

DRAFT

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Chief Executive Report

Introduction

The past financial year has seen continued focus on continued improvements to our financial management, coupled with maintaining or improving the quality of our core services. Success with the former is illustrated by a zero rates increase (against a forecasted 2.25% increase in our 10 Year Plan), while success with the latter is borne out by the across the board increases in satisfaction in the 2014 Annual Residents and Ratepayers' Survey.

Re-prioritisation of our capital expenditure projects has meant that we are focused on delivering where there is clear operational need. These projects are agreed and prioritised and where significant captured in our business plan. All business plan projects across all services, are tracked and progress publicly reported every month alongside performance monitoring of capital and operational expenditure.

Operational highlights at a glance

- **Financial management:**
 - A zero percent increase in rates for the second consecutive year.
 - \$3.4m reduction in expenditure against budget.
 - \$1.2m reduction in personnel costs against budget.
 - An operational surplus of \$20m against a budgeted surplus of \$13m.
- A second consecutive year of improvement in residents' satisfaction with Council and its operations. This included increased satisfaction of:
 - 18.5% (to 66%) with being kept informed.
 - 15.2% (to 59.3%) with Council's elected members.
 - 13.5% (to 66.9%) with Council staff.
 - 12.3% (to 53.9%) with level of public consultation.
- Delivery of 22 key projects, against set milestones from the 2013/14 Work Programme, with two projects deferred by Council consensus.
- Delivery of amalgamated financial and reporting systems into one Council-wide IT system (Technology One).
- Establishment of an improved performance reporting framework, adopted in the Annual Plan 2014/15.
- Resolution of 3 weathertight building cases where the Council has been a defendant.

Major initiatives

Events Funding – By establishing the Major Events Funding the Council expects to see many economic, social and cultural benefits flow from the financial support which will be given to new and growing events in this district. Following approval of the Events Funding Strategy, the Council initiated three funding rounds in 2013/14. Twenty four events received funding, plus two events which were pre-approved for support in 2014-15. A total of \$528,446 was approved for events, not including 10 Year Plan allocations for Summerdaze and Christmas/New Year's celebrations. 165 applications for in kind support were approved to the value of \$63,269.

Wanaka Sports Facility – The Wanaka Sports Facility Steering Group met with sports and community groups earlier this year to test the priorities signalled in the 2011 consultation. The project continues to be a priority with the budget allocated in the 10-Year Plan. Construction is planned to commence in 2015/16.

Lakeview Development – The Lakeview development (which includes the proposed Queenstown Convention Centre site) has the potential to be a major catalyst for economic growth for Queenstown's CBD. Master-planning of the site was commenced in 2013/14, and will be completed with a proposal to change the District Plan in 2014/15.

Queenstown Convention Centre – Reports on design and operating options; ratings analysis; and funding options were all delivered to Council in 2013/14. Council has since requested additional information on alternative rating options; options for staged or reduced construction costs; and a preferred operating model. This will now be progressed in the 2015 10 Year Plan.

Water Demand Management – Long-term water use remains one of the most significant financial issues facing the District. A report on managing these costs, including the option of volumetric charging was presented to Council during the past year with further analysis proposed for the coming year to determine the business case for implementation.

Shotover Wastewater Treatment Facility – The initial phase for replacing the existing wastewater treatment facility on the Shotover delta - a \$2.6 million inlet works to improve initial screening process at the treatment facility – got underway in 2013/14. The next stage in 2014/15 will see a design, build and operate contract awarded with construction commencing at the end of the financial year.

Conclusion

Local government in New Zealand faces many challenges. The expectation from ratepayers to deliver better services at less cost continues to grow. At the same time, central government continues to place a growing range of regulatory functions and reporting requirements upon us. Successfully meeting these often competing expectations will require sustained effort on the part of Council. However as we enter the last financial year prior to formulating a new 10 Year Plan, we find ourselves in a financially strong position with a community that is well-informed and generally supportive of the direction being taken. It is good foundation on which to achieve our longer term goals.

I would like to thank our elected representatives on both Council and the Wanaka Community Board who are dedicated to delivering better outcomes for local people. They can reflect with pride on a successful year.

I would also like to thank all the Council staff who have worked across the diverse range of Council activities to deliver consistently high quality services to the community.

Finally, I would like to thank everyone in the Queenstown Lakes community who, whether formally or informally, have taken time to provide comment and feedback to us during the year.

QLDC Financial Results at a glance 2013/14

The Council alone recorded a surplus of \$20.0m for the year. This is up from the \$11.4m surplus recorded last year and against the budget of \$13.0m. The main reasons for the higher surplus, which is not profit, are related to both reduced expenditure (\$3.4m) to budget & higher revenue (\$3.6m) to budget.

There is \$2.75m 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. This includes \$1.2m of expenditure previously sitting in capital work in progress that relates to projects that will now not proceed.

Operating revenues were above budget by 3.6% for the year ended 30 June, 2014. This was above estimate by \$3.4m.

The following major items contributed to this variance:

- Vested Assets were \$7.1m above budget for the year; this a non-cash item and relates to the value of assets transferred to Council via the subdivision process.
- Roothing subsidy was \$3.0m under budget for the year, mainly as a result of reduced roading capital expenditure due to the timing of some projects.
- User Charges were \$2.4m below budget for the year, mainly as a result of the outsourcing of the Council Holiday Parks in October 2013.
- The surplus includes \$1.2m of unrealised gains relating to the annual revaluation of investment property. This follows a 2013 value reduction of \$3.8m. There is also a \$1.2m unrealised gain as a result of the revaluation of interest rate swaps as at 30 June 2014. Other items result in a net loss of \$0.5m.

Operating expenditure was \$3.4m (3.7%) under budget for the year ended 30 June 2014. This is very pleasing and means that we were able to deliver savings from an operating perspective.

These are the major items; mostly positive, that contributed to this variance:

- Interest expense for the year is \$1.9m less than budget. This is a result of the deferral of some capital works and lower than expected interest rates.
- Staff related costs for the year are \$1.2m 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 \$279k lower than budget.
- Holiday Park costs were \$1.8m below budget for the year, mainly as a result of the outsourcing of the Parks in October 2013.
- There is \$2.75m 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. This includes \$1.2m of expenditure previously sitting in capital work in progress that relates to projects that will now not proceed.
- The balance of the positive variance of \$0.95m relates primarily to reduced maintenance and operational costs for utilities, roading and community services.

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:

- Vested Assets were \$7.1m above budget for the year.
- Capital expenditure was below estimate by \$9.6m for the year ended 30 June 2014. This relates mainly to project expenditure within the roading activity which has been delayed or deferred; Frankton Flats Arterial Road – Glenda Drive Roundabout (\$3.5m) and Eastern Access Road (\$300k).
- Hawea Water Supply (\$1m) was also delayed with physical works starting in 2014/15 and there is \$5.2m of unspent budget relating to reserve land acquisitions.

The revaluation of investment property resulted in an uplift in value of \$1.2m for the year. This movement coupled with previous unrealised losses, has led to the main variation in the balance sheet which shows Investment Property \$5.2m below the forecast position.

Borrowings are \$17.5m below forecast; this positive variance relates mainly to the deferral and savings associated with capital projects (see above).

Statement of Changes in Equity

Accumulated differences between actual and budgeted net surpluses (for 2014 as described above) as well as the impact of the infrastructure revaluation and reduced borrowings has resulted in an equity variance of \$22.5m above 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 \$9.4 million below estimate and new borrowings were consequently around \$8.3 million less than expected.

Financial Strategy

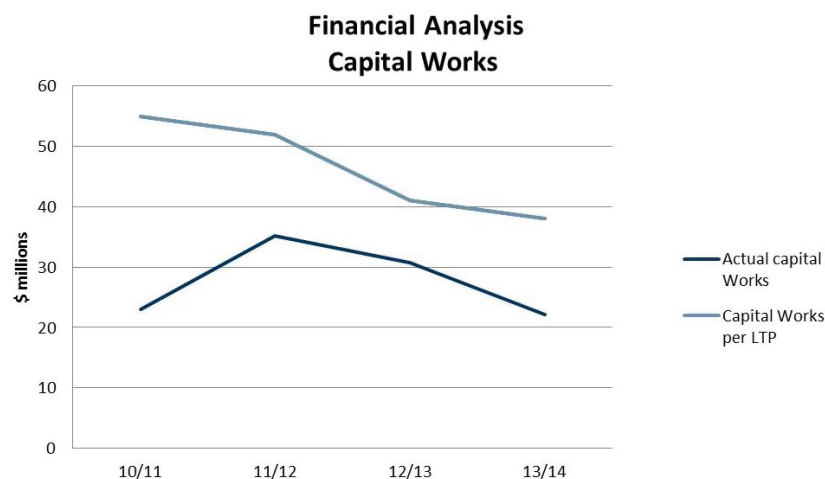
The Financial Strategy was a new requirement for the 2012 10-Year Plan. It must show prudent financial management by our Council and act as a guide when we make big funding decisions. It also outlines how the Council will tell the story about projects so that the community can understand the implication of big decisions on things like rates, debt and investments. The strategy is contained in full in Volume 3 (pp 9-16) of the 2012 10-Year Plan 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 4% 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 sufficient head-room exists to provide financial flexibility for future Councils.
- To continue to provide excellent service within financial constraints.

Reporting Back on Financial Strategy

Capital Programme



The graph above shows that the actual spend on capital projects has been consistently less than the programmes forecast in the Annual Plan or 10-Year Plan over the past 4 years. This is the result of consistent re-prioritisation of projects, so that capital expenditure is not committed until it is absolutely necessary. This has meant that several projects have been deferred or staged including Project Shotover.

Rates

Rates Increases - Actual & Forecast (after allowing for Growth)		
	Actual	LTP Forecast
2012/2013	2.78%	2.70%
2013/2014	0.00%	2.25%
2014/2015	0.00%	2.77%
2015/2016		5.70%
2016/2017		5.36%

The table above shows the actual rates increases over the past 3 years compared to the increases forecasted in the 10-Year Plan. The total rates for 2013/14 are \$56.5m compared to the forecasted amount of \$58.4m. This represents a saving of \$1.81m. The rates for 2014/15 have been set at \$57.7m compared to the forecasted amount of \$61.1m. This represents a saving of over \$3.5m.

The larger increases for 2015/16 and 2016/17 reflect the impact of major new facilities including Project Shotover in Queenstown and the Wanaka Sports Facility. Both of these projects represent significant increases to current levels of service and consequently increased costs. Council will separately consult on the rating impact of these new facilities as part of the Annual Plan processes.

Debt Levels

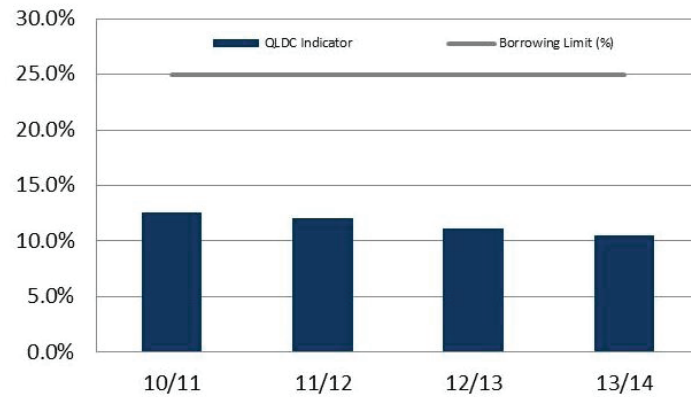
In order to deliver the large capital programme included in the 10-Year Plan, Council will need to rely on borrowing. Council has spent a considerable amount of time and effort working through the capital programme to ensure it is affordable and deliverable. The actual external debt at 30 June 2014 was \$102m; this is \$5m less than 2013 and \$34m less than the amount forecast in the 10-Year Plan.

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

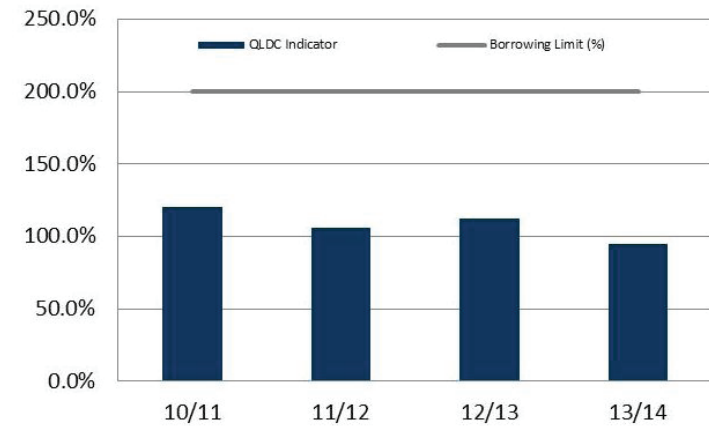
Borrowing Limits (%)	Actual 2011/12	Actual 2012/13	Actual 2013/14	Forecast 2013/14
Interest Expense/Rates < 25%	12.1%	11.1%	10.5%	14.0%
Interest Expense/Total Revenue < 15%	6.7%	6.4%	5.5%	7.8%
Net Debt/Total Revenue < 200%	105.9%	110.1%	94.9%	129.2%
Net Debt/Equity < 20%	12.7%	13.0%	10.7%	14.6%

These ratios are presented in the graphs below:

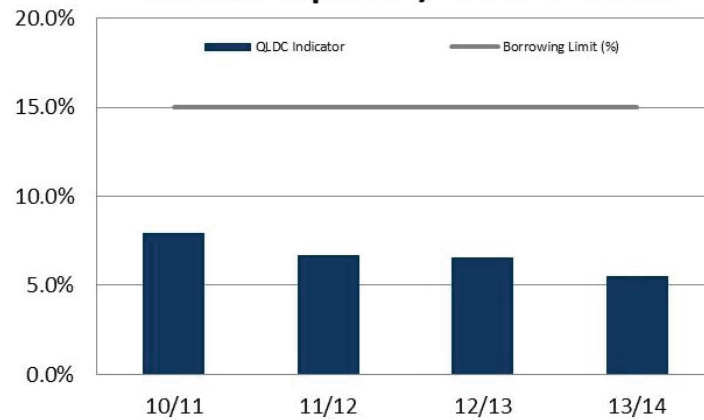
Interest Expense / Rates Revenue



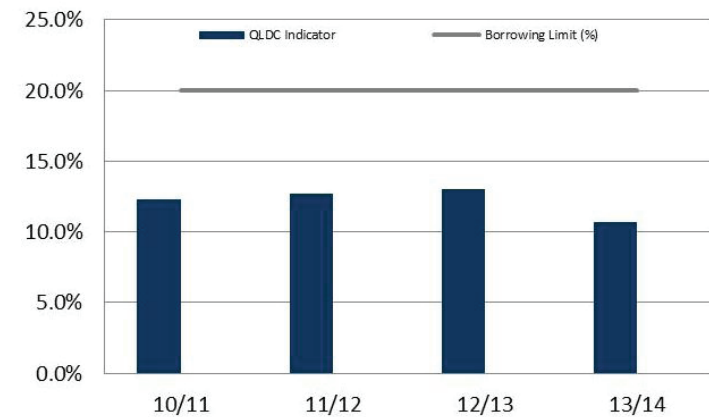
Net Debt / Total Revenue



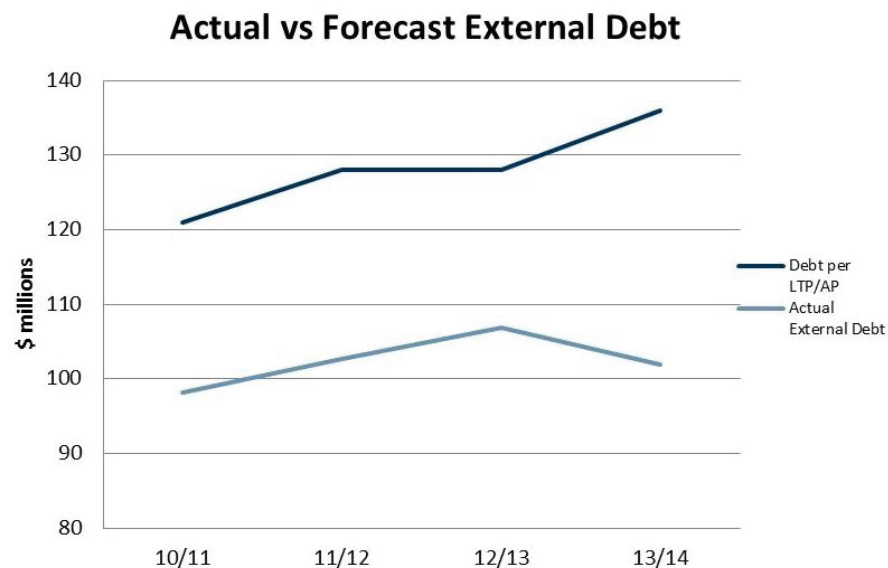
Interest Expense / Total Revenue



Net Debt / Equity



The following graph shows the forecasted debt levels compared to actual debt levels up to 2013/14. As can be seen, actual debt levels are significantly reduced. The total debt as at 30 June 2014 is \$102m, which is \$34m less than forecast in the 10-Year Plan.



This is due to reduced capital spending as explained above and also to increased debt repayments.

