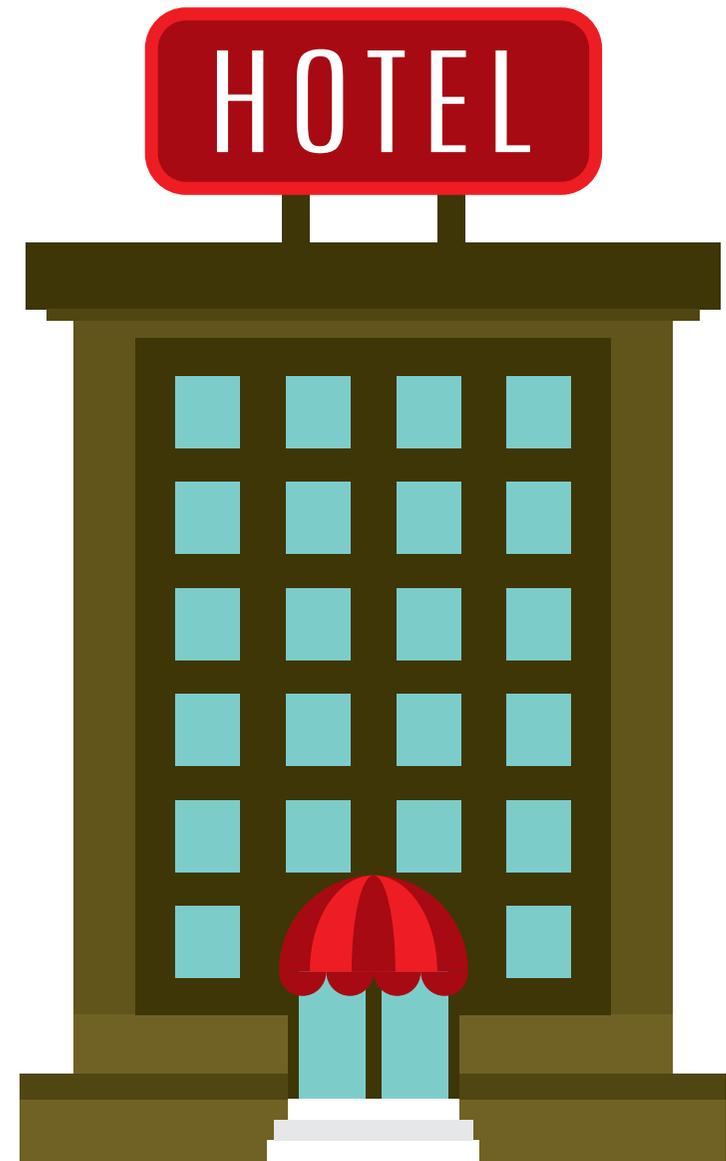
# Why should you care?

OVER THE PEAK SUMMER PERIOD  
QUEENSTOWN RECORDED AN  
AVERAGE HOTEL OCCUPANCY  
RATE OF

**93%**

THIS IS HIGHER THAN THE  
RATES RECORDED IN AUCKLAND,  
WELLINGTON, CHRISTCHURCH  
AND ROTORUA

(Colliers International, New Zealand Hotel  
Market Snapshot, April 2016)



# What we achieved

Reduction in satisfaction with Destination Queenstown, Arrowtown Promotion Board and Lake Wanaka Tourism is consistent with findings in other areas. This highlights the need to grow engagement with our younger demographic.

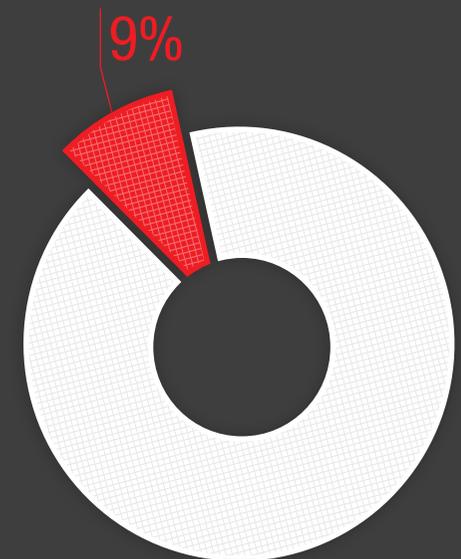
\$542,732 was allocated through the 2015/16 Annual Events Funding Round for events across the district.