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

Capital Works 2013/14

Notable infrastructure projects that have been substantially advanced or completed during the 2013/14 financial year:

Project	Cost at Year End 2014 (\$)
Ardmore/Brownston Street improvements	873,317
Panorama Terrace pavement rehabilitation	70,134
McChesney Road pavement rehabilitation	382,206
Cardrona power undergrounding and traffic calming	386,603
Crown Range Road pavement rehabilitation (Zig Zag)	516,708
Re-sealing programme	3,596,191
Unsealed Road Metalling	1,040,207
Glenda Drive Interceptor (Stormwater)	526,895
Kelvin Heights UV treatment Upgrade	470,229
Frankton Road water pump station upgrade (Learys Gully)	977,379
Renewal of Beacon Point water intake pumps	188,497
Frankton Beach wastewater pump station upgrade	186,297
Project Shotover short-term upgrades	2,120,839

Carry-forward projects scheduled for completion in 2014/15 approved by Council in August 2014 are:

- Frankton Flats Arterial Road (\$3.8m)
- Atley Road Extension (\$210k)
- Frankton Flats Wastewater servicing (\$402k)
- Bremner Park Stormwater (\$219k)
- SCADA upgrades (district-wide) (\$250k)
- Decommission Roys Bay Intake (\$262k)
- Hawea Water upgrades (\$1.0m)



Fact File

Area: 8467 square kilometres

Rateable properties: 22,300

Resident population 2013: 28,224*

as at 30 June 2013

*This figure was obtained from the 2013 Census. Figures from the 2013 Census are released progressively and further statistics will be available in our Annual Plan as well as the 10 Year Plan

Delegated Responsibilities as at 30 June 2014

Mayor

Vanessa van Uden

Wanaka Community Board

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

Councillors

Queenstown Ward
Merv Aoake
Craig (Ferg) Ferguson
Alexa Forbes
Mel Gazzard
Cath Gilmour
Simon Stammers-Smith

Arrowtown Ward

Lex Perkins

Wanaka Ward

Lyal Cocks (Deputy Mayor)
Ella Lawton
Calum MacLeod

Council Committees

Audit and Risk Committee
District Licensing Committee
Property Subcommittee
Resource Consent Commissioner Appointment Committee

Chief Executive

Adam Feeley

General Manager, Planning & Infrastructure

Marc Bretherton

Director - Human Resources

Beth Bundy

Chief Financial Officer

Stewart Burns

General Manager, Legal & Regulatory

Scott Carran

Chief Information Officer

Kirsty Martin

Director - Chief Executive's Office

Meaghan Miller

General Manager, Operations

Ruth Stokes

Council Offices

Civic Centre
10 Gorge Road
Private Bag 50072
Queenstown

Phone: 03 441 0499
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

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)

Governance Report

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

In addition to full Council which meets monthly, Council has one standing committee (bold) and one subcommittee and various other committees formed for specific tasks to monitor and assist in the effective delivery of Council's specific responsibilities. A revised committee structure reducing standing committees to one and changing full Council to meet monthly was introduced in October 2013 and will be reviewed before the end of the year (2014). Council's committees include:

- **Audit and Risk Committee**
- Property Subcommittee
- District Licensing Committee
- Resource Consent Commissioner Appointment Committee
- Chief Executive Performance Review Committee
- Dog Control Committee
- QLDC/CODC Coronet Forest Joint Committee
- Regional Land Transport Committee

Each committee is responsible for providing additional assurance on the integrity of information being presented and the operation of the activity.

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 10 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. Council established Audit and Risk Committee in November 2013.

Risk Management

Council established an Audit and Risk Committee in November 2013. Council is working towards adopting a Risk Management Framework in 2015.

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. Council now employs two staff solicitors.

Statement of Compliance and Responsibility

Compliance

The Council and management of Queenstown Lakes District Council confirm that all the statutory requirements of Schedule 10 Part 3 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 2014 fairly reflect the financial position and operations of Queenstown Lakes District Council.

Vanessa van Uden
Mayor
 30 October 2014

Adam Feeley
Chief Executive
 30 October 2014

Statement of Financial Performance

For the Financial Year Ended 30 June 2014	Notes	Council			Group	
		2014 \$'000	Budget \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Income						
Rates revenue	2 (a)	56,545	56,571	55,775	56,254	55,516
Other revenue	2 (a)	50,861	49,143	39,170	69,919	64,466
Other gains/(losses)	2 (b)	1,906	-	1,133	1,835	(1,994)
Total income	2 (g)	109,312	105,714	96,078	128,008	117,988
Expenditure						
Employee benefits expense	2 (c)	16,051	17,293	8,388	18,116	18,073
Depreciation and amortisation expense	2 (d)	20,387	20,666	18,051	24,288	22,861
Finance costs	2 (e)	5,951	7,869	6,231	7,303	7,701
Other expenses	2 (f)	46,863	46,865	51,954	51,027	57,065
Total operating expenditure	2 (g)	89,253	92,693	84,624	100,735	105,700
Surplus/(Deficit) before income tax		20,059	13,021	11,454	27,273	12,288
Income tax expense	3	-	-	-	3,351	2,175
Surplus/(Deficit) for the period		20,059	13,021	11,454	23,922	10,113
Surplus/(Deficit) attributable to:						
- Council	19	20,059	13,021	11,454	22,305	8,718
- Non controlling interest	20	-	-	-	1,617	1,395
		20,059	13,021	11,454	23,922	10,113

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

Statement of Comprehensive Income

			Council		Group	
	Notes	2014	Budget	2013	2014	2013
For the Financial Year Ended 30 June 2014		\$'000	\$'000	\$'000	\$'000	\$'000
Surplus/(Deficit) for the period		20,059	13,021	11,454	23,922	10,113
Other Comprehensive Income						
May be reclassified subsequently to profit or loss when specific conditions are met						
Gain/(Loss) on revaluation	18 (a)	112,512	73,033	-	145,862	-
Income tax relating to revaluation	18 (a)	-	-	-	(1,695)	-
Gain/(Loss) on cash flow hedging	18 (d)	-	-	-	694	785
Income tax relating to cashflow hedging	18 (d)	-	-	-	(194)	(220)
Total Comprehensive Income		132,571	86,054	11,454	168,589	10,678
Attributable to:						
- Council		132,571	86,054	11,454	158,936	9,141
- Non controlling interest		-	-	-	9,653	1,537
		132,571	86,054	11,454	168,589	10,678

Statement of Financial Position

For the Financial Year Ended 30 June 2014	Notes	Council			Group	
		2014 \$'000	Budget \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current assets						
Cash and cash equivalents	28	3,140	382	1,795	3,445	1,872
Trade and other receivables	6	10,128	9,139	9,403	11,733	11,123
Inventories		24	-	24	24	24
Current tax refundable	3c	107	-	68	107	68
Other financial assets	7	13	13	12	13	12
Other current assets	8	716	348	871	757	908
Development Properties	9	292	292	292	292	292
Total current assets		14,420	10,174	12,465	16,371	14,299
Non-current assets						
Investment in CCO's	25	5,412	6,626	5,530	-	-
Other financial assets	7	1,924	-	1,888	1,294	1,136
Property, plant and equipment	10	988,937	984,251	866,733	1,171,865	1,016,083
Forestry assets	11	-	-	-	839	1,002
Intangible assets	12	2,043	-	656	4,468	3,078
Investment property	13	61,080	66,332	60,425	61,080	60,425
Total non-current assets		1,059,396	1,057,209	935,232	1,239,546	1,081,724
Total assets		1,073,816	1,067,383	947,697	1,255,917	1,096,023
Current liabilities						
Trade and other payables	14	13,195	12,958	12,317	15,289	14,116
Borrowings	15	40,250	17,813	45,683	40,250	45,683
Other financial liabilities	16	2,144	3,259	2,583	2,190	2,607
Employee entitlements	17	1,651	-	1,521	1,931	1,685
Payable to CCO's	25	-	-	118	-	-
Current tax payable	3c	-	-	-	1,774	870
Total current liabilities		57,240	34,030	62,222	61,434	64,961

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

Statement of Financial Position continued

For the Financial Year Ended 30 June 2014	Notes	Council			Group	
		2014 \$'000	Budget \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Non-current liabilities						
Borrowings	15	61,017	100,942	61,245	77,517	81,858
Other financial liabilities	16	702	-	1,944	1,214	3,150
Deferred tax liabilities	3 (d)	-	-	-	8,385	6,366
Total non-current liabilities		61,719	100,942	63,189	87,116	91,374
Total liabilities		118,959	134,972	125,411	148,550	156,335
Net assets		954,857	932,411	822,286	1,107,367	939,688
Equity						
Reserves	18	440,011	401,048	325,246	538,722	399,838
Retained earnings	19	514,846	531,363	497,040	529,024	508,972
Total equity attributable to the Council		954,857	932,411	822,286	1,067,746	908,810
Non controlling interest	20	-	-	-	39,621	30,878
Total Equity		954,857	932,411	822,286	1,107,367	939,688

Mayor

Date 30 October 2014

Chief Executive

Date 30 October 2014

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

Statement of Changes in Equity

Council	Notes	Revaluation Reserves \$'000	Operating Reserves \$'000	Capital Reserves \$'000	Hedging Reserve \$'000	Retained Earnings \$'000	Attributable to Equity Holders of Parent \$'000	Non Controlling Interest \$'000	TOTAL EQUITY \$'000
Council as at 30 June 2014									
Balance at 1 July 2013	18/19	299,786	13,940	11,520	-	497,040	822,286	-	822,286
Total Comprehensive Income for the year		112,512	-	-	-	20,059	132,571	-	132,571
Transfers from/(to) retained earnings	18/19	759	2,022	(528)	-	(2,253)	-	-	-
Balance at 30 June 2014		413,057	15,962	10,992	-	514,846	954,857	-	954,857
Council as at 30 June 2013									
Balance at 1 July 2012	18/19	303,726	13,822	8,665	-	484,619	810,832	-	810,832
Total Comprehensive Income for the year		-	-	-	-	11,454	11,454	-	11,454
Transfers from/(to) retained earnings	18/19	(3,940)	118	2,855	-	967	-	-	-
Balance at 30 June 2013		299,786	13,940	11,520	-	497,040	822,286	-	822,286

Group	Notes	Revaluation Reserves \$'000	Operating Reserves \$'000	Capital Reserves \$'000	Hedging Reserve \$'000	Retained Earnings \$'000	Attributable to Equity Holders of Parent \$'000	Non Controlling Interest \$'000	TOTAL EQUITY \$'000
Group as at 30 June 2014									
Balance at 1 July 2013	18/19	374,774	13,940	11,520	(396)	508,972	908,810	30,878	939,688
Total Comprehensive Income for the year	18d/19	136,256	-	-	375	22,305	158,936	9,653	168,589
Dividends paid	20	-	-	-	-	-	-	(910)	(910)
Transfers from/(to) retained earnings	18	759	2,022	(528)	-	(2,253)	-	-	-
Balance at 30 June 2014		511,789	15,962	10,992	(21)	529,024	1,067,746	39,621	1,107,367
Group as at 30 June 2013									
Balance at 1 July 2012	18/19	378,714	13,822	8,665	(820)	499,287	899,668	30,238	929,906
Total Comprehensive Income for the year	18d/19	-	-	-	424	8,718	9,142	1,537	10,679
Dividends Paid	20	-	-	-	-	-	-	(897)	(897)
Transfers from/(to) retained earnings	18	(3,940)	118	2,855	-	967	-	-	-
Balance at 30 June 2013		374,774	13,940	11,520	(396)	508,972	908,810	30,878	939,688

Statement of Cashflows

For the Financial Year Ended 30 June 2014	Notes	Council			Group	
		2014 \$'000	Budget \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash flows from operating activities						
Receipts from customers		93,810	100,229	91,304	115,431	119,091
Interest received		-	-	-	-	25
Dividends received		2,730	-	2,690	-	-
Payments to suppliers and employees		(62,369)	(64,157)	(57,944)	(68,241)	(72,315)
Finance costs paid		(5,951)	(7,869)	(6,231)	(7,222)	(7,699)
Income tax paid		-	-	-	(2,379)	(2,010)
Net GST (payment) /receipt		254	-	(245)	254	(245)
Net cash inflow/(outflow) from operating activities	28(c)	28,473	28,203	29,574	37,842	36,847
Cash flows from investing activities						
Purchase of investments		(43)	-	(2,470)	(43)	(2,470)
Sale of other financial assets		-	-	41	-	41
Sale of investment property		(568)	-	512	(568)	512
Purchase of property, plant and equipment		(19,701)	(30,865)	(32,701)	(23,763)	(39,436)
Purchase of investment property		(46)	-	(9)	(46)	(9)
Purchase of intangible assets		(1,283)	-	(473)	(1,339)	(726)
Proceeds from sale of property, plant and equipment		174	-	414	174	416
Net cash inflow/(outflow) from investing activities		(21,467)	(30,865)	(34,686)	(25,585)	(41,672)
Cash flows from financing activities						
Proceeds from borrowings		39,892	21,933	49,322	39,892	51,950
Repayment of borrowings		(45,553)	(19,271)	(45,068)	(49,666)	(47,715)
Dividends paid		-	-	-	(910)	(897)
Net cash inflow /(outflow) from financing activities		(5,661)	2,662	4,254	(10,684)	3,338
Net increase/(decrease) in Cash and cash equivalents		1,345	-	(858)	1,573	(1,487)
Cash and cash equivalents at the beginning of the financial year		1,795	382	1,240	1,872	3,359
Transfer from CCO's		-	-	1,413	-	-
Cash and cash equivalents at the end of the financial year		3,140	382	1,795	3,445	1,872
Represented by:						
Cash and cash equivalents		3,140	382	1,795	3,445	1,872
Bank overdraft		-	-	-	-	-
		3,140	382	1,795	3,445	1,872

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

Funding Impact Statement - Whole Council (QLDC Only)

	2013 Annual Plan \$000	2013 Actual \$000	2014 Annual Plan \$000	2014 Actual \$000
For the Financial Year Ended 30 June 2014				
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	2,675	2,631	2,816	2,678
Targeted Rates	54,060	53,800	54,455	54,424
Subsidies & Grants for Operating purposes	3,698	4,897	3,749	3,482
Fees & Charges	12,232	12,689	21,386	18,990
Interest & Dividends from Investments	2,469	2,690	2,858	2,730
Local Authorities Fuel Tax, Fines, Infringement Fees & Other Receipts	2,352	3,699	2,317	2,546
Total Sources of Operating Funding	77,486	80,406	87,581	84,851
Applications of Operating Funding				
Payments to Staff and Suppliers	55,263	58,530	64,158	62,914
Finance Costs	7,745	6,231	7,869	5,951
Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	63,008	64,761	72,027	68,866
Surplus/(Deficit) of Operating Funding	14,478	15,645	15,554	15,985
Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	9,440	9,189	7,173	4,441
Development and Financial Contributions	4,048	2,954	5,474	5,520
Increase/(Decrease) in Debt	13,078	2,932	2,662	(5,661)
Gross Proceeds from sale of assets	-	-	-	174
Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	26,566	15,075	15,309	4,474
Applications of Capital Funding				
Capital Expenditure				
- to meet additional demand	15,775	10,293	13,788	7,489
- to replace existing assets	10,765	8,791	8,958	7,621
- to improve the level of service	14,505	11,233	8,119	6,959
Increase/(Decrease) in Reserves	(1)	404	(2)	(1,610)
Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	41,044	30,720	30,863	20,459
Surplus/(Deficit) of Capital Funding	(14,478)	(15,645)	(15,554)	(15,985)
Funding Balance	-	-	-	-

Reconciliation of Funding Impact Statement to Statement of Financial Performance

	2013 Annual Plan \$000	2013 Actual \$000	2014 Annual Plan \$000	2014 Actual \$000
For the Financial Year Ended 30 June 2014				
INCOME				
Statement of Comprehensive Income:				
Total Operating Income	100,103	96,078	105,714	109,312
Funding Impact Statement:				
Total Sources of Operating Funding	77,486	80,406	87,581	84,851
<i>Plus Sources of Capital Funding:</i>				
Subsidies & Grants for Capital expenditure	9,440	9,189	7,173	4,441
Development and Financial Contributions	4,048	2,954	5,474	5,520
Other Dedicated Capital Funding	-	-	-	-
Less Cost of Property Sales	-	-	-	-
<i>Plus Non Cash Items:</i>				
Vested Assets	9,129	2,396	5,486	12,594
Other Gains/(Losses)	-	1,133	-	1,906
Total Income	100,103	96,078	105,714	109,312
EXPENDITURE				
Statement of Comprehensive Income:				
Total Operating Cost	82,173	84,624	92,693	89,253
Funding Impact Statement:				
Total Applications of Operating Funding	63,008	64,761	72,027	68,866
<i>Plus Non Cash Items:</i>				
Depreciation & Amortisation Expense	19,165	18,051	20,666	20,387
Other	-	1,812	-	-
Total Expenditure	82,173	84,624	92,693	89,253

Funding Impact Statement by Activity Group

	2013 LTP \$000	2013 Actual \$000	2014 LTP \$000	2014 Actual \$000
Governance				
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	-	119	-	281
Targeted Rates	4,308	4,297	4,569	5,198
Subsidies & Grants for Operating purposes	-	-	-	-
Fees & Charges	-	-	-	-
Internal Charges and overheads recovered	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees & Other Receipts	2,492	2,705	3,702	2,747
Total Sources of Operating Funding	6,800	7,121	8,271	8,226
Applications of Operating Funding				
Payments to Staff and Suppliers	1,891	1,912	1,979	2,925
Finance Costs	-	-	-	-
Internal Charges and overheads applied	2,629	2,518	2,797	2,570
Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	4,520	4,429	4,776	5,495
Surplus/(Deficit) of Operating Funding	2,280	2,692	3,495	2,731
Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	-	-	-	-
Development and Financial Contributions	-	-	-	-
Increase/(Decrease) in Debt	-	-	-	-
Gross Proceeds from sale of assets	-	-	-	-
Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	-	-	-	-
Applications of Capital Funding				
Capital Expenditure				
- to meet additional demand	-	-	-	-
- to replace existing assets	-	-	-	-
- to improve the level of service	-	-	-	-
Increase/(Decrease) in Reserves	2,280	2,692	3,495	2,731
Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	2,280	2,692	3,495	2,731
Surplus/(Deficit) of Capital Funding	(2,280)	(2,692)	(3,495)	(2,731)
Funding Balance	-	-	-	-

	2013 LTP \$000	2013 Actual \$000	2014 LTP \$000	2014 Actual \$000
Community				
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	582	553	541	1,151
Targeted Rates	10,771	11,262	11,704	11,239
Subsidies & Grants for Operating purposes	80	61	82	121
Fees & Charges	1,421	1,674	1,481	4,862
Internal Charges and overheads recovered	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees & Other Receipts	197	343	199	560
Total Sources of Operating Funding	13,051	13,893	14,007	17,933
Applications of Operating Funding				
Payments to Staff and Suppliers	9,028	9,027	9,356	12,032
Finance Costs	1,188	959	1,279	989
Internal Charges and overheads applied	2,175	2,150	2,276	3,312
Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	12,391	12,136	12,911	16,333
Surplus/(Deficit) of Operating Funding	660	1,756	1,096	1,600
Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	-	3,264	-	134
Development and Financial Contributions	1,819	1,056	3,167	1,974
Increase/(Decrease) in Debt	1,888	2,017	(366)	(664)
Gross Proceeds from sale of assets	-	-	-	-
Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	3,707	6,337	2,801	1,444
Applications of Capital Funding				
Capital Expenditure				
- to meet additional demand	4,318	2,632	5,725	473
- to replace existing assets	1,289	2,248	863	481
- to improve the level of service	2,440	2,872	1,369	440
Increase/(Decrease) in Reserves	(3,680)	341	(4,060)	1,650
Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	4,367	8,094	3,897	3,044
Surplus/(Deficit) of Capital Funding	(660)	(1,756)	(1,096)	(1,600)
Funding Balance	-	-	-	-

Funding Impact Statement by Activity Group continued

	2013 LTP \$000	2013 Actual \$000	2014 LTP \$000	2014 Actual \$000		2013 LTP \$000	2013 Actual \$000	2014 LTP \$000	2014 Actual \$000
Economic Development					Environmental Management				
Sources of Operating Funding					Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	755	524	784	537	General Rates, Uniform Annual General Charge, Rates Penalties	567	672	539	345
Targeted Rates	3,673	3,123	3,742	3,829	Targeted Rates	7,834	7,807	7,929	6,473
Subsidies & Grants for Operating purposes	-	-	-	-	Subsidies & Grants for Operating purposes	152	80	167	96
Fees & Charges	6,279	6,251	6,464	3,773	Fees & Charges	3,604	3,686	3,987	9,246
Internal Charges and overheads recovered	-	-	-	-	Internal Charges and overheads recovered	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees & Other Receipts	-	15	-	12	Local Authorities Fuel Tax, Fines, Infringement Fees & Other Receipts	1,321	1,697	1,355	1,585
Total Sources of Operating Funding	10,707	9,913	10,990	8,151	Total Sources of Operating Funding	13,478	13,942	13,977	17,745
Applications of Operating Funding					Applications of Operating Funding				
Payments to Staff and Suppliers	8,576	8,283	8,785	7,375	Payments to Staff and Suppliers	11,038	10,716	11,323	14,792
Finance Costs	1,076	940	1,094	889	Finance Costs	756	713	718	625
Internal Charges and overheads applied	234	235	244	447	Internal Charges and overheads applied	1,796	1,610	1,908	1,905
Other Operating Funding Applications	-	-	-	-	Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	9,886	9,458	10,123	8,711	Total Applications of Operating Funding	13,590	13,039	13,949	17,322
Surplus/(Deficit) of Operating Funding	821	455	867	(560)	Surplus/(Deficit) of Operating Funding	(112)	903	28	423
Sources of Capital Funding					Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	-	-	-	-	Subsidies & Grants for Capital expenditure	-	-	-	-
Development and Financial Contributions	-	-	-	-	Development and Financial Contributions	-	-	-	-
Increase/(Decrease) in Debt	641	124	(177)	(748)	Increase/(Decrease) in Debt	(237)	(376)	(1,162)	(1,485)
Gross Proceeds from sale of assets	-	-	-	-	Gross Proceeds from sale of assets	-	-	-	-
Lump Sum Contributions	-	-	-	-	Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-	Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	641	124	(177)	(748)	Total Sources of Capital Funding	(237)	(376)	(1,162)	(1,485)
Applications of Capital Funding					Applications of Capital Funding				
Capital Expenditure					Capital Expenditure				
- to meet additional demand	266	198	189	41	- to meet additional demand	1	143	23	27
- to replace existing assets	343	169	303	42	- to replace existing assets	62	123	13	28
- to improve the level of service	473	216	356	38	- to improve the level of service	512	157	25	25
Increase/(Decrease) in Reserves	380	(4)	(158)	(1,429)	Increase/(Decrease) in Reserves	(924)	104	(1,195)	(1,143)
Increase/(Decrease) of Investments	-	-	-	-	Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	1,462	579	690	(1,308)	Total Applications of Capital Funding	(349)	527	(1,134)	(1,062)
Surplus/(Deficit) of Capital Funding	(821)	(455)	(867)	560	Surplus/(Deficit) of Capital Funding	112	(903)	(28)	(423)
Funding Balance	-	-	-	-	Funding Balance	-	-	-	-

Funding Impact Statement by Activity Group continued

	2013 LTP \$000	2013 Actual \$000	2014 LTP \$000	2014 Actual \$000
Roading and Footpaths				
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	-	-	-	-
Targeted Rates	12,651	12,589	12,836	12,809
Subsidies & Grants for Operating purposes	3,466	4,756	3,591	3,267
Fees & Charges	928	1,064	963	1,109
Internal Charges and overheads recovered	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees & Other Receipts	391	474	414	437
Total Sources of Operating Funding	17,436	18,883	17,804	17,622
Applications of Operating Funding				
Payments to Staff and Suppliers	7,470	7,471	8,092	7,034
Finance Costs	1,796	1,391	1,880	1,302
Internal Charges and overheads applied	926	924	994	1,302
Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	10,192	9,786	10,966	9,639
Surplus/(Deficit) of Operating Funding	7,244	9,098	6,838	7,983
Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	9,440	5,925	6,900	4,307
Development and Financial Contributions	751	575	1,299	1,153
Increase/(Decrease) in Debt	853	(34)	(1,118)	(4,549)
Gross Proceeds from sale of assets	-	-	-	-
Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	11,044	6,466	7,081	911
Applications of Capital Funding				
Capital Expenditure				
- to meet additional demand	8,402	5,483	5,690	3,175
- to replace existing assets	4,683	4,683	4,726	3,231
- to improve the level of service	6,654	5,984	4,911	2,950
Increase/(Decrease) in Reserves	(1,451)	(588)	(1,408)	(462)
Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	18,288	15,563	13,919	8,894
Surplus/(Deficit) of Capital Funding	(7,244)	(9,098)	(6,838)	(7,983)
Funding Balance	-	-	-	-

	2013 LTP \$000	2013 Actual \$000	2014 LTP \$000	2014 Actual \$000
Sewerage				
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	229	142	237	129
Targeted Rates	6,471	6,495	6,823	6,464
Subsidies & Grants for Operating purposes	-	-	-	-
Fees & Charges	-	-	-	-
Internal Charges and overheads recovered	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees & Other Receipts	34	39	36	35
Total Sources of Operating Funding	6,734	6,676	7,096	6,628
Applications of Operating Funding				
Payments to Staff and Suppliers	3,523	4,294	3,713	4,048
Finance Costs	1,649	1,225	1,751	1,168
Internal Charges and overheads applied	687	686	727	880
Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	5,859	6,205	6,191	6,096
Surplus/(Deficit) of Operating Funding	875	471	905	532
Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	-	-	-	-
Development and Financial Contributions	791	708	1,375	1,374
Increase/(Decrease) in Debt	904	370	2,283	569
Gross Proceeds from sale of assets	-	-	-	-
Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	1,695	1,078	3,658	1,943
Applications of Capital Funding				
Capital Expenditure				
- to meet additional demand	562	1,144	1,559	1,476
- to replace existing assets	1,332	977	2,032	1,502
- to improve the level of service	1,455	1,248	3,710	1,371
Increase/(Decrease) in Reserves	(779)	(1,819)	(2,738)	(1,874)
Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	2,570	1,549	4,563	2,475
Surplus/(Deficit) of Capital Funding	(875)	(471)	(905)	(532)
Funding Balance	-	-	-	-

Funding Impact Statement by Activity Group continued

	2013 LTP \$000	2013 Actual \$000	2014 LTP \$000	2014 Actual \$000		2013 LTP \$000	2013 Actual \$000	2014 LTP \$000	2014 Actual \$000
Water Supply					Stormwater				
Sources of Operating Funding					Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	26	18	27	18	General Rates, Uniform Annual General Charge, Rates Penalties	-	-	-	-
Targeted Rates	6,999	6,896	7,496	7,068	Targeted Rates	1,350	1,331	1,436	1,344
Subsidies & Grants for Operating purposes	-	-	-	-	Subsidies & Grants for Operating purposes	-	-	-	-
Fees & Charges	-	-	-	-	Fees & Charges	-	-	-	-
Internal Charges and overheads recovered	-	-	-	-	Internal Charges and overheads recovered	-	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees & Other Receipts	56	9	59	91	Local Authorities Fuel Tax, Fines, Infringement Fees & Other Receipts	274	246	285	280
Total Sources of Operating Funding	7,081	6,923	7,582	7,177	Total Sources of Operating Funding	1,624	1,577	1,721	1,624
Applications of Operating Funding					Applications of Operating Funding				
Payments to Staff and Suppliers	4,465	6,881	4,796	3,779	Payments to Staff and Suppliers	490	634	521	478
Finance Costs	858	669	976	676	Finance Costs	302	238	303	215
Internal Charges and overheads applied	683	679	734	917	Internal Charges and overheads applied	221	219	237	301
Other Operating Funding Applications	-	-	-	-	Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	6,006	8,229	6,506	5,371	Total Applications of Operating Funding	1,013	1,091	1,061	994
Surplus/(Deficit) of Operating Funding	1,075	(1,306)	1,076	1,806	Surplus/(Deficit) of Operating Funding	611	486	660	630
Sources of Capital Funding					Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	-	-	-	-	Subsidies & Grants for Capital expenditure	-	-	-	-
Development and Financial Contributions	532	592	936	944	Development and Financial Contributions	155	23	270	75
Increase/(Decrease) in Debt	2,223	973	1,645	1,024	Increase/(Decrease) in Debt	116	(165)	(541)	(66)
Gross Proceeds from sale of assets	-	-	-	-	Gross Proceeds from sale of assets	-	-	-	-
Lump Sum Contributions	-	-	-	-	Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-	Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	2,755	1,565	2,581	1,968	Total Sources of Capital Funding	271	(142)	(271)	9
Applications of Capital Funding					Applications of Capital Funding				
Capital Expenditure					Capital Expenditure				
- to meet additional demand	1,422	266	1,202	1,143	- to meet additional demand	804	211	84	309
- to replace existing assets	2,277	227	1,874	1,163	- to replace existing assets	295	181	295	314
- to improve the level of service	1,449	290	1,399	1,062	- to improve the level of service	69	231	96	287
Increase/(Decrease) in Reserves	(1,318)	(523)	(818)	407	Increase/(Decrease) in Reserves	(286)	(279)	(86)	(271)
Increase/(Decrease) of Investments	-	-	-	-	Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	3,830	259	3,657	3,774	Total Applications of Capital Funding	882	344	389	639
Surplus/(Deficit) of Capital Funding	(1,075)	1,306	(1,076)	(1,806)	Surplus/(Deficit) of Capital Funding	(611)	(486)	(660)	(630)
Funding Balance	-	-	-	-	Funding Balance	-	-	-	-

Funding Impact Statement by Activity Group continued

	2013	2013	2014	2014
	LTP	Actual	LTP	Actual
Overhead	\$000	\$000	\$000	\$000
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	516	603	515	217
Targeted Rates	3	-	(115)	-
Grants & Subsidies for Operating purposes	-	-	-	-
User Charges	-	15	-	-
Internal Charges and overheads recovered	9,351	9,014	9,917	11,075
Local Authorities Fuel Tax, Fines, Infringement Fees & Other Receipts	56	861	57	86
Total Sources of Operating Funding	9,926	10,493	10,374	11,378
Applications of Operating Funding				
Payments to Staff and Suppliers	8,782	9,311	9,098	10,739
Finance Costs	120	93	167	88
Internal Charges and overheads applied	-	-	-	-
Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	8,902	9,404	9,265	10,827
Surplus/(Deficit) of Operating Funding	1,024	1,088	1,109	551
Sources of Capital Funding				
Subsidies & Grants for Capital expenditure	-	-	-	-
Development and Financial Contributions	-	-	-	-
Increase/(Decrease) in Debt	6,690	24	7,378	258
Gross Proceeds from sale of assets	-	-	-	-
Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-
Total Sources of Capital Funding	6,690	24	7,378	258
Applications of Capital Funding				
Capital Expenditure				
- to meet additional demand	-	216	-	468
- to replace existing assets	484	184	381	479
- to improve the level of service	1,453	235	1,142	427
Increase/(Decrease) in Reserves	5,777	477	6,964	(565)
Increase/(Decrease) of Investments	-	-	-	-
Total Applications of Capital Funding	7,714	1,112	8,487	809
Surplus/(Deficit) of Capital Funding	(1,024)	(1,088)	(1,109)	(551)
Funding Balance	-	-	-	-

Notes to the 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)), 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).

On 20 March 2013, Queenstown Lakes District Council (Council) resolved to re-integrate the operation of two of QLDC's Council Controlled Organisations, Lakes Leisure Limited and Lakes Environmental Limited into Council. The assets and liabilities of the Companies were transferred to Council on 30 June 2013.

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.

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, 2013 by Rationale, independent valuers. Acquisitions subsequent to 1 July, 2013 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, 2013 by MWH Limited, independent valuers. Bridges and lighting are stated at valuation which is optimised depreciated replacement cost value.

Airport Land, Buildings, Roothing, Carparking and Runways

Airport Land holdings, roading and carparking buildings, held by QAC were independently valued by Seagar & Partners, registered valuers, as at 30 June 2014 to fair value. The runway was independently valued by Beca Valuations Limited (Beca), registered valuers, as at 30 June 2014. 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
Roothing - Basecourse	2.10%	SL
Roothing - Bridges	2.60%	SL
Roothing - Surfacing	8.60%	SL
Roothing - Other	1% - 10%	SL

Airport Assets at fair value	Rate (%)	Method
Buildings	2.5%-33%	DV
Airport Runway	1%-20%	SL
Roothing and Carparking	4.8%-33%	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 25 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the excess is credited to 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 33.

Financial guarantee contracts

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

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

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

Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with 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.

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 2014.

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

There were no new or revised Standards or Interpretations effective in the current period that had a material impact on the annual report of the Council.

Standards and Interpretations on issue but not yet adopted

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The suite of standards (PBE International Public Sector Accounting Standards) were approved for PBEs on 23 May 2013 and will be applicable to the public sector for reporting periods beginning on or after 1 July 2014. Early adoption is not permitted to ensure consistency of reporting in the public sector. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements.

The XRB and New Zealand Accounting Standards Board (NZASB) are proposing changes to the accounting standards that apply, distinguishing between 'for-profit' entities, public benefit entities (PBEs) in the public sector and PBEs that are not-for-profit. The Council falls into the category of PBE.

Although the new standards apply to reporting periods beginning on or after 1 July 2014, comparative information will be required which means an opening balance sheet will need to be established at 1 July 2013. In addition, budgeted information for the 2014/2015 year will need to be prepared by Council in accordance with the new standards ahead of 1 July 2014.

The Council is currently assessing the implications of the new Accounting Standards Framework.