Film Otago Southland continues to grow with a focus on film office services, economic diversification, industry development and the minimisation of environmental impact.

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AS A PERCENTAGE OF TOTAL EXPENDITURE

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Total operating expenditure of \$81,930,000 (excluding depreciation)  
Economy expenditure of \$7,548,000

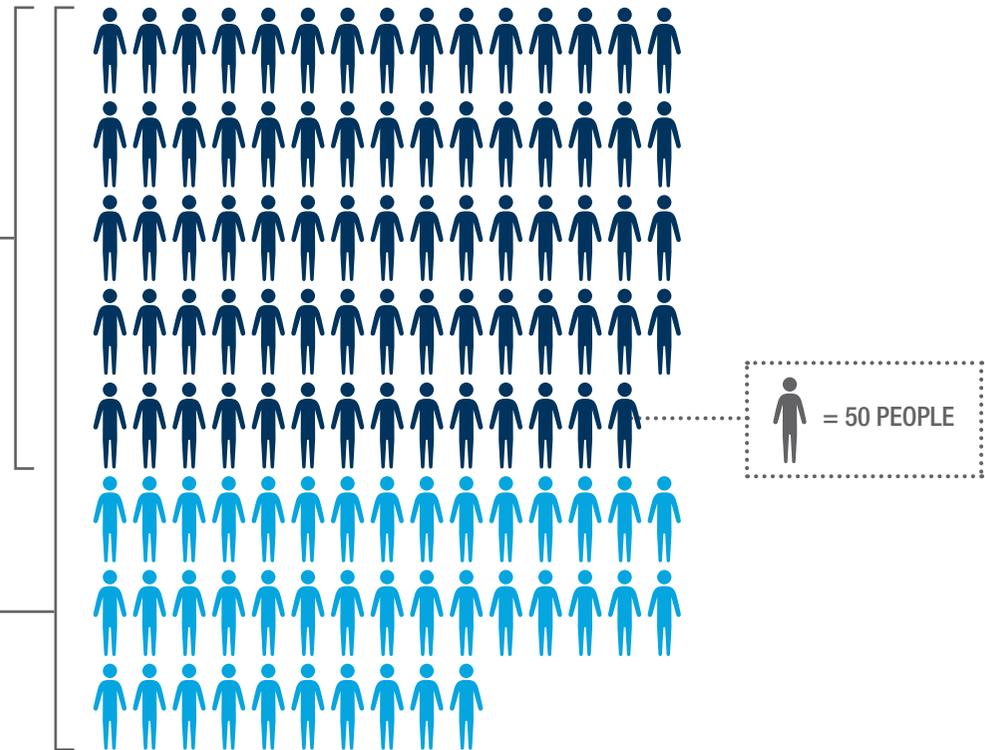


# Why should you care?

IN A GROWING DISTRICT, PARTICIPATION AND GOOD GOVERNANCE HAS NEVER BEEN MORE IMPORTANT

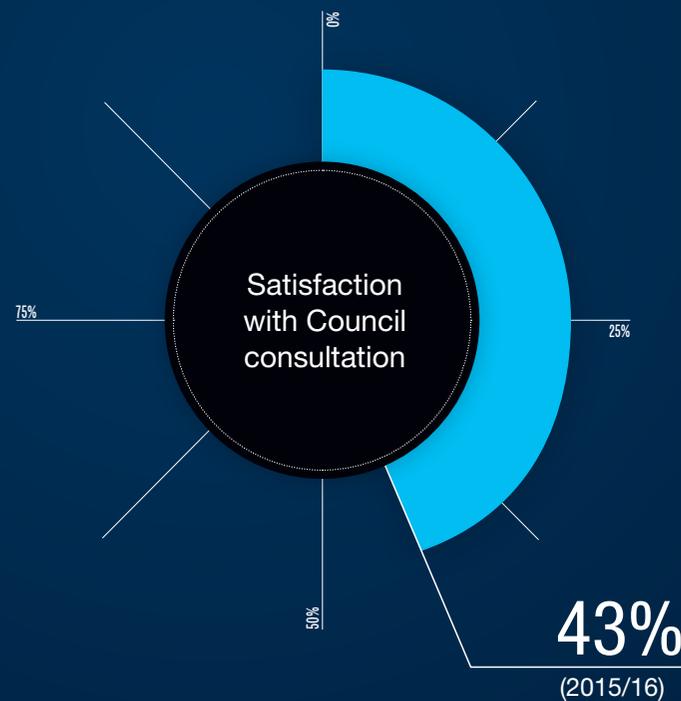
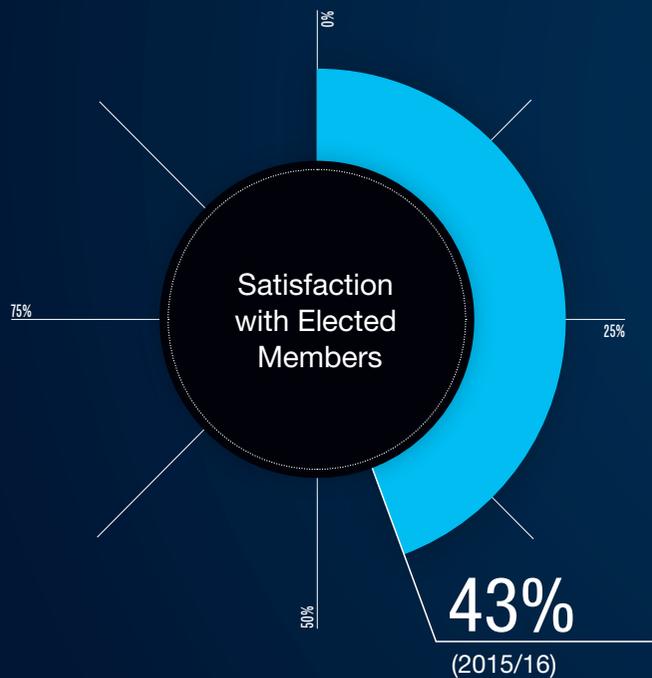
IN 2015, EACH COUNCILLOR REPRESENTS THE VOICE OF **3,700** RESIDENTS

IN 2025, EACH COUNCILLOR WILL REPRESENT THE VOICE OF **5,700** RESIDENTS



# What we achieved

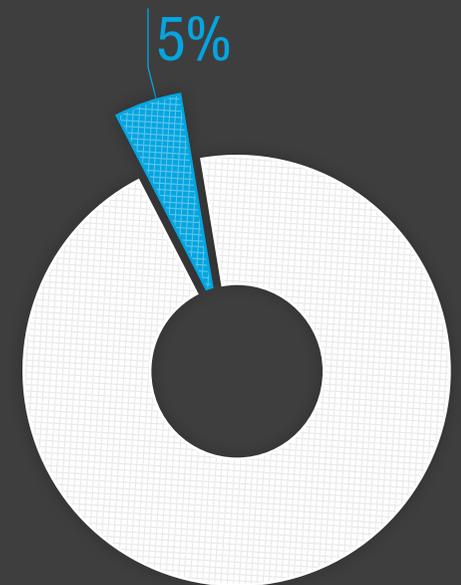
Satisfaction with elected members decreased by 9% and satisfaction with Council consultation decreased by 3%. The reduction in satisfaction with dealings with Council staff can be attributed to a number of factors. Significant growth in the district has led to heightened dissatisfaction with pressurised infrastructure, including transport, traffic, parking and roading. In addition to this, ongoing dissatisfaction with the management of increasing visitor numbers and freedom campers is likely to have impacted community response to this KPI.




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## AS A PERCENTAGE OF TOTAL EXPENDITURE

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Total operating expenditure of \$81,930,000 (excluding depreciation)  
 Local Democracy expenditure of \$3,801,000



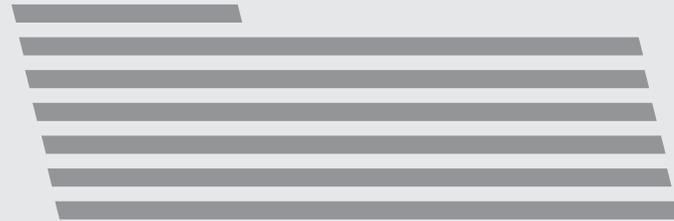
# Why should you care?