2. Surplus From Operations

For the Financial Year Ended 30 June 2014	Notes	Council		Group	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
(a) Revenue					
Revenue consisted of the following items:					
Rates Revenue:					
General rates		2,121	1,975	2,118	1,972
Targeted rates		54,424	53,800	54,136	53,544
		56,545	55,775	56,254	55,516
Other Revenue:					
User charges		18,990	12,689	20,875	23,331
Capital Contributions		5,520	2,954	5,498	2,910
Grants and subsidies		7,924	14,086	7,924	14,086
Vested assets		12,594	2,396	12,594	2,396
Landing dues		-	-	13,541	12,226
Dividend income		2,730	2,690	-	-
Other revenue		3,103	4,355	3,740	4,992
Rental Revenue:					
Operating lease rental revenue		-	-	5,743	4,499
Interest Revenue:					
Bank deposits		-	-	-	26
Inland Revenue Department		-	-	4	-
		50,861	39,170	69,919	64,466

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

Rating base information

Rating units within the district or region of the local authority at the end of the preceding financial year

	30 June 2013
The number of rating units	22,235
The total land value of rating units	9,623,771,350
The total capital value of rating units	16,655,073,000

2. Surplus From Operations continued

		Council		Group	
		2014	2013	2014	2013
For the Financial Year Ended 30 June 2014	Notes	\$'000	\$'000	\$'000	\$'000
(b) Other Gains/(Losses)					
Gain/(loss) on revaluation of investment property	13	1,193	(3,771)	1,193	(3,771)
Gain/(loss) on disposal of investment property		(576)	241	(576)	241
Gain/(loss) on disposal of property, plant and equipment		171	(40)	141	(40)
Gain/(loss) in fair value of shares		(2)	(4)	(2)	(4)
Gain/(loss) in fair value of forestry assets	11	-	-	(163)	303
Gain/(loss) in fair value of forestry investment		(122)	227	-	-
Gain on transfer of Lakes Leisure surplus net assets	25	-	3,196	-	-
Gain/(loss) in fair value of derivative financial instruments classified at fair value through profit or loss		1,242	1,284	1,242	1,277
		1,906	1,133	1,835	(1,994)
(c) Employee Benefits Expense					
Salaries and wages		16,051	8,388	18,116	18,004
Other		-	-	-	69
		16,051	8,388	18,116	18,073
(d) Depreciation and Amortisation Expense					
Depreciation of property, plant and equipment	10	19,949	17,782	23,797	22,530
Amortisation of intangible assets	12	438	269	491	331
		20,387	18,051	24,288	22,861
(e) Finance Costs					
Interest on loans		5,951	6,231	7,303	7,701
Other interest expense		-	-	-	-
		5,951	6,231	7,303	7,701
(f) Other Expenses					
Impairment of goodwill	12 (b)	-	-	-	2,980
Impairment of investment in subsidiary		-	1,812	-	-
Increase/(Decrease) in allowance for doubtful debts		357	3	357	53
Operating lease rental expenses:					
Minimum lease payments		937	1,006	937	1,543
Loss provision - claims against Council		(1,000)	200	(1,000)	200
Operating Expenses		46,569	48,933	50,733	52,289
		46,863	51,954	51,027	57,065

2. Surplus From Operations continued

For the Financial Year Ended 30 June 2014	Council	
	2014 \$'000	2013 \$'000
(g) Summary Cost of Services by Activity (Council only)		
(i) Income		
Governance	2,747	5,901
Community	9,492	6,928
Economic Development	4,279	2,871
Environmental Management	10,927	5,465
Roading and Parking	12,946	13,401
Water Supply	2,992	922
Stormwater	3,517	773
Wastewater	4,542	1,180
Other	1,325	2,862
Targeted Rates	54,424	53,800
General Rates	2,121	1,975
Total Income	109,312	96,078
(ii) Expenditure		
Governance	5,497	6,244
Community	19,928	15,092
Economic Development	8,670	9,661
Environmental Management	17,538	13,270
Roading and Parking	18,183	17,515
Water Supply	7,673	10,326
Stormwater	2,541	2,453
Wastewater	9,177	9,260
Other	46	803
Total Operating Expenditure	89,253	84,624

For the Financial Year Ended 30 June 2014	Council	
	2014 \$'000	2013 \$'000
(iii) Depreciation and Amortisation Expense		
Community	3,590	2,945
Economic Development	219	195
Environmental Management	217	232
Roading and Parking	8,544	7,730
Water Supply	2,302	2,097
Stormwater	1,547	1,362
Wastewater	3,081	3,055
Other	887	435
Total Depreciation and Amortisation Expense	20,387	18,051
Total Depreciation and Amortisation Expense	20,387	18,051

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 and Loss

	Council		Group	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
For the Financial Year Ended 30 June 2014				
Tax expense/(income) comprises:				
Current tax expense/(credit):				
Current year	-	-	3,084	2,493
Adjustments for prior years	-	-	137	320
	-	-	3,221	2,813
Deferred tax expense/(credit):				
Origination and reversal of temporary differences	-	-	144	(302)
Adjustments for prior years	-	-	(14)	(336)
	-	-	130	(638)
Total tax expense/(income)	-	-	3,351	2,175
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	20,059	8,258	27,273	12,288
Income tax expense (credit) calculated at 28%	5,617	2,312	7,637	3,442
Non assessable income and expenses	(5,617)	(2,312)	(4,887)	(1,098)
Reversal of temporary difference	-	-	478	(28)
Adjustments for prior years	-	-	123	(16)
Other	-	-	-	55
	-	-	3,351	2,355
Loss carried forward	-	-	-	(6)
Tax loss offset	-	-	-	(174)
	-	-	3,351	2,175
Taxation effect of imputation credits:				
Imputation credits utilised	-	-	-	-
(Over)/under provision of income tax in previous year	-	-	-	-
Income tax expense/(credit)	-	-	3,351	2,175

The tax rate used in the above reconciliation is the corporate tax rate of 28% (2013: 28%) payable by New Zealand corporate entities on taxable profits under New Zealand tax law.

3. Income Taxes continued

(b) Income Tax Recognised Directly In Other Comprehensive Income

Deferred tax of \$194,430 (2013: \$220,000) has been charged directly to other comprehensive income during the period, relating to the fair value movement of derivative financial instruments, for Queenstown Airport Corporation. Deferred tax of \$1,695,212 has been charged directly to other comprehensive income relating to the fair value movement of fixed assets.

(c) Current Tax Assets and Liabilities

	Council		Group	
	2014	2013	2014	2013
For the Financial Year Ended 30 June 2014	\$'000	\$'000	\$'000	\$'000
Current Tax Refundable:				
Current tax refundable	107	68	107	68
Current Tax Payable:				
Current tax payable	-	-	1,774	870

(d) Deferred Tax Balances Comprise

Taxable and deductible temporary differences arising from the following:

	Group			
	Opening Balance	Charged to Income	Charged to other Comprehensive Income	Closing Balance
2014	\$'000	\$'000	\$'000	\$'000
Gross deferred tax asset/(liability):				
Property, plant and equipment	(6,645)	448	(1,695)	(7,892)
Intangible assets	(138)	(530)	-	(668)
Employee entitlements	50	(19)	-	31
Derivatives	338	-	(194)	144
Trade and other payables	29	(29)	-	-
Gross deferred tax asset/(liability)	(6,366)	(130)	(1,889)	(8,385)

	Group			
	Opening Balance	Charged to Income	Charged to other Comprehensive Income	Closing Balance
2013	\$'000	\$'000	\$'000	\$'000
Gross deferred tax asset/(liability):				
Property, plant and equipment	(7,084)	439	-	(6,645)
Intangible assets	(291)	153	-	(138)
Employee entitlements	63	(13)	-	50
Provision for doubtful debts	15	(15)	-	-
Derivatives	558	-	(220)	338
Trade and other payables	19	10	-	29
Losses recognised	4	(4)	-	-
Gross deferred tax asset/(liability)	(6,716)	570	(220)	(6,366)

(e) Imputation Credit Account Balances

	Council		Group	
	2014	2013	2014	2013
For the Financial Year Ended 30 June 2014	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	589	-	7,595	5,955
Taxation paid	-	-	3,079	2,919
Income tax payable	-	-	-	81
Income tax refunded	-	-	-	(23)
Imputation credits on dividends paid	-	-	(1,416)	(1,337)
Prior year adjustment	-	-	(492)	-
Balance at end of year	589	-	8,766	7,595
Imputation credits available directly and indirectly to Council through:				
Council	589	-	-	-
Subsidiaries	-	-	8,766	7,595
	589	-	8,766	7,595

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	
	2014	2013	2014	2013
For the Financial Year Ended 30 June 2014	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	785	745	1,065	1,608
Directors Fees	-	-	156	313
	785	745	1,221	1,921

5. Remuneration of Auditors

	Council		Group	
	2014	2013	2014	2013
For the Financial Year Ended 30 June 2014	\$'000	\$'000	\$'000	\$'000
Audit fees for financial statement audit	192	148	235	270
Fees paid to auditor for other audit, assurance & related services.*	48	18	86	64
Fees for tax services	11	5	11	14
	251	171	332	348

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

* Relates to fees for disclosure audit for QAC, Tech One readiness review, Debenture Trust Deed and TAFM (Transparency, Accountability and Financial Management) of Local Government review.

6. Trade and Other Receivables

	Council		Group	
	2014	2013	2014	2013
For the Financial Year Ended 30 June 2014	\$'000	\$'000	\$'000	\$'000
Trade receivables (i)	3,490	3,496	5,095	5,216
Infringement receivables (i)	1,269	976	1,269	976
Rates receivables (i)	1,627	2,013	1,627	2,013
New Zealand Transport Agency	2,207	1,564	2,207	1,564
Other (i)	2,744	2,216	2,744	2,216
Allowance for doubtful debts (ii)	(1,209)	(862)	(1,209)	(862)
	10,128	9,403	11,733	11,123

- (i) Trade receivables, infringement receivables and rates receivables are non-interest bearing and generally on monthly terms.
- (ii) The Council has a small provision for impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future repayments.

In relation to Trade and Other Receivables (excluding rates) the Group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

	Council		Group	
	2014	2013	2014	2013
Trade and Other Receivables (excluding Rates)	\$'000	\$'000	\$'000	\$'000
Current (0-30 days)	5,932	4,791	7,143	5,939
31-60 days *	387	429	718	940
61-90 days *	211	172	249	201
90 days + *	1,979	2,007	2,004	2,039
	8,509	7,399	10,114	9,119
Rates Receivables				
Current (0-30 days)	627	666	627	666
31 days - 1 Year *	736	827	736	827
1 Year + *	256	511	256	511
	1,619	2,004	1,619	2,004
Total Receivables	10,128	9,403	11,733	11,123

* Amounts are considered past due.

	Council		Group	
	2014	2013	2014	2013
For the Financial Year Ended 30 June 2014	\$'000	\$'000	\$'000	\$'000
Disclosed in the financial statements as:				
Current	10,128	9,403	11,733	11,123
Non-current	-	-	-	-
	10,128	9,403	11,733	11,123
(iii) Movement in the allowance for doubtful debts:				
Balance at beginning of year	(862)	(791)	(862)	(841)
Transfer on reintegration of CCOs	-	(50)	-	-
Amounts written off during year	10	32	10	32
Additional allowance recognised in Statement of Financial Performance	(357)	(53)	(357)	(53)
Balance at end of year	(1,209)	(862)	(1,209)	(862)

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	
	2014	2013	2014	2013
For the Financial Year Ended 30 June 2014	\$'000	\$'000	\$'000	\$'000
Other investments held	1,464	1,428	834	676
Advances to community organisations	460	460	460	460
Short term investments	13	12	13	12
	1,937	1,900	1,307	1,148
Represented by:				
Current	13	12	13	12
Non Current	1,924	1,888	1,294	1,136
	1,937	1,900	1,307	1,148

Other financial assets are recognised at amortised cost. There are no impairment provisions for other financial assets.

Included in other investments held is a 75% share in Lakes Combined Afforestation Committee. The principal activity of this entity is Forestry.

8. Other Current Assets

	Council		Group	
	2014	2013	2014	2013
For the Financial Year Ended 30 June 2014	\$'000	\$'000	\$'000	\$'000
Prepayments	716	871	757	908
	716	871	757	908

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	
	2014	2013	2014	2013
For the Financial Year Ended 30 June 2014	\$'000	\$'000	\$'000	\$'000
Land	292	292	292	292
	292	292	292	292

10. Property, Plant and Equipment

Council 2014

	Cost/ Valuation 1-Jul-13 \$'000s	Additions \$'000s	Disposals/ Write Offs \$'000s	Transfers \$'000s	Transfer to Intangibles \$'000s	Revaluation	Cost/ Valuation 30-Jun-14 \$'000s	Accumulated depreciation and impairment charges 1-Jul-13 \$'000s	Accumulated depreciation and impairment charges reversed on revaluation \$'000s	Depreciation expense \$'000s	Accumulated depreciation reversed on disposal \$'000s	Accumulated depreciation and impairment charges 30-Jun-14 \$'000s	Carrying amount 30-Jun-14 \$'000s
Council Operational Assets													
At Cost													
Land	61,450	1,669		(4)			63,115	-		-		-	63,115
Buildings	49,711	106		408			50,225	(9,549)		(1,160)		(10,709)	39,516
Building Improvements	32,340	837		519			33,696	(13,768)		(1,839)		(15,607)	18,089
Plant and Machinery	9,963	266		(244)			9,985	(3,781)		(668)		(4,449)	5,536
Motor Vehicles	1,414	-	(22)				1,392	(839)		(142)	12	(969)	423
Furniture and Office Equipment	4,398	371		30			4,799	(3,575)		(247)		(3,822)	977
Computer Equipment	2,589	138					2,727	(2,207)		(331)		(2,538)	189
Library Books	3,256	160					3,416	(2,859)		(327)		(3,186)	230
Work in progress	3,714	342	(2,042)	(709)	(543)		762	-		-		-	762
Total Operational Assets	168,835	3,889	(2,064)	-	(543)		170,117	(36,578)	-	(4,713)	12	(41,279)	128,838
Council Infrastructural Assets													
Water Supply	88,416	3,321		425		25,892	118,054	(6,057)	6,057	(2,302)	-	(2,302)	115,752
Sewerage	117,418	4,340		5,689		20,244	147,691	(8,978)	8,978	(3,080)	-	(3,080)	144,611
Stormwater	73,871	3,951		303		18,238	96,363	(4,034)	4,034	(1,547)	-	(1,547)	94,816
Roading - Basecourse	66,727	1,597		8		1,511	69,843	(11,225)	11,225	(5,188)	-	(5,188)	64,655
Roading - Bridges	30,381	301		205		688	31,575	(1,292)	1,292	(445)	-	(445)	31,130
Roading - Surfacing	51,889	5,009		2		1,175	58,075	(1,087)	1,087	(36)	-	(36)	58,039
Roading - Other	220,636	3,767		161		4,996	229,560	(7,095)	7,095	(2,638)	-	(2,638)	226,922
Land under Roads	103,444	-		-			103,444	-	-	-	-	-	103,444
Work in Progress	21,466	6,620	(563)	(6,793)			20,730	-	-	-	-	-	20,730
Total Infrastructural Assets	774,248	28,906	(563)	-		72,744	875,335	(39,768)	39,768	(15,236)	-	(15,236)	860,099
Total Council Property, Plant and Equipment	943,083	32,795	(2,627)	-	(543)	72,744	1,045,452	(76,346)	39,768	(19,949)	12	(56,515)	988,937

The Council's obligation under finance leases (note18) are secured by the lessors' title to the leased assets which have a carrying amount of \$NIL (2013: \$NIL)

10. Property, Plant and Equipment continued

Council 2013														
	Cost/ Valuation 1-Jul-12 \$'000s	Additions \$'000s	Disposals \$'000s	Transfers \$'000s	Transfer (to)/from Investment Property \$'000s	Revaluation \$'000s	Cost/ Valuation 30-Jun-13 \$'000s	Accumulated depreciation and impairment charges 1-Jul-12 \$'000s	Accumulated depreciation and impairment charges reversed on revaluation \$'000s	Depreciation expense \$'000s	Transfer \$'000s	Accumulated depreciation reversed on disposal \$'000s	Accumulated depreciation and impairment charges 30-Jun-13 \$'000s	Carrying amount 30-Jun-13 \$'000s
Council Operational Assets														
At Cost														
Land	58,156	3,490	(233)	37			61,450	-		-			-	61,450
Buildings	44,245	3,708	(111)	608	1,095		49,545	(8,386)		(1,026)		28	(9,384)	40,161
Building Improvements	29,538	1,442		38	1,018		32,036	(11,689)		(1,777)			(13,466)	18,570
Plant and Machinery	7,468	600	(51)		1,276		9,293	(2,578)		(471)		20	(3,029)	6,264
Motor Vehicles	999	123	(59)		74		1,137	(590)		(92)		37	(645)	492
Furniture and Office Equipment	3,649	82			334		4,065	(3,122)		(120)			(3,242)	823
Computer Equipment	1,861	128		75	121		2,185	(1,723)		(80)			(1,803)	382
Library Books	3,023	233					3,256	(2,555)		(304)			(2,859)	397
Work in progress	3,535	937		(758)			3,714	-		-			-	3,714
Total Operational Assets	152,474	10,743	(454)	-	3,918		166,681	(30,643)	-	(3,870)		85	(34,428)	132,253
Council Infrastructural Assets														
Water Supply	84,717	14		3,685			88,416	(3,960)		(2,097)		-	(6,057)	82,359
Sewerage	116,365	293		760			117,418	(5,924)		(3,054)		-	(8,978)	108,440
Stormwater	72,809	914		148			73,871	(2,672)		(1,362)		-	(4,034)	69,837
Roading - Basecourse	63,191	2,208		1,328			66,727	(7,436)		(3,789)		-	(11,225)	55,502
Roading - Bridges	29,964	416		1			30,381	(855)		(437)		-	(1,292)	29,089
Roading - Surfacing	44,631	5,276		1,982			51,889	(457)		(630)		-	(1,087)	50,802
Roading - Other	206,886	7,600		6,150			220,636	(4,552)		(2,543)		-	(7,095)	213,541
Land under Roads	103,444	-		-			103,444	-		-		-	-	103,444
Work in Progress	30,272	5,248		(14,054)			21,466	-		-		-	-	21,466
Total Infrastructural Assets	752,279	21,969	-	-			774,248	(25,856)	-	(13,912)		-	(39,768)	734,480
Total Council Property, Plant and Equipment	904,753	32,712	(454)	-	3,918		940,929	(56,499)	-	(17,782)		85	(74,196)	866,733

The Council's obligation under finance leases(note18) are secured by the lessors' title to the leased assets which have a carrying amount of \$NIL (2012: \$NIL)

10. Property, Plant and Equipment continued

	Group 2014														
	Cost/ Valuation 1-Jul-13 \$'000s	Additions \$'000s	Disposals/ Write Offs \$'000s	Transfers \$'000s	Other \$'000s	Transfer to Intangibles	Revaluation \$'000s	Cost/ Valuation 30-Jun-14 \$'000s	Accumulated depreciation and impairment charges 1-Jul-13 \$'000s	Accumulated depreciation and impairment charges reversed on revaluation \$'000s	Depreciation expense \$'000s	Accumulated depreciation reversed on disposal \$'000s	Other \$'000s	Accumulated depreciation and impairment charges 30-Jun-14 \$'000s	Carrying amount 30-Jun-14 \$'000s
Council Operational Assets															
At Cost															
Land	62,425	1,669	-	(979)				63,115	-			-		-	63,115
Buildings	51,739	106	-	(1,627)	2			50,220	(9,549)		(1,160)	-		(10,709)	39,511
Building Improvements	29,139	837	-	3,732				33,708	(13,780)		(1,839)	-		(15,619)	18,089
Plant and Equipment	14,734	732	-	(660)				14,806	(6,100)		(1,200)	-		(7,300)	7,506
Motor Vehicles	2,505	40	(22)	1,183				3,706	(1,908)		(281)	12		(2,177)	1,529
Furniture and Office Equipment	8,910	1,848	-	(923)				9,835	(4,517)		(675)	-		(5,192)	4,643
Computer Equipment	2,587	138	-	-	2			2,727	(2,207)		(331)			(2,538)	189
Library Books	3,257	160	-	-				3,417	(2,859)		(327)	-		(3,186)	231
Work in progress	3,714	342	(2,042)	(709)		(543)		762	-		-	-		-	762
Total Operational Assets	179,010	5,872	(2,064)	17	4	(543)		182,296	(40,920)		(5,813)	12	-	(46,721)	135,575
Airport Assets at Fair Value															
Land	78,238	444	-	-			27,297	105,979	-		-	-		-	105,979
Land Improvements	10,327	(37)	-	(1)			(157)	10,132	(246)		(118)	-		(364)	9,768
Building	35,555	1,023	-	-17			3,643	40,204	(3,826)		(1,234)	-		(5,060)	35,144
Airport Runway	20,934	336	(30)	1	-15		373	21,599	(2,529)		(1,023)	-	15	(3,537)	18,062
Roading and Carparking	6,281	354	-				2,196	8,831	(1,226)		(373)	-		(1,599)	7,232
Total Airport Assets	151,335	2,120	(30)	(17)	(15)	-	33,352	186,745	(7,827)		(2,748)	-	15	(10,560)	176,185
Council Infrastructural Assets															
Water Supply	88,417	3,321	-	425			25,892	118,055	(6,057)	6,057	(2,302)	-		(2,302)	115,753
Sewerage	117,418	4,340	-	5,689			20,244	147,691	(8,978)	8,978	(3,080)	-		(3,080)	144,611
Stormwater	73,871	3,951	-	303			18,238	96,363	(4,034)	4,034	(1,547)	-		(1,547)	94,816
Roading - Basecourse	66,727	1,597	-	8			1,511	69,843	(11,225)	11,225	(5,188)	-		(5,188)	64,655
Roading - Bridges	30,381	301	-	205			688	31,575	(1,292)	1,292	(445)	-		(445)	31,130
Roading - Surfacing	51,889	5,009	-	2			1,175	58,075	(1,087)	1,087	(36)	-		(36)	58,039
Roading - Other	220,637	3,767	-	161			4,996	229,561	(7,096)	7,096	(2,638)	-		(2,638)	226,923
Land under Roads	103,444	-	-	-			-	103,444	-	-	-	-		-	103,444
Work in Progress	21,470	6,620	(563)	(6,793)			-	20,734	-	-	-	-		-	20,734
Total Infrastructural Assets	774,254	28,906	(563)	-	-	-	72,744	875,341	(39,769)	39,769	(15,236)	-	-	(15,236)	860,105
Total Group Property, Plant and Equipment	1,104,599	36,898	(2,657)	-	(11)	(543)	106,096	1,244,382	(88,516)	39,769	(23,797)	12	15	(72,517)	1,171,865

The Group's obligation under finance leases (note18)are secured by the lessors' title to the leased assets which have a carrying amount of \$Nil (2013: \$Nil)

10. Property, Plant and Equipment continued

	Group 2013										
	Cost/ Valuation	Additions	Disposals	Transfers	Cost/ Valuation	Accumulated depreciation and impairment charges	Depreciation expense	Accumulated depreciation reversed on disposal	Other	Accumulated depreciation and impairment charges	Carrying amount
	1-Jul-12				30-Jun-13	1-Jul-12				30-Jun-13	30-Jun-13
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Council Operational Assets											
At Cost											
Land	59,131	3,490	(233)	37	62,425	-	-	-	-	-	62,425
Buildings	47,366	4,189	(424)	608	51,739	(8,763)	(1,108)	28		(9,843)	41,896
Building Improvements	27,652	1,449	-	38	29,139	(11,588)	(1,857)	-		(13,445)	15,694
Plant and Equipment	13,817	968	(51)	-	14,734	(4,901)	(1,381)	20		(6,262)	8,472
Motor Vehicles	2,392	172	(59)	-	2,505	(1,601)	(132)	37		(1,696)	809
Furniture and Office Equipment	5,732	3,180	(2)	-	8,910	(3,995)	(807)	-		(4,802)	4,108
Computer Equipment	2,360	152	-	75	2,587	(1,819)	(194)			(2,013)	574
Library Books	3,024	233	-	-	3,257	(2,555)	(304)	-		(2,859)	398
Work in progress	3,535	937	-	(758)	3,714	-	-	-		-	3,714
Total Operational Assets	165,009	14,770	(769)	-	179,010	(35,222)	(5,783)	85	-	(40,920)	138,090
Airport Assets at Fair Value											
Land	76,065	2,173	-	-	78,238	-	-	-		-	78,238
Land Improvements	1,109	129	-	-	1,238	(127)	(119)	-		(246)	992
Building	34,984	572	-	-	35,556	(2,547)	(1,279)	-		(3,826)	31,730
Airport Runway	30,670	(647)	(1)	-	30,022	(1,492)	(1,037)	-		(2,529)	27,493
Roading and Carparking	6,255	26	-	-	6,281	(826)	(400)	-		(1,226)	5,055
Total Airport Assets	149,083	2,253	(1)	-	151,335	(4,992)	(2,835)	-		(7,827)	143,508
Council Infrastructural Assets											
Water Supply	84,718	14	-	3,685	88,417	(3,960)	(2,097)	-		(6,057)	82,360
Sewerage	116,365	293	-	760	117,418	(5,924)	(3,054)	-		(8,978)	108,440
Stormwater	72,809	914	-	148	73,871	(2,672)	(1,362)	-		(4,034)	69,837
Roading - Basecourse	63,191	2,208	-	1,328	66,727	(7,436)	(3,789)	-		(11,225)	55,502
Roading - Bridges	29,964	416	-	1	30,381	(855)	(437)	-		(1,292)	29,089
Roading - Surfacing	44,631	5,276	-	1,982	51,889	(457)	(630)	-		(1,087)	50,802
Roading - Other	206,887	7,600	-	6,150	220,637	(4,553)	(2,543)	-		(7,096)	213,541
Land under Roads	103,444	-	-	-	103,444	-	-	-		-	103,444
Work in Progress	30,276	5,248	-	(14,054)	21,470	-	-	-		-	21,470
Total Infrastructural Assets	752,285	21,969	-	-	774,254	(25,857)	(13,912)	-		(39,769)	734,485
Total Group Property, Plant and Equipment	1,066,377	38,992	(770)	-	1,104,599	(66,071)	(22,530)	85	-	(88,516)	1,016,083

The Group's obligation under finance leases (note18) are secured by the lessors' title to the leased assets which have a carrying amount of \$Nil (2012: \$150,169)

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 (2013: \$Nil).
- (ii) Sewer, stormwater and water assets are stated at valuation which is optimised depreciated replacement cost value as at 1 July, 2013 by Rationale, independent valuers. Acquisitions subsequent to 1 July, 2013 are at cost.
- (iii) Roading assets are stated at valuation, which is optimised depreciated replacement cost value as at 1 July, 2013 by MWH 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, roading and carparking assets were revalued as at 30 June 2014, 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 2014 are at cost.

Asset	Valuation Approach
Terminal and Fire Resue Buildings	Optimised depreciated replacement costs
Runway and Aprons	Optimised depreciated replacement costs
Land, Roading and carparking	Market Value
Ground Leases and Commercial Buildings	Market Value

11. Forestry Assets

	Council		Group	
	2014	2013	2014	2013
For the Financial Year Ended 30 June 2014	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of Year	-	-	1,002	700
Increases due to purchases	-	-	-	-
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to physical changes	-	-	129	107
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to price changes	-	-	(292)	195
Balance at end of year	-	-	839	1,002

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 18 to 30 years in age.

No forests have been harvested during the period (2013: Nil).

Independent registered valuers Guild Forestry have valued forestry assets as at 30 June, 2014 at \$839,000 (30 June, 2013: \$1,002,000). 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	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Gross carrying amount				
Balance at beginning of the year	1,521	1,048	4,154	3,428
Additions	1,825	473	1,881	726
Balance at end of the year	3,346	1,521	6,035	4,154
Accumulated amortisation & impairment				
Balance at beginning of the year	865	596	1,076	746
Amortisation expense (i)	438	269	491	330
Balance at end of the year	1,303	865	1,567	1,076
Net Book Value	2,043	656	4,468	3,078

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

The gross carrying amount of \$6,035,000 in the group comprises of the following:

- The Finite Life Intangible Asset of \$3,346,000 represents costs incurred by the Queenstown Lakes District Council for computer software. These costs are being amortised on a straight line basis at 33%.
- The Finite Life Intangible Asset of \$2,555,000 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 23 years and 15 years respectively from the date they are completed and ready to use.
- The Finite Life Intangible Asset of \$74,000 represents costs incurred by QLDC 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 \$60,000 represents costs incurred by QLDC for computer software and website development. These costs are being amortised on a diminishing value basis at 60%.

(b) Goodwill

	Council		Group	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'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	-	-	2,980	-
Impairment losses charged to Statement of Financial Performance	-	-	-	2,980
Balance at end of the year	-	-	2,980	2,980
Net Book Value	-	-	-	-
Total Net Book Value of Intangible Assets	2,043	656	4,468	3,078

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

Impairment of Goodwill

Lakes Environmental Limited

The carrying value of \$2,980,000 of goodwill was recognised as impaired when Lakes Environmental Ltd was reintegrated back to Council on 30 June 2013.

13. Investment Property

	Council		Group	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the year	60,425	64,458	60,425	64,458
Additions from subsequent expenditure	46	9	46	9
Sale of property	(584)	(271)	(584)	(271)
Net gain/(loss) from fair value adjustments	1,193	(3,771)	1,193	(3,771)
Balance at end of year	61,080	60,425	61,080	60,425

The fair value of the Council's investment property at 30 June, 2014 (30 June, 2013) 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	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade payables (i)	8,496	7,335	9,625	7,971
Other accrued charges	2,103	2,528	3,068	3,691
Deposits and bonds	2,596	2,454	2,596	2,454
	13,195	12,317	15,289	14,116

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

15. Borrowings

	Council		Group	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
At amortised cost				
Bank borrowings (secured) (i), (ii)	30,000	35,500	46,500	56,113
Bonds (secured) (i), (iv), (v)	71,214	71,322	71,214	71,322
Other borrowings (iii)	53	106	53	106
	101,267	106,928	117,767	127,541
Disclosed in the financial statements as:				
Current	40,250	45,683	40,250	45,683
Non-current	61,017	61,245	77,517	81,858
	101,267	106,928	117,767	127,541

- (i) Council borrowings are secured through a debenture trust deed over rates.
- (ii) Queenstown Airport Corporation Ltd (QAC) loans of \$16.5m are secured by a first debenture charge over QAC assets and also a registered first mortgage over all QAC property. The secured facility is with Westpac and expires on 30 June 2018. The weighted average interest rate on the term loan at balance date was 4.4% (2013: 3.8%).
- (iii) The Council has an interest free loan from the Energy Efficiency and Conservation Authority which is repayable within 1 year. The balance outstanding at 30 June 2014 was \$53,000.
- (iv) Bonds (total \$20m) - during the 2010/11 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 was one bond issue of \$10m, with a maturity date of 15/10/2014 and an interest rate of 6.87%.
- (v) Bonds - New Zealand Local Government Funding Agency.
During the 2012/13 year there were four bond issues of \$10m (total \$40m), with maturity dates of 15/12/2017, 15/3/2019, 15/3/2019, 15/5/2021 and interest rates of 4.45%, 4.24%, 4.36% and 4.57% respectively.

During the 2013/14 year there was one bond issue of \$10m with a maturity date of 15/05/2021 and an interest rate of 5.85%.

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

The Council is one of 30 local authority shareholders and 10 local authority guarantors of the NZLGFA. The uncalled capital of all shareholders is \$20m and this is available in the event that an imminent default is identified. Also, together with the other shareholders and

guarantors, the Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2014, NZLGFA had borrowings totalling \$3,745m (2013: \$2,475m).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

16. Other Financial Liabilities

	Council		Group	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Income in advance (i)	1,672	1,188	1,718	1,212
Rates in advance	472	395	472	395
Interest Rate Swaps (ii), (iii)	702	1,944	1,214	3,150
Other Provisions (iv)	-	1,000	-	1,000
	2,846	4,527	3,404	5,757
Represented by:				
Current	2,144	2,583	2,190	2,607
Non Current	702	1,944	1,214	3,150
	2,846	4,527	3,404	5,757

- (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 three interest rate swap agreements, two for \$15m and one for \$10m, which are effective from 15 September 2010, 15 September 2011 and 11 December 2013. The interest rate is fixed at 5.705%, 6.090% and 3.955% respectively.
- (iii) QAC holds four interest rate swap agreements for \$5m each, which are effective from 1 July 2013, 4 January 2012, 1 July 2014 and 1 April 2014. The interest rate is fixed at 4.74%, 5.70%, 4.78% and 5.62% 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. All financial liabilities are recognised at amortised cost except interest rate swaps which are recognised at Fair Value Through Profit and Loss (FVTPL).

17. Employee Entitlements

	Council		Group	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Accrued salary and wages	951	824	1,119	878
Annual leave	700	697	812	807
	1,651	1,521	1,931	1,685
Disclosed in the financial statements as:				
Current	1,651	1,521	1,931	1,685
Non-current	-	-	-	-
	1,651	1,521	1,931	1,685

18. Reserves

	Council		Group	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Revaluation reserve (a)	413,057	299,786	511,789	374,774
Operating reserves (b)	15,962	13,940	15,962	13,940
Capital reserves (c)	10,992	11,520	10,992	11,520
Cash flow hedge reserve (d)	-	-	(21)	(396)
	440,011	325,246	538,722	399,838

(a) Revaluation Reserve

	Council		Group	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	299,786	303,726	374,774	378,714
Revaluation of Roothing	29,069	-	29,069	-
Revaluation of Sewer	29,222	-	29,222	-
Revaluation of Water	31,949	-	31,949	-
Revaluation of Stormwater	22,272	-	22,272	-
Revaluation of Airport Assets	-	-	23,744	-
Transferred from /(to) retained earnings:				
Revaluation of Investment Property	759	(3,940)	759	(3,940)
Balance at end of year	413,057	299,786	511,789	374,774

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	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Individual reserve balances are as follows:				
Investment properties	48,434	47,674	48,434	47,674
Roothing	155,756	126,687	155,756	126,687
Sewer	75,236	46,015	75,236	46,015
Water	68,527	36,578	68,527	36,578
Stormwater	65,104	42,832	65,104	42,832
Airport Assets	-	-	98,732	74,988
	413,057	299,786	511,789	374,774

(b) Operating Reserves

	Council		Group	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	13,940	13,822	13,940	13,822
Transferred from /(to) retained earnings:				
Contributions	5,651	3,312	5,651	3,312
Other	(3,629)	(3,194)	(3,629)	(3,194)
Balance at end of year	15,962	13,940	15,962	13,940

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	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	11,520	8,665	11,520	8,665
Transferred from /(to) retained earnings:				
Interest	-	1	-	1
Contributions	14,599	17,091	14,599	17,091
Disbursements	(15,127)	(14,237)	(15,127)	(14,237)
Balance at end of year	10,992	11,520	10,992	11,520

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	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	-	-	(396)	(820)
Gain/(Loss) recognised on cash flow hedges:				
Interest rate swaps	-	-	521	589
Income tax related to gains/losses recognised in other comprehensive income	-	-	(146)	(165)
Balance at end of year	-	-	(21)	(396)

(e) Reserve Funds held for Specific Purpose

	Operating Balance 1 July 2013 \$'000	Deposits \$'000	Withdrawals \$'000	Closing Balance 30 June 2014 \$'000
Development Funds These arise from Development and Financial Contributions levied by the Council for capital works and are intended to contribute to the growth related capital expenditure of Roothing, Water Supply, Sewerage, Stormwater, Reserve Land and Improvements and Community Facilities.	13,940	5,651	3,629	15,962
Asset Renewal Funds The Council sets aside funding to meet the renewal of its infrastructural and operating assets to ensure the continued ability to provide services.	1,240	11,868	11,958	1,151
Emergency Reserve Funds set aside to assist with the repair of infrastructural assets such as Roothing, Water Supply and Sewerage, in case of natural disaster.	1,322	0	0	1,322
Asset Sale Reserves Proceeds from asset sales which are used to fund the portion of capital expenditure attributable to increased level of service for Roothing, Water Supply, Sewerage, Stormwater, Reserve Land and Improvements and Community Facilities.	4,050	0	312	3,739
Arrowtown Endowment Land Reserve Proceeds from asset sales from Arrowtown endowment land.	740	0	0	740
Trust Funds Funds held on behalf of various community organisations.	16	0	0	16
Queenstown Airport Dividend Reserve Unallocated portion of dividends received from QAC.	956	2,730	2,858	828
Lakes Leisure Reserve Funds transferred from Lakes Leisure at dis-establishment that are to be used to fund charitable purposes in line with the company's constitution.	3,196	0	0	3,196
Total Council Reserve Funds	25,460	20,249	18,756	26,954
QAC Cash Flow Hedge Reserve	(396)	521	146	(21)
Total Group Reserve Funds	25,064	20,770	18,902	26,933

19. Retained Earnings

	Council		Group	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	497,040	484,619	508,972	499,287
Net surplus/(deficit)	20,059	11,454	22,305	8,718
Transfers from/(to) reserves:				
Revaluation reserve	(759)	3,940	(759)	3,940
Operating reserves	(2,023)	(118)	(2,023)	(118)
Capital reserves	529	(2,855)	529	(2,855)
Balance at end of year	514,846	497,040	529,024	508,972

20. Non Controlling Interest

	Council		Group	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	-	-	30,878	30,238
Share of Surplus/(Deficit) for the year	-	-	1,617	1,395
Dividends paid	-	-	(910)	(896)
Share of other comprehensive income	-	-	8,036	141
Balance at end of year	-	-	39,621	30,878

21. Commitments for Expenditure

(a) Capital Expenditure Commitments

	Council		Group	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Queenstown Lakes District Council (i)	1,108	3,687	1,108	3,687
Queenstown Airport Corporation Limited	-	-	1,340	725
Balance at end of year	1,108	3,687	2,448	4,412

- (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

No Finance lease liabilities exist and non-cancellable operating lease commitments are disclosed in Note 23 to the financial statements.