COUNCIL'S FINANCE TEAM PROCESSED

**12,468  
INVOICES**

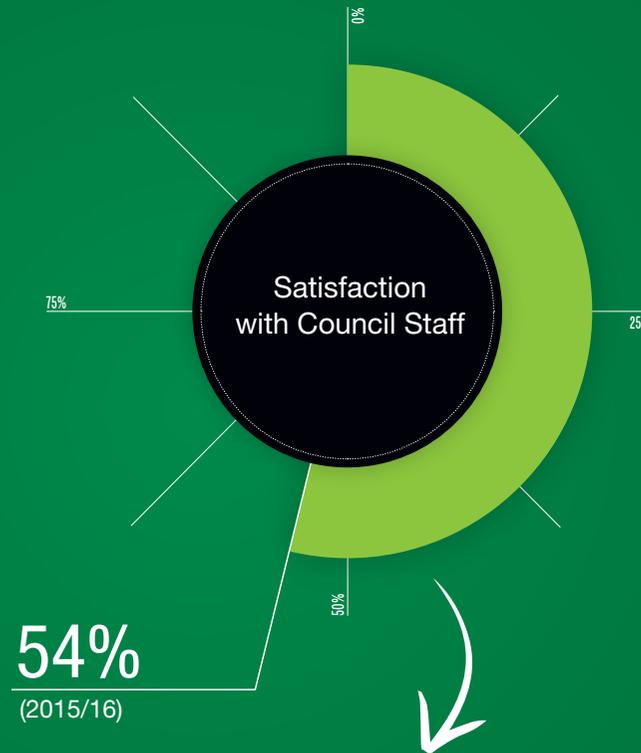
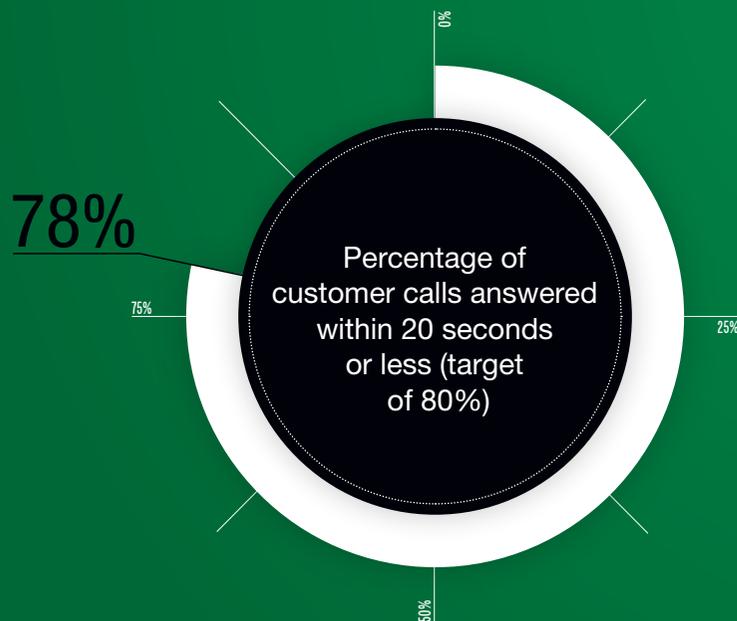
IN 2015/16, RANGING FROM RESOURCE AND BUILDING CONSENTS, VENUE HIRE, DEVELOPMENT CONTRIBUTIONS AND SUNDRY ITEMS.

*INVOICE*



# What we achieved

This year, the Customer Services team has experienced reasonably high turnover, with staff moving into other career opportunities within the organisation. As such, the level of service has been put under pressure by the need to recruit quickly and train effectively. Work will continue into 2016/17 to achieve the narrowly-missed 80% target.