22. Contingent Liabilities and Contingent Assets

Council

(a) Legal Claims

There were eight building related legal claims received for buildings within the district as at 30 June 2014. Council has been joined as a party in these 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. No loss provision has been recognised based on current knowledge (note 16). In the past year, three building related claims have been settled. 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.

(b) Guarantees

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

(c) Employment Claims

Council is currently involved in two employment disputes which it is defending. The likely cost of these to council, if any, is unknown. Any cost in relation to these would be expensed to the statement of financial performance when incurred.

Queenstown Airport Corporation Limited

(d) Property

The Company is currently involved in legal proceedings associated with the acquisition of land adjacent to the airport, referred to as 'Lot 6', to allow for a new aeronautical precinct and to free up land for terminal expansion. To date, costs of approximately \$2.6 million has been capitalised by the Company. However, if the decision is unfavourable for the Company, then all costs will need to be expensed.

Under an agreement with a neighbouring developer, the Company and the developer have agreed to pay for the construction of a proposed Eastern Access Road, if either the Company or the Developer trigger the development. The portion of construction cost that would be payable by the Company is for any construction on the airport land holdings.

(e) Noise Mitigation

The Company has announced plans to assist homeowners closest to the airport to mitigate the effects of aircraft noise within defined airport noise zones. During the next 12 months, the Company plans to make offers of acoustic treatment to approximately 170 homeowners. Noise levels are monitored regularly and as the noise zones expand, further offers will be made. As it is not possible to accurately predict the rate of change in aircraft noise levels over time, nor the rate of acceptance of offers of mitigation packages to homeowners, the Company cannot accurately predict the overall cost or timing or mitigation work. The Company estimates approximately 380 properties will be offered noise mitigation by 2037 with a potential mitigation cost of up to \$7 million.

If a homeowner accepts the offer, the Company records a provision for the estimated cost of delivering the mitigation package. As at 30 June 2014, no offers had been made and no provision has been recognised in the financial statements for noise mitigation.

(f) Tax Dispute

The Company is involved in a dispute with the Inland Revenue Department with regard to the deductibility of depreciation for the construction of Runway End Safety Area East. The Company has received independent advice that this will be resolved in the Company's favour. Should this not be resolved in the Company's favour the Company would recognise a deferred tax liability of approximately \$2.7 million.

23. Leases

(a) Leasing Arrangements

Operating leases relate to the rental of office and computer equipment, motor vehicles and office buildings. All operating lease contracts contain market review clauses in the event that the Council/Group exercises its option to renew. The Council/Group does not have an option to purchase the leased asset at the expiry of the lease period.

(b) Non-Cancellable Operating Lease Payments

	Council		Group	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Not longer than 1 year	479	659	496	675
Longer than 1 year and not longer than 5 years	432	930	461	976
Longer than 5 years	1	904	1	904
Balance at end of year	912	2,493	958	2,555

(c) Non-Cancellable Operating Lease Receipts

	Council		Group	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Not longer than 1 year	1,652	1,507	6,267	5,374
Longer than 1 year and not longer than 5 years	3,540	693	17,416	12,700
Longer than 5 years	-	-	4,857	5,986
Balance at end of year	5,192	2,200	28,540	24,060

24. Insurance on Assets

Buildings, Plant & Equipment

The Council has a total asset value for insurance purposes of \$149,834,823. The insurance is based on full replacement value. The Council carries the first \$10,000 of any loss for fire and perils and 5% of the site value for natural disaster losses.

3 Waters - Buildings/Plant & Equipment

The Council has a total asset value for insurance purposes of \$36,591,310. These assets are split into replacement value \$6,347,464 and depreciated replacement value indemnity \$30,243,846. There is cover for plant and equipment anywhere in New Zealand limit \$200,000 any situation. The Council carries the first \$10,000 of any loss for fire and perils and 5% of the site sum insured for natural disaster losses.

Forestry

The Coronet Forest is insured for fire to the value of \$866,460 plus re-establishment costs of \$362,376. The Council carries an excess of 1.5% of the property declared value to a minimum per loss of \$10,000 per occurrence.

Vehicles

The Council has a total asset value for insurance purposes of \$2,211,626. All vehicles are insured for market value with replacement value for vehicles which are less than 12 months old. The cover includes all glass claims. The Council carries an excess of 1% of the vehicle value minimum \$1,000 for own vehicles and nil excess for damage to third party damage. The limit for third party damage is \$10,000,000.

There are no assets covered by financial risk sharing arrangements and no assets that are self insured.

25. Investment in Council Controlled Organisations (CCO's)

	Country of Incorporation	Ownership Interest		Principal activity of the entity
		2014 %	2013 %	
Council				
Queenstown Lakes District Council (i)	NZ			
CCO's:				
Queenstown Airport Corporation Limited (ii)	NZ	75.01%	75.01%	Airport Operator
Queenstown Events Centre Trust (iii)	NZ	N/A	N/A	Charitable Trust
Lakes Environmental Limited (iv)	NZ	-	100%	Resource management, Regulatory & consulting services
Lakes Leisure Limited (iv)	NZ	-	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 CCO's detailed above.

(ii) On 19 August 2014 a final dividend for the year ended 30 June 2014 of \$0.2065 per share (total dividend \$3,316,766) was paid to holders of fully paid ordinary shares. Council's share of this dividend was \$2,487,906.

On 31 January 2014 an interim dividend for the year ended 30 June 2014 of \$0.0623 per share (total dividend of \$1,000,000) was paid to holders of fully paid ordinary shares. Council's share of this dividend was \$750,100.

(iii) Not trading

All entities in the Group have 30 June balance dates.

Re-Integration of Council Controlled Organisations (iv)

On 20 March 2013, Queenstown Lakes District Council (Council) resolved to re-integrate the operations of two of QLDC's Council Controlled Organisations, Lakes Leisure Limited and Lakes Environmental Limited into Council. The assets and liabilities of the Company were transferred to QLDC on 30 June 2013.

Financial information in respect to the net assets transferred on re-integration with QLDC in the year ended 30 June 2013 is set out below:

Net Assets Transferred	Book Value \$'000	Fair Value Adjustment \$'000	Fair Value on Acquisition \$'000
Current assets:			
Cash and cash equivalents	1,414	-	1,414
Trade and other receivables	700	-	700
Inventories	24	-	24
Current tax refundable	68	-	68
Non-current assets:			
Property, plant and equipment	3,917	-	3,917
Current liabilities:			
Trade and other payables	(1,073)	-	(1,073)
Other financial liabilities	(1,048)	-	(1,048)
Employee entitlements	(688)	-	(688)
Net Assets Acquired	3,314	-	3,314
Consideration for transfer			(3,196)
Residual investment in CCO's			118

Pursuant to shareholder resolution, the residual net assets of Lakes Leisure of \$3.196m, have been credited across to QLDC into a reserve fund. Refer Note 18(e).

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:

	Group		2014	2013
	2014	2013	\$'000	\$'000
The following transactions took place between Council and related parties:	\$'000	\$'000		
Queenstown Airport Corporation Limited				
Payment of rates on its property	291	259		
Resource consent costs and collection fines	47	234		
Parking Infringement Recovery	(30)	(15)		
Wanaka Airport Management Fee	(70)	(70)		
Dividends	2,730	2,690		
Lakes Leisure Limited				
Operating Grant		(2,270)		
Capital Grant		(392)		
Other Grants		(285)		
Health & Fitness Centre Lease		89		
Venue Hire		(21)		
Reimbursement, rent and insurance		1		
Lakes Environmental Limited				
Council Payment for services under the terms of a service delivery agreement		(1,604)		
Council payment for services in relation to commercial activities		(467)		
Council recovery of acquisition related costs, parking and computer related services		152		
Balances owed (to) / from at 30 June 2014 were:				
Owed to Lakes Environmental Limited		(68)		
Owed to Queenstown Airport Corporation Ltd	(29)	(18)		
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 to October 13)	(1)	(1)		
*There are no Councillors in Queenstown Lakes District Council who own shares in Auckland International Airport which has non controlling interest in Queenstown Airport Corporation Ltd.				
The following transactions took place between Queenstown Airport Corporation and related parties:				
*Murray Valentine was a director of QAC Limited until his retirement on 12 November 2012. For the year ended 30 June 2013, he was also a director of Trojan Holdings Limited and Alpine Deer Group Limited. The related party disclosures reported last year are as follows:				
Trojan Holdings Limited (M Valentine - Director to 12 November 2012) - Rubbish removal			-	(52)
Trojan Holdings Limited (M Valentine - Director to 12 November 2012) - Rental income			-	38
Alpine Deer Group Limited (M Valentine - Director) - Landing Revenue			-	2
Hadley Consultants Limited (J Hadley - Director) - Consulting			(5)	(13)
Lakes Environmental Ltd - Consent Costs and Fees			-	(32)
Auckland International Airport Ltd - Rescue Fire Training			(8)	-
Civil Aviation Of New Zealand (G Lilly Director) - CAA Certification Audit Fees			(8)	(4)
Pioneer generation Limited (A Gerry Director) - Power			(265)	-
Balances owed (to) / from at 30 June 2014 were:				
Owed to Queenstown Lakes District Council			(2)	-
Owed to CAA			(1)	(1)
Owed to Auckland International Airport			(6)	
The following transactions took place between Lakes Leisure Ltd and related parties:				
Advantage Plumbing Ltd (P Faul - Director) - Plumbing maintenance services			-	(6)
Queenstown Job Agency (W Evans - Director) - Contract Staff			-	(60)
Lakes Environmental Ltd - Supplies services for commercial activities			-	(5)
Queenstown Airport Corporation Ltd - Rescue Fire Services			-	35
The following transactions took place between Lakes Environmental Ltd and related parties:				
Queenstown Airport Corporation Ltd - Consent Costs and Fees			-	37
Lakes Leisure Ltd - Supplies services for commercial activities			-	5

Other Transactions Involving Related Parties

1. Lakes Leisure's netball courts and six holes of the Frankton golf course are located on QAC land to the north west of the runway. Negotiations between QLDC and QAC for lease of the land are continuing. Revenue from this arrangement amounted to \$25,000 in the year (2013:\$25,000).
2. QAC holds a bond with Westpac for \$150,000 in favour of QLDC related to a resource consent to extract gravel and carry out remediation work on land (RM090321). The work is no longer required and the Company has applied to have the bond released.
3. QAC receives services from Auckland International Airport Ltd for which no consideration is paid.

Transactions Eliminated on Consolidation

Related party transactions and outstanding balances with other entities in the group are disclosed in 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 19 August 2014 the QAC Board resolved to pay a final dividend for the year ended 30 June 2014 of \$0.2065 per share, resulting in a dividend of \$3,316,766 (2013: \$2,639,884). Council's share of this dividend will be \$2,487,906 (2013: \$1,980,177).

There were no other significant events after balance date.

28. Notes to the Cash Flow Statement

	Council		Group	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'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	3,140	1,795	3,445	1,872
Bank Overdraft	-	-	-	-
	3,140	1,795	3,445	1,872
(b) Borrowings - Facilities				
Details of the amounts drawn down on the available borrowing facility are as follows:				
Amount used	100,000	105,500	116,500	126,113
Amount un-used	12,000	14,500	25,500	23,887
	112,000	120,000	142,000	150,000

28. Notes to the Cash Flow Statement continued

	Council		Group	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
(c) Reconciliation of Surplus/(Deficit) for the Period to Net Cash Flows from Operating activities				
Surplus/(Deficit) for the period	20,059	11,454	23,922	10,113
Add/(less) non-cash items:				
Depreciation and Amortisation	20,387	18,051	24,288	22,861
Loss provision	(1,000)	200	(1,000)	200
Vested assets	(12,594)	(2,396)	(12,594)	(2,396)
(Gain)/loss on sale of property, plant & equipment	2,449	40	2,479	40
(Gain)/loss on revaluation of forestry investment	122	(227)	163	(303)
(Gain)/loss on revaluation of investment property	(1,193)	3,771	(1,193)	3,771
(Gain)/loss on sale of investment property	576	(241)	576	(241)
Net change in fair value of derivative financial instruments	(1,242)	(1,284)	(1,242)	(1,292)
Impairment of Goodwill	-	-	-	2,980
(Gain)/Loss on revaluation of shares	2	4	2	4
Impairment of investment in subsidiary	-	1,812	-	-
(Gain) on transfer of Lakes Leisure surplus net assets	-	(3,196)	-	-
	27,566	27,988	35,401	35,737
Movement in working capital:				
Trade and other receivables	(725)	1,172	(654)	532
Inventories	-	-	-	16
Current tax refundable/payable	(39)	-	865	727
Other current assets	155	19	151	18
Deferred tax asset/liability	-	-	130	(350)
Trade and other payables	878	(1,901)	1,290	(2,900)
Employee entitlements	130	(104)	174	(93)
Other financial liabilities	(439)	101	(417)	91
	(40)	(713)	1,539	(1,959)
Movement in items treated as investing activities	947	2,299	902	3,069
Net Cash inflow from operating activities	28,473	29,574	37,842	36,847

29. Severance Payments

For the year ended 30 June 2014 Council made no severance payments to employees.

Lakes Environmental Limited made a payment of \$55,000 to the former Chief Executive Officer in the period to 30 June 2013, representing the equivalent payment to that set out in the contractual notice period.

Lakes Leisure Limited made a one off payment in the period to 30 June 2013 of \$30,000 to the former Chief Executive upon her resignation. This payment was outside the scope of the employment contract with the Company.

30. Remuneration (Council Only)

During the year to 30 June, 2014, the total remuneration and value of other non-financial benefits received by or payable to the Elected Representatives, Chief Executive, and staff of the Council were as follows:

	Council	
	2014 \$	2013 \$
Elected Representatives		
Council		
Vanessa van Uden - Mayor	102,155	100,500
Lyal Cocks - Deputy Mayor/ Councillor Wanaka	43,379	48,997
Cath Gilmour - Councillor Wakatipu/Portfolio Leader	37,653	40,102
John Mann - Councillor Wakatipu (To Oct 2013)	11,858	40,102
Mel Gazzard - Councillor Wakatipu/Portfolio Leader	34,419	29,165
Leigh Overton - Councillor Wanaka (To Oct 2013)	11,858	40,102
Lex Perkins - Councillor Arrowtown	28,868	29,165
Jude Battson - Councillor Wanaka (To Oct 2013)	8,624	29,165
Russell Mawhinney - Councillor Wakatipu (To Oct 2013)	8,624	29,165
Trevor Tattersfield - Councillor Wakatipu (To Oct 2013)	8,624	29,165
Simon Stammers-Smith - Councillor Wakatipu	29,260	29,165
Ella Lawton - Councillor Wanaka (Elected Oct 2013)	20,636	-
Callum McLeod - Councillor Wanaka (Elected Oct 2013)	20,636	-
Craig Ferguson - Councillor Wakatipu (Elected Oct 2013)	20,636	-
Alexa Forbes - Councillor Wakatipu (Elected Oct 2013)	20,636	-
Merv Aoake - Councillor Wakatipu (Elected Oct 2013)	20,636	-
Wanaka Community Board		
Ken Copland - Board Member (To Oct 2013)	2,042	12,249
Dick Kane - Board Member (To Oct 2013)	3,622	12,249
Bryan Lloyd - Board Member	11,369	12,249
Mike O'Connor - Board Member	11,369	12,249
Rachel Brown - Board Chair (Elected Oct 2013)	15,495	-
Ross McRobie - Board Member (Elected Oct 2013)	7,747	-

Chief Executive

For the year ended 30 June 2014, the total annual cost including fringe benefit tax to the Council of the remuneration package being received by the Chief Executive appointed under Section 42 of the Local Government Act 2002 is calculated at \$305,000 (2013: \$251,433).

Employee staffing levels and remuneration

The number of employees who were employed by Queenstown Lakes District Council at 30/06/2014 was 262 (138 at 30/06/2013). The number of full-time employees and full time equivalents of all the other employees as at 30/06/2014 was 164 and 51 respectively (88 and 30 at 30/06/2013). The increases in staff numbers for 2014 reflects the re-integration of the CCO's as at 1 July 2013.

The number of employees in Queenstown Lakes District Council classified in bands as per the total received or receivable annual remuneration, including any non-financial benefits received or receivable is:

	2014	2013
< \$60,000	171	89
\$60,001 to \$80,000	40	16
\$80,001 to \$100,000	27	20
> \$100,000	24	13
Total # of Employees	262	138

31. Emissions Trading Scheme

Forestry

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.

2014	Pre 1990 Forest	Total
Productive area (hectares)	296	296
Opening Balance	17,760	17,760
NZUs allocated/transferred during the year	-	-
NZUs on hand at balance date	17,760	17,760

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 2013/14 budget as reflected in the 2013/14 Annual Plan are as follows:

Statement of Financial Performance

The Council alone recorded a surplus of \$20.0m for the year. This is up from the \$11.4m surplus recorded last year and against the budget of \$13.0m. The main reasons for the higher surplus are related to both reduced expenditure (\$3.4m) to budget & higher revenue (\$3.6m) to budget.

Operating revenues were above budget by 3.4% for the year ended 30 June, 2014. This was above estimate by \$3.6m.

The following major items contributed to this variance:

- Vested Assets were \$7.1m 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 was \$3.0m under budget for the year, mainly as a result of reduced roading capital expenditure due to the timing of some projects.
- User Charges were \$2.4m below budget for the year, mainly as a result of the outsourcing of the Council Holiday Parks in October 2013.
- The surplus includes \$1.2m of unrealised gains pertaining to the annual revaluation of investment property. This follows a 2013 value reduction of 3.8m. There is also a \$1.2m unrealised gain as a result of the revaluation of interest rate swaps as at 30 June 2014. Other items result in a net loss of \$0.5m.

Operating expenditure was \$3.4m (3.7%) under budget for the year ended 30 June 2014. This is very pleasing and means that we were able to deliver savings from an operating perspective.

These are the major items; mostly positive, that contributed to this variance:

- Interest expense for the year is \$1.9m less than budget. This is a result of the deferral of some capital works and lower than expected interest rates.
- Staff related costs for the year are \$1.2m lower than budget. This is a result of fewer staff being employed and as a result of the organisational review.
- Depreciation expense for the year is \$279k lower than budget.
- Holiday Park costs were \$1.8m below budget for the year, mainly as a result of the outsourcing of the Parks in October 2013.

There is \$2.75m 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. This includes \$1.2m of expenditure previously sitting in capital work in progress that relates to projects that will now not proceed.

- The balance of the positive variance of \$0.95m relates primarily to reduced maintenance and operational costs for utilities, roading and community services.

Statement of Financial Position

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

- Vested Assets were \$7.1m above budget for the year.
- Capital expenditure was below estimate by \$9.6m for the year ended 30 June 2014. This relates mainly to project expenditure within the roading activity which has been delayed or deferred; Frankton Flats Arterial Road – Glenda Drive Roundabout (\$3.5m) and Eastern Access Road (\$300k).
- Hawea Water Supply (\$1m) was also delayed with physical works starting in 2014/15 and there is \$5.2m of unspent budget relating to reserve land acquisitions.

The revaluation of investment property resulted in an uplift in value of \$1.2m for the year. This movement coupled with previous unrealised losses, has led to the main variation in the balance sheet which shows Investment Property \$5.2m below the forecast position.

Borrowings are \$17.5m below forecast; this positive variance relates mainly to the deferral and savings associated with capital projects (see above).

Statement of Changes in Equity

Accumulated differences between actual and budgeted net surpluses (for 2014 as described above) as well as the impact of the infrastructure revaluation and reduced borrowings has resulted in an equity variance of \$22.5m above 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 \$9.8 million below estimate and new borrowings were consequently around \$8.3 million 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 Plan (LTP) 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 2013.

(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	
	2014	2013	2014	2013
For the Financial Year ended 30 June 2014	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and cash equivalents (AC)	3,140	1,795	3,445	1,872
Trade and other receivables (AC)	10,128	9,403	11,733	11,123
Other financial assets (AC)	473	472	473	472
Other financial assets (FVTPL)	-	-	-	-
Other financial assets (AFS)	1,464	1,428	834	676
Financial Liabilities				
Trade and other payables (AC)	13,195	12,317	15,289	14,116
Borrowings (AC)	101,267	106,928	117,767	127,541
Finance Lease liabilities (AC)	-	-	-	-
Other financial liabilities (AC)	2,144	1,583	2,190	1,607
Other financial liabilities (FVTPL)	702	1,944	1,214	3,150

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 () represents a loss in the table below):

		Council		Group	
		2014	2013	2014	2013
Interest Rate Risk	Note	\$'000	\$'000	\$'000	\$'000
		+50 bps	+50 bps	+50 bps	+50 bps
Financial Liabilities:					
Borrowings	(i)	(50)	(50)	(27)	(27)
		(50)	(50)	(27)	(27)
		(58)	(58)	(31)	(31)
		(50)	(50)	(27)	(27)
		(58)	(58)	(31)	(31)

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 \$10,000,000 (2013: \$5,500,000).
QAC has floating rate debt with a principal amount totalling \$1,500,000 (2013: \$613,000).

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

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	
	2014	2013
	\$'000	\$'000
For the Financial Year Ended 30 June 2014		
Council		
Financial Assets and Other Credit Expenses	15,205	13,098
Group		
Financial Assets and Other Credit Exposures	16,485	14,143

(g) Liquidity Risk Management

Liquidity risk is the risk that the Group will encounter difficulty in raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through adequate committed credit facilities, and the ability to close out market positions.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 28 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk. The maturity profiles of the Group's interest bearing financial instruments are disclosed later in this note.

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 15 (v).

(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).

	Total	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
For the Financial Year ended 30 June 2014				
Council				
Financial Assets				
Other Investments	1,464	-	-	1,464
Financial Liabilities				
Derivatives	702	-	702	-
Group				
Financial Assets				
Other Investments	834	-	-	834
Financial Liabilities				
Derivatives	1,214	-	1,214	-
	Total	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
For the Financial Year ended 30 June 2013				
Council				
Financial Assets				
Other Investments	1,428	-	-	1,428
Financial Liabilities				
Derivatives	1,944	-	1,944	-
Group				
Financial Assets				
Other Investments	676	-	-	676
Financial Liabilities				
Derivatives	3,150	-	3,150	-

33. Financial Instruments continued

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

	Weighted Average Effective Interest Rate	Carrying Amount	Undiscounted Contractual Cash Flows	Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years
2014 Council	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities									
Trade and other payables	-	13,195	13,195	13,195	-	-	-	-	-
Borrowings	5.27%	101,267	115,543	43,709	13,061	2,503	12,264	21,801	22,205
Other Financial Liabilities	-	2,144	2,144	2,144	-	-	-	-	-
		116,606	130,882	59,048	13,061	2,503	12,264	21,801	22,205

	Weighted Average Effective Interest Rate	Carrying Amount	Undiscounted Contractual Cash Flows	Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years
2013 Council	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities									
Trade and other payables	-	12,317	12,317	12,317	-	-	-	-	-
Borrowings	5.13%	106,928	119,370	49,173	12,569	12,244	11,699	1,519	32,167
Other Financial Liabilities	-	1,583	1,583	1,583	-	-	-	-	-
		120,828	133,270	63,073	12,569	12,244	11,699	1,519	32,167

33. Financial Instruments continued

2014 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									
Trade and other payables	-	15,289	15,289	15,289	-	-	-	-	-
Borrowings	5.15%	117,767	132,769	60,935	13,061	2,503	12,264	21,801	22,205
Other Financial Liabilities	-	2,190	2,190	2,190	-	-	-	-	-
		135,246	150,248	78,414	13,061	2,503	12,264	21,801	22,205

2013 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									
Trade and other payables	-	14,116	14,116	14,116	-	-	-	-	-
Borrowings	4.95%	127,541	140,791	70,594	12,569	12,244	11,699	1,519	32,167
Other Financial Liabilities	-	1,607	1,607	1,607	-	-	-	-	-
		143,264	156,514	86,317	12,569	12,244	11,699	1,519	32,167

Annual Report Disclosure Statement for year ending 30 June 2014

What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

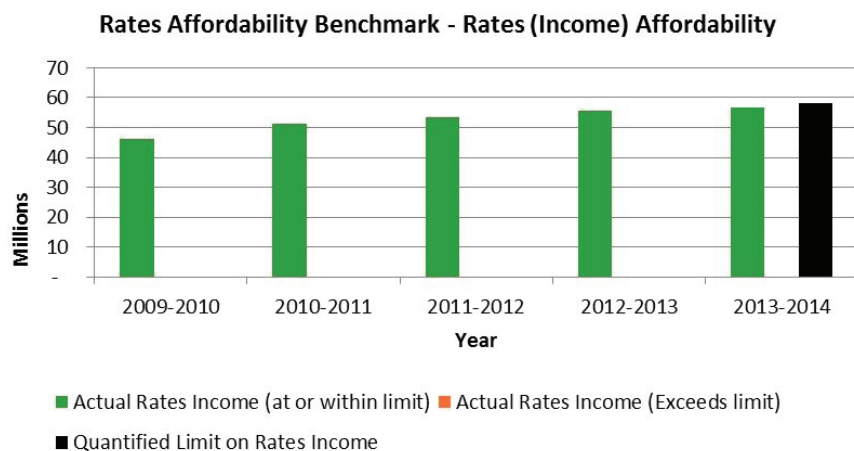
The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark

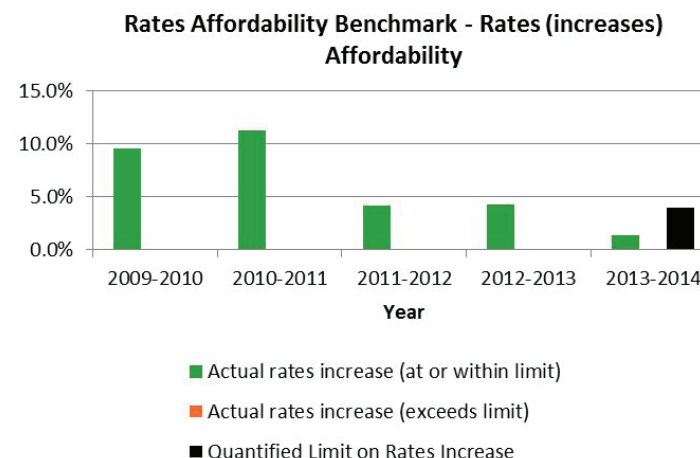
The council meets the rates affordability benchmark if—

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability - The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is that rates increases set at a maximum of 4% per annum (subject to changes in growth or increased levels of service). There were no quantified limits prior to 2013-14.



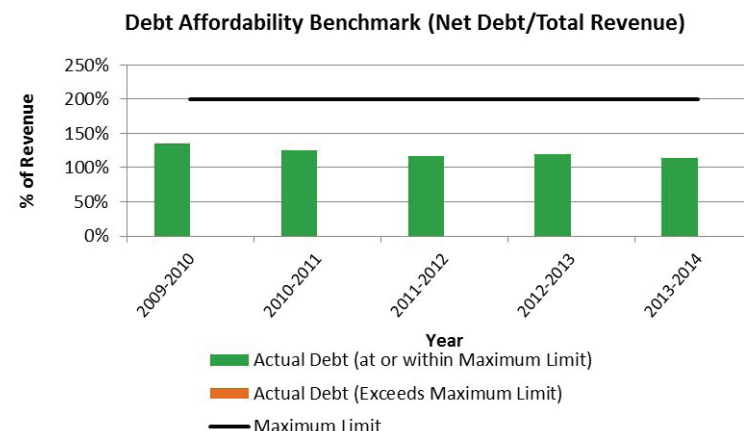
Rates (increases) affordability - The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is that rates increases set at a maximum of 4% per annum (subject to changes in growth or increased levels of service). There were no quantified limits prior to 2013-14.



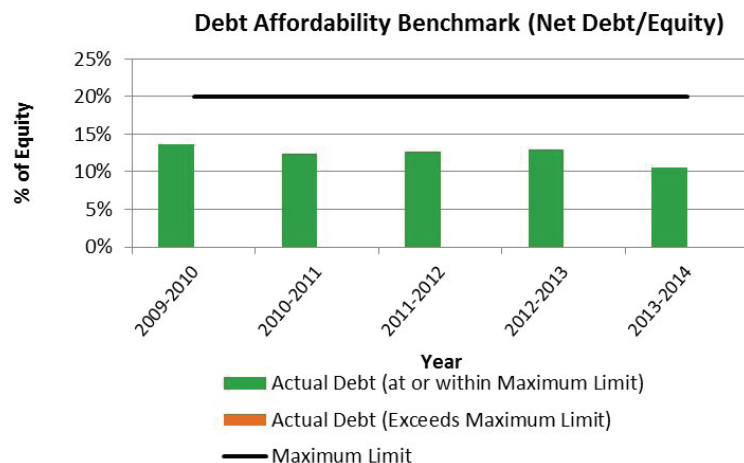
Debt affordability benchmarks

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

The following graphs compares the council's actual borrowing with the quantified limits on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that the debt to revenue ratio will be under 200%.



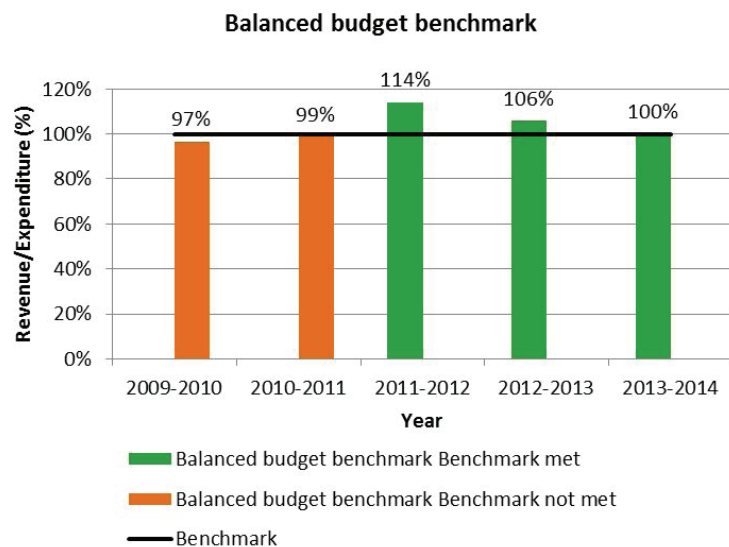
The quantified limit is that the debt to equity ratio will be under 20%.



Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

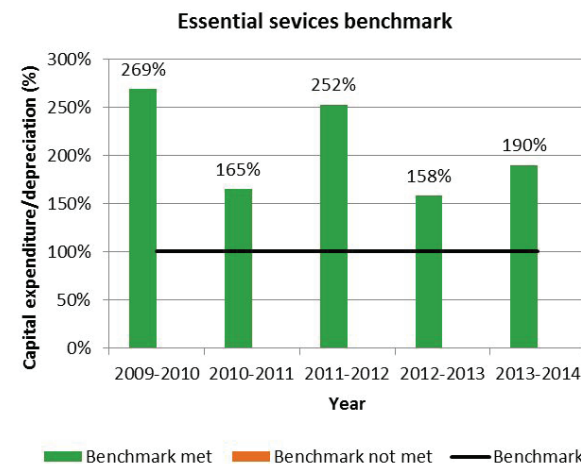
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

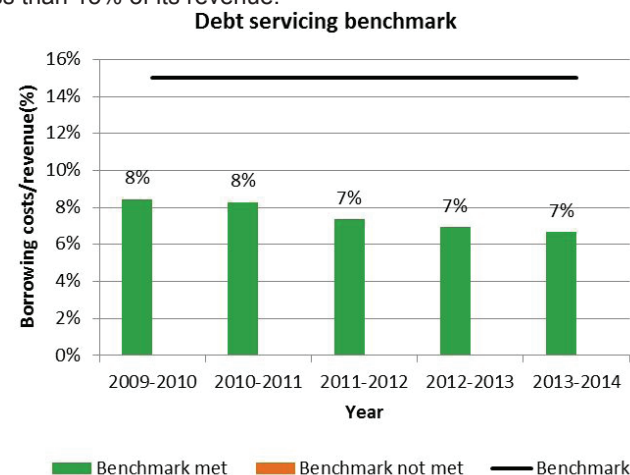
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

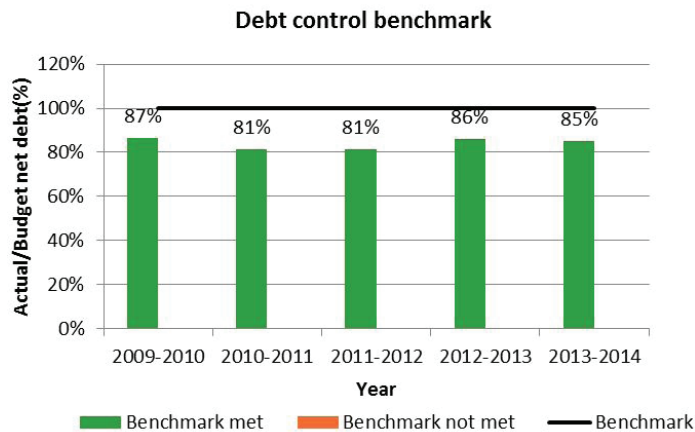
Because Statistics New Zealand projects the council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

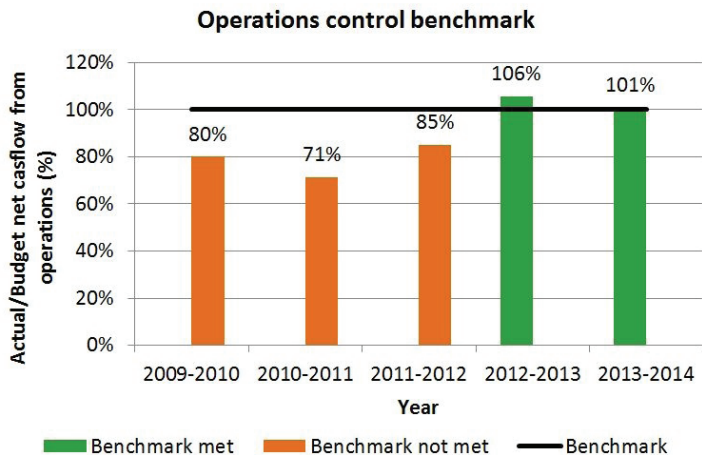
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Additional information or comment

Council has met all of the benchmarks for past two years. The instances where Council has failed to meet the following benchmarks: “Balanced budget benchmark” and “Operations control benchmark” relate to the 2011/12 period and before. At this time, Council utilised two CCO’s to provide services in the Regulatory Services and Recreational Facilities activities. A feature of the service agreements was that the CCO’s received income direct from users of these services. This income is now paid directly to Council.

Core Assets Disclosure

		Closing Book Value 30-Jun-14 \$000's	Additions Constructed by Council \$000's	Additions transferred to Council \$000's	Estimated replacement cost \$000's
Water Supply	Treatment plants and facilities	23,785	1,347		31,440
Water Supply	Other assets (such as reticulation systems)	91,967	442	1,957	121,246
Sewerage	Treatment plants and facilities	27,367	4,933	359	34,389
Sewerage	Other assets (such as reticulation systems)	117,244	1,963	2,774	151,372
Stormwater Drainage		94,816	1,092	3,162	122,620
Roads & Footpaths		484,190	8,377	2,673	499,220

Note: There are no flood protection or control works.

Statement of Service Performance

Introduction

The following statements set out how we performed against the financial and service performance objectives that appear in the 2013-14 Annual Plan and the 2012-22 Ten Year Plan.