## COSTS INCLUDED WITHIN EACH AREA OF ACTIVITY

Investigation into one Queenstown Office for QLDC staff

Business Process Mapping Software launched

Tertiary status achieved through ACC's Workplace Safety Management Practices

Transition to cost-effective cloud-based email system

# Summary Financial Information

## Summary Statement of Financial Performance

	Council 2016 \$'000	Council Budget \$'000	Council 2015 \$'000	Group 2016 \$'000	Group 2015 \$'000
<b>For the financial year ended 30 June 2016</b>					
<b>Total revenue</b>	<b>143,401</b>	<b>117,330</b>	<b>123,865</b>	<b>170,191</b>	<b>144,975</b>
<b>Operating expenditure</b>					
Employee benefits expense	18,384	17,903	16,374	21,576	18,750
Depreciation and amortisation expense	22,077	20,663	21,478	27,626	25,709
Borrowing costs	4,565	7,253	5,819	5,698	6,696
Other expenses	58,981	44,811	49,875	64,902	55,214
<b>Total operating expenditure</b>	<b>104,007</b>	<b>90,630</b>	<b>93,546</b>	<b>119,802</b>	<b>106,369</b>
<b>Operating surplus before income tax</b>	<b>39,394</b>	<b>26,700</b>	<b>30,319</b>	<b>50,389</b>	<b>38,606</b>
Income tax expense	-	-	-	7,050	3,194
<b>Operating surplus for the year</b>	<b>39,394</b>	<b>26,700</b>	<b>30,319</b>	<b>43,339</b>	<b>35,412</b>
Operating surplus attributable to:					
- Council	39,394	26,700	30,319	41,349	33,316
- Non-controlling interest	-	-	-	1,990	2,096
	<b>39,394</b>	<b>26,700</b>	<b>30,319</b>	<b>43,339</b>	<b>35,412</b>

## Summary Statement of Other Comprehensive Revenue and Expense

	Council 2016 \$'000	Council Budget \$'000	Council 2015 \$'000	Group 2016 \$'000	Group 2015 \$'000
<b>For the financial year ended 30 June 2016</b>					
Surplus for the year	39,394	26,700	30,319	43,339	35,412
Other comprehensive revenue and expense	-	617	-	34,955	(648)
<b>Total comprehensive income</b>	<b>39,394</b>	<b>27,317</b>	<b>30,319</b>	<b>78,294</b>	<b>34,764</b>
Attributable to:					
- Council	39,394	27,317	30,319	67,568	32,830
- Non-controlling interest	-	-	-	10,726	1,934
	<b>39,394</b>	<b>27,317</b>	<b>30,319</b>	<b>78,294</b>	<b>34,764</b>

## Summary Statement of Financial Position

	Council 2016 \$'000	Council Budget \$'000	Council 2015 \$'000	Group 2016 \$'000	Group 2015 \$'000
<b>As at 30 June 2016</b>					
Total current assets	15,873	11,628	31,008	19,623	33,303
Total non-current assets	1,120,773	1,133,479	1,075,462	1,368,059	1,268,075
<b>Total assets</b>	<b>1,136,646</b>	<b>1,145,107</b>	<b>1,106,470</b>	<b>1,387,682</b>	<b>1,301,378</b>
Total current liabilities	33,930	56,691	59,451	38,931	64,260
Total non-current liabilities	78,146	81,455	61,843	130,692	96,066
<b>Total liabilities</b>	<b>112,076</b>	<b>138,146</b>	<b>121,294</b>	<b>169,623</b>	<b>160,326</b>
<b>Net assets</b>	<b>1,024,570</b>	<b>1,006,961</b>	<b>985,176</b>	<b>1,218,059</b>	<b>1,141,052</b>
Equity attributable to:					
Council	1,024,570	1,006,961	985,176	1,168,144	1,100,575
Non-controlling interest	-	-	-	49,915	40,477
<b>Total equity</b>	<b>1,024,570</b>	<b>1,006,961</b>	<b>985,176</b>	<b>1,218,059</b>	<b>1,141,052</b>



Vanessa van Uden  
Mayor  
6 October 2016



Mike Theelen  
Chief Executive  
6 October 2016

## Summary Statement of Changes in Equity

	Reserves	Accumulated Funds	Attributable to Equity Holders of Parent	Non-Controlling Interest	TOTAL EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Council</b>					
<b>As at 30 June 2016</b>					
Balance at 1 July 2015	446,632	538,544	985,176	-	985,176
<b>Total comprehensive revenue and expense for the year</b>	-	39,394	39,394	-	39,394
Transfers from/(to) accumulated funds	19,357	(19,357)	-	-	-
<b>Balance at 30 June 2016</b>	<b>465,989</b>	<b>558,581</b>	<b>1,024,570</b>	<b>-</b>	<b>1,024,570</b>
<b>As at 30 June 2015</b>					
Balance at 1 July 2014	440,011	514,846	954,857	-	954,857
<b>Total comprehensive revenue and expense for the year</b>	-	30,319	30,319	-	30,319
Transfers from/(to) accumulated funds	6,621	(6,621)	-	-	-
<b>Balance at 30 June 2015</b>	<b>446,632</b>	<b>538,544</b>	<b>985,176</b>	<b>-</b>	<b>985,176</b>
<b>Group</b>					
<b>As at 30 June 2016</b>					
Balance at 1 July 2015	526,117	574,458	1,100,575	40,477	1,141,052
<b>Total comprehensive revenue and expense for the year</b>	26,220	41,349	67,569	10,726	78,295
Dividends paid	-	-	-	(1,288)	(1,288)
Reclassification to accumulated funds	(35)	35	-	-	-
Transfers from/(to) accumulated funds	19,357	(19,357)	-	-	-
<b>Balance at 30 June 2016</b>	<b>571,659</b>	<b>596,485</b>	<b>1,168,144</b>	<b>49,915</b>	<b>1,218,059</b>
<b>As at 30 June 2015</b>					
Balance at 1 July 2014	519,983	547,763	1,067,746	39,621	1,107,367
<b>Total comprehensive revenue and expense for the year</b>	(487)	33,316	32,829	1,935	34,764
Dividends paid	-	-	-	(1,079)	(1,079)
Transfers from/(to) accumulated funds	6,621	(6,621)	-	-	-
<b>Balance at 30 June 2015</b>	<b>526,117</b>	<b>574,458</b>	<b>1,100,575</b>	<b>40,477</b>	<b>1,141,052</b>

## Summary Statement of Cash Flows

	Council 2016 \$'000	Council Budget \$'000	Council 2015 \$'000	Group 2016 \$'000	Group 2015 \$'000
<b>For the financial year ended 30 June 2016</b>					
Net cash inflow/(outflow) from operating activities	41,788	37,122	35,265	54,211	43,558
Net cash inflow/(outflow) from investing activities	(28,496)	(55,652)	(20,904)	(50,665)	(36,912)
Net cash inflow/(outflow) from financing activities	(25,490)	18,530	(294)	(15,093)	7,387
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(12,198)</b>	<b>-</b>	<b>14,067</b>	<b>(11,548)</b>	<b>14,033</b>
Cash and cash equivalents at the beginning of the financial year	17,207	336	3,140	17,478	3,445
<b>Cash and cash equivalents at the end of the financial year</b>	<b>5,009</b>	<b>336</b>	<b>17,207</b>	<b>5,930</b>	<b>17,478</b>

## Accounting Policies

The financial statements are presented in thousands of New Zealand dollars. New Zealand dollars are the Council and Groups' functional currency.

The 2015/16 annual report has been audited and gained an unqualified opinion, which means the report has met the requirements of the Local Government Act 2002.

This summary annual report has been examined by the auditor for consistency with the full annual report. The auditor's report is included with this summary. The Council's full annual report has complied with NZ GAAP and stated explicitly that it complies with Public Benefit Entity (PBE) Standards for Tier 1 entities. The summary annual report complies with FRS 43 – Summary Financial Statements and PBE Standards as they relate to summary financial statements.

## Subsequent Events

### Queenstown Airport Corporation Ltd (QAC)

On 19 August 2016 the QAC Board resolved to pay a final dividend for the year ended 30 June 2016 of \$0.3278 per share, resulting in a dividend of \$5,264,124 (2015: \$4,156,074). Council's share of this was \$3,948,619 (2015: \$3,117,471).

## Contingent Liabilities

### Council - Legal Claims

Council has been joined as a party in legal claims which relate to alleged weathertightness building defects. 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 outcome of the claims at this stage. A loss provision has been recognised based on current knowledge and historic settlement of claims. 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. A significant degree of estimation has been involved to calculate the provision. As a result Council may be subject to further liability that is not currently recognised.

## INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF QUEENSTOWN LAKES DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

The summary annual report was derived from the annual report of the Queenstown Lakes District Council (the District Council) and group for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 13 to 46:

- the summary statement of financial performance as at 30 June 2016;
- the summaries of the statement of other comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance (referred to as Group activities) of the District Council and group;

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 6 October 2016.

### Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

### Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

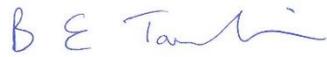
The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council and group.

## Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Other than the audit, assurance services relating to reporting under the trust deed, a registry audit, a regulatory disclosure audit and tax compliance services, we have no relationship with or interests in the District Council or any of its subsidiaries.



B E Tomkins  
Deloitte  
On behalf of the Auditor-General  
Dunedin, New Zealand  
6 October 2016

# There is so much more we want to tell you

Read the full Annual  
Report 2015–2016 at  
[www.qldc.govt.nz](http://www.qldc.govt.nz)