Chief Executive Report

The report covers a number of key points regarding the Council performance for the 2013-14 period. These include financial results, project delivery, commentary on the Ten Year Plan and the issue of affordability, overall performance and project highlights.

Residents Survey - August 2014

Every year the Council undertakes a satisfaction survey of residents and ratepayers. The results of this annual survey are used to report on specific performance measures with the Council setting percentile targets to achieve.

Residents and ratepayers were randomly selected to take part over a four week period by mail, online or a phone survey that they could pre-book at their convenience. The aim of the research design was to provide people with response options that might suit their preferred approach. Intercept interviews were also conducted in the community as a method to gather feedback from hard-to-reach groups like the 18-34 age band and those persons unlikely to be on a council database.

The total population sampled was 6,200 residents and ratepayers. The sample was comprised of 825 individual responses selected from a total pool of 1623 responses. Based on the response rate and the random nature of the sample we anticipate a margin of error of +/-3.5%. This margin of error provides a very high level of statistical confidence. Approximately 3200 individual qualitative comments were also received from ratepayers and residents.

Community services continued to perform highly, with parks and trails scoring the highest for satisfaction. Infrastructure services were valued and scored well, showing overall improvements in ratings of wastewater, water, roads and footpaths when compared with previous years. Satisfaction with both staff and elected members showed improvement in 2014, and residents are feeling more satisfied with how informed they are, the range of topics and methods of communication than in the previous year.

As part of the Council's ongoing review of performance reporting, a new research company was recruited to conduct the survey. As a result the data has been reconfigured for 2013 to provide greater confidence with the results.

Quality Management

The Council has measures in place for monitoring and improving the quality of the services it provides. Where measured, these are reported within the appropriate Statement of Service Performance.

Relationship with Maori

An important component of the Council's consultation is the on-going development of relationships with Maori.

The Council has developed a good working relationship with Ngai Tahu, which holds strong cultural and business interests in our community. The Council has in place a Resource Consent protocol with KTKO Limited and a MOU with Te Ao Marama Incorporated to facilitate the involvement of Maori in the resource consent process and fulfil Council's responsibility to include Maori in decision-making under the Local Government Act.

The Council is mindful of the wider issue of Maori consultation and how the Council can assist the Iwi to become more involved and informed about the Council and its communities and in turn how the Council can learn more about Maori culture and protocols.

Community Outcomes

The Local Government Act 2002 introduced a new requirement to identify community outcomes for the Queenstown Lakes District. This requirement has now been repealed but Council considers the outcomes remain an important part of the Council's Strategic Performance Framework as adopted in 2012.

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

Monitoring

A review of local government in 2010 has resulted in changes to the approach to community outcomes required in the Local Government Act 2002.

The key changes are:

- Council is no longer required to facilitate and coordinate community outcome processes, including the review, monitoring and reporting of these outcomes.
- It is up to Council to identify what process will be used to determine community outcomes however they must be disclosed in the 10-Year Plan.

Performance

Council has adopted a new performance framework, as consulted on in the 2014-15 Annual Plan. The Council has started to report against the new framework through the monthly report, however it will not report against these measures in the Annual Report until 2014-15, when the measures are also adopted into the 2015 10 Year Plan.

The performance framework related to the measures reported within the following document can be found in volume two of the Council's 10 Year Plan.



Governance

The Governance activity includes:

- Community Leadership and Engagement

Community Leadership and Engagement

This activity supports elected members (Council, Committees and Wanaka Community Board) in their leadership role, enabling them to make informed decisions and monitor the delivery of services. The activity enables community participation in strategic agenda setting.

Simply stated, this activity enables the exercise of powers to rate property owners and to use those funds in the wider public interest, enhancing the well-being of the community, establishing a strategic direction and advocating for and on behalf of the community.

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.

Highlights of this activity:

- Progressing a proposed Queenstown convention centre.
- Settled three large leaky building claims.

Accountability

Measure	Target	Achievement
Community satisfaction with overall elected member performance. (Annual Residents Satisfaction Survey 2014)	80%	59.3% of residents said they were satisfied with elected member performance, an increase of 1% on satisfaction reported in 2013. 31.9% remained neutral, whilst 8.8% said they were dissatisfied. A number of factors are likely to have influenced this outcome including: continuation of improved Annual Plan affordability, debt reduction, and on going improvements related to the Organisational Review.
Community satisfaction with overall Council performance. (Annual Residents Satisfaction Survey 2014)	65%	66.9% of residents said they were satisfied with Council staff, an increase of 13.5% on satisfaction reported in 2013. 24.8% remained neutral, whilst 8.3% said they were dissatisfied. A number of factors are likely to have influenced this outcome including: continuation of improved Annual Plan affordability, debt reduction, and on going improvements related to the Organisational Review.
Community satisfaction with overall District pride. (Annual Residents Satisfaction Survey 2014)	80%	Residents continued to report high levels of satisfaction in the district, with 92% reporting they were always proud of the district. This demonstrates an increase in satisfaction from 87.8% as reported in 2013. This Council has continued to improve levels of service around street cleaning, rubbish and recycling services, as well as investment in trails and events.
Satisfaction with Council's consultation. (Annual Residents Satisfaction Survey 2014)	55%	Although the target has not been reached, satisfaction has increased from 40.6% in 2013 to 53.9% in 2014. In addition to Annual Plan consultation, the Council has sought the communities' opinion on a range of issues including library services and a proposed convention centre.

Measure	Target	Achievement
Community feels well informed. (Annual Residents Satisfaction Survey 2014)	65%	66% of residents feel well informed, an increase of 18.5% on 2013 satisfaction levels. Scuttlebutt, the Council's newsletter, remains the preferred source of information for ratepayers. Subsequently, the newsletter has been refreshed with the aim of engaging more residents in its content. The Council is currently undertaking a review of its website to ensure more services can be accessed electronically. A new website will be launched in September 2014.
Website benchmark score (scored out of a possible 100%)	80%	The 2014 ALGIM Council website rankings show that the Council has fallen from a rank of 20 to 49. The Council has invested considerably time in developing a new website, which will be launched in September 2014.

Governance			
Summary of Forecast Financial Performance			
Actual 2012/13		Actual 2013/14	Annual Plan 2013/14
\$000	Expenditure	\$000	\$000
5,870	Governance	5,070	4,178
374	Community Engagement	427	403
6,244	Operating Costs	5,497	4,581
5,901	Group Activity Income	2,747	2,876
343	Net Cost/(Surplus) of Service	2,750	1,705
-	Capital Expenditure	-	-
343	Funding Required/(Generated)	2,750	1,705
Funded By: -			
4,298	Targeted Rates	5,198	4,404
119	General Rates	281	-
(4,074)	Transfers (to)/from Reserves	(2,729)	(2,699)
343	Total Funding	2,750	1,705
Activity Income Includes (1)			
-	User Charges	-	-
2,690	Dividends received	2,730	2,876
15	Other	17	-
3,196	Other gains/(losses)	-	-
5,901	Total Activity Income	2,747	2,876

Significant Cost of Service Variances

The net cost of service is \$1.0m above the original budget. This group of activities includes the costs associated with the Convention Centre (\$291k) and positions not included in the original staff establishment. The QAC dividend was also \$146k less than budget.

Significant Capital Expenditure

Not Applicable.

Significant Capital Expenditure Variances

Not Applicable.



Economic Development

This includes:

- Tourism Promotion
- Council Land
- Forestry
- Wanaka Airport
- Camping Grounds
- Housing

Tourism Promotion

This activity supports the commercial interests of the district by collecting tourism promotional funding and providing it to the representative bodies of those commercial interests for distribution through targeted promotion. Tourism is this district's single biggest economic driver.

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.

Measure	Target	Achievement
Annual visitor spend is increasing.	\$1B	"The regional tourism indicators (RTI) measure the change in level of expenditure for both domestic and international visitors in New Zealand. Data is presented in the form of an index, which shows spend compared to the average month in 2008, defined as 100. A value of 110 for an index means a 10 per cent increase in the trend of expenditure since 2008. For international visitor spend in Queenstown, the rolling average index increased to 123. This reflects a 23 per cent increase since 2008. For domestic visitor spend, the rolling average index is 129, reflecting a 29 per cent increase since 2008. For international visitor spend in Wanaka, the rolling average index increased to 114 This reflects a 14 per cent increase since 2008. For domestic visitor spend, the rolling average index is 109, reflecting a 9 per cent increase since 2008.
Annual visitor bed nights increase.	2.6m	Data provided by Statistics New Zealand's Commercial Accommodation Monitor for the year end June 2014 indicated that the total Queenstown guest nights were up 9.8 percent over the previous year to 2,908,025. International guest nights rose 9.5 percent to 1,900,011, alongside domestic guest nights which rose 10.4 percent to 1,008,014. The average length of stay rose from 2.55 nights to 2.64 nights, and total guest nights for each individual month in the 2013-14 financial year showed growth over the previous year.

Council Land

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 and rental properties.

Forestry

QLDC owns three forests, Ben Lomond Reserve, Queenstown Hill Reserve and owns part of the Coronet Forest with Central Otago District Council (75:25 split).

Wanaka Airport

Airports are the drivers of economic growth and Wanaka Airport is set to experience significant growth over the next 30 years. The Airport is a business hub for the Wanaka community and the host of the internationally recognised biannual Warbirds over Wanaka.

Camping Grounds

Council resolved to outsource the management of the Queenstown Lakeview, Arrowtown, Wanaka and Glendhu Bay Holiday Parks in October 2013. An interim three-year arrangement was put in place with the option to enter into negotiations for a long-term lease. This matter is under negotiation as of October 2014.

Our Accountability

Measure	Target	Achievement
Holiday parks operate at zero cost to the ratepayer.	Zero	The actual cost was \$696k (\$31.30 per ratepayer). This cost can be attributed to the outsourcing of campgrounds in October.
Average per night tent site (Queenstown)	Does not exceed \$22 per night.	Tent sites range from \$18 to \$50 a night depending upon the season and location.

Housing

Residential properties are generally owned by the Council as an investment for future infrastructure development. Elderly housing was introduced to Arrowtown and Wanaka in the 1970s and 1980s respectively to meet the demand. The Council supports the provision of affordable housing in the district.

Economic Development Summary of Forecast Financial Performance			
Actual 2012/13		Actual 2013/14	Annual Plan 2013/14
\$000	Expenditure	\$000	\$000
3,958	Tourism Promotion	4,028	4,024
217	Council Land	307	454
139	Housing	297	164
391	Wanaka Airport	377	527
365	Forestry	347	358
4,591	Holiday Parks	3,314	5,094
9,661	Operating Costs	8,670	10,621
2,871	Group Activity Income (1)	4,279	6,355
6,790	Net Cost/(Surplus) of Service	4,391	4,266
Capital Expenditure			
69	Council Land	-	-
-	Housing	566	599
570	Wanaka Airport	225	496
210	Holiday Parks	249	210
849	Capital and Debt Repayment	1,040	1,305
7,639	Funding Required/(Generated)	5,431	5,571
Funded By: -			
3,123	Targeted Rates	3,829	3,719
530	General Rates	537	674
-	Asset Sales	-	-
390	Loans (Internal & External)	487	549
3,267	Transfers (to)/from Reserves	543	600
329	Other	35	29
7,639	Total Funding	5,431	5,571
Activity Income Includes (1)			
6,024	User Charges	3,773	6,355
15	Other	12	-
(3,168)	Other gains/(losses)	494	-
2,871	Total Activity Income	4,279	6,355

Significant Cost of Service Variances

The net cost of service includes \$1.2m of unrealised gains pertaining to the revaluation of investment property. This follows a 2013 value reduction of \$3.8m. This is offset by \$698k of losses associated with the disposal of investment property of the annual revaluation of forestry assets.

Significant Capital Expenditure

Not Applicable.

Significant Capital Expenditure Variances

Not Applicable.

Economic Development Summary of Internal Borrowings				
Activity	30 June 2014 Internal Borrowings \$'000	Total Funds Borrowed during the Year \$'000	Total Funds repaid in the Year \$'000	Interest Paid in the Year \$'000
Economic Development	3,075	10	159	147

Highlights of this activity:

- Outsourcing of camp grounds.
- Funding for a draft economic development strategy.
- Event Funding Strategy



Community

The Community activity includes the operation of:

- Library Services
- Community Development
- Community Grants
- Public Toilets
- Cemeteries
- Community Facilities
- Waterways Facilities
- Parks and Recreation Facilities

Library Services

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. The Council considers libraries to be an important part of the community's resource, providing high quality library services to a national standard.

Our Accountability

Measure	Target	Achievement
Increase in active members	Maintain 55% of the usually resident population	21,061 or 74.6% of the usual resident population have used a library within the last two years. 16,383 or 58% have used a library once in the last year, and only 7,020 or 24.9% have used a library monthly. This measure covers all libraries, and therefore use of individual libraries varies across the district.
Cost of the library service per ratepayer	\$83	The cost per ratepayer is slightly above the target at \$83.56
Customer satisfaction around the enjoyment of the community space	85%	Satisfaction with libraries has not changed from the 81.4% also reported in 2013. A review of library services this year will enable to Council to implement the changes required to improve use and satisfaction.

Community Development

Community development is aimed at informing, involving and empowering the community and to ensure the wellbeing of all sectors of the community.

Community Grants

The Council is involved in this activity to provide financial support to community associations for the delivery of small projects and encouragement of community engagement. The Council also works to ensure that community groups can access funding available through other agencies.

Public Toilets

The Council provides 50 public toilets in order to enhance the public's experience of our outdoor places and to protect the public environment. The goal is to provide clean, accessible and conveniently located toilets.

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.

Cemeteries

This activity promotes wellness in the community by enabling healthy grieving and memorialisation. There are twelve designated cemeteries under the ownership of the Queenstown Lakes District Council. There are 10 operating cemeteries. These are situated at Makarora, Queenstown, Glenorchy, Frankton, Kingston, Cardrona, Wanaka, Lake Hawea, Skippers and Arrowtown.

All cemeteries in the district are of major historical importance, including Skippers and Macetown Cemeteries. Of these only Macetown is 'closed'. A cemetery has been provided at Lower Shotover to meet future demand, once Wakatipu cemeteries are no longer operational. Its development will continue with the area's opening dependent on need.

Service enhancements that have occurred in the last three years include establishing levels of service for each facility, introducing on-line cemetery records data and ensuring data management is accurate and linked to Council's GIS system.

Community Facilities

The purpose of this function is to provide a range of aquatic facilities, halls and similar multi-use indoor facilities throughout the District. Major facilities such as the Queenstown Event Centre, Queenstown Memorial Centre, Lake Hayes Pavilion, Athenaeum Hall and Lake Wanaka Centre are multi-purpose recreation and community venues.

Community halls such as Kingston, Glenorchy, Hawea Flat, Cardrona and Luggate support local needs and are generally managed in association with hall committees supported by the Council.

Aquatic facilities include Alpine Aqualand, Arrowtown Memorial Pool and the Wanaka Community Pool. The Council also supports the operation of the Glenorchy and Hawea community pools via annual operating grant. The aim of this activity is to provide affordable and accommodating facilities to a wide range of recreational, community, and cultural groups. The Wanaka Sports Facility continues to be a Council priority - construction is planned to commence in 2015/16.

Our Accountability

Measure	Target	Achievement
Community satisfaction with pools (safe and clean) (Annual Residents Satisfaction Survey 2014)	65%	67.8% of residents reported feeling satisfied with the district's swimming pools. This is a slight increase on satisfaction from 2013 and reflects the Council's continued investment and maintenance of the Queenstown Aquatic Centre, as well as its commitment to pool standards across the district.
Community satisfaction with community halls	70%	Satisfaction in community halls continues to grow, from 72.4% in 2013 to 76.2% in 2014. The newly refurbished Queenstown Memorial Hall has undoubtedly contributed towards this result.
Number of health and safety incidents decrease (Aquatic Centre)	Less than 1% of all visitors (132 incidents)	190 incidents were reported for the year. The number of health and safety incidents has continued to decrease year on year due to increased focus on health and safety.

Waterways Facilities

Council provides a range of recreational boating facilities so the community can safely utilise waterways for recreation and commercial activity. This includes a harbourmaster to administer bylaws and regulations and promote water safety.

The activity provides a range of boat ramps, jetties and moorings to facilitate the use of waterways and maintains a register of waterway structures and foreshore licences.

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, Roys Bay (Wanaka).

A programme of regular inspections are undertaken by qualified personnel to ensure waterway facilities are safe that routine maintenance is being undertaken and that capital repairs are forecast and planned well ahead of time. The Council has also developed a Jetties and Moorings Policy which gives guidance to those who already own a jetty or mooring and those wishing to do so, on Frankton Arm, Queenstown Bay and Kingston Arm. It allows the Council to fully consider the cumulative effects of new applications and it sets out the issues of public access.

Parks and Recreation Facilities

This activity provides for the health and well being of the community, protects the ecological health of the district and enhances and protects the landscape.

Council provides, manages and maintains over 2084 hectares of parks and reserves from neighbourhood parks to natural areas, forests and sports parks. It provides an extensive network of modern playgrounds and facilitates a wide range of activity including golf, bowls, specialised mountain biking parks, skateparks, cross country skiing and other sporting activities.

This activity provides and maintains a network of walking and cycle trails across the district including the New Zealand Cycleway and Te Araroa Walkway.

Multi-use indoor facilities are covered in Community Facilities. Council-assisted (not operated) facilities are covered under the Community Grants activity. The Council undertakes maintenance of the Queenstown Gardens and all amenity horticulture work with its own staff, while mowing, tree maintenance and building maintenance is undertaken under contract by Asplundh (NZ) Limited. Sports Turf is maintained by a specialist turf team, with the Events Centre meeting international standards.

Some of the facilities supported and/or maintained by Council include:

- Queenstown Gardens and Wanaka Station Park.
- 40 playgrounds and four skate parks.
- Three BMX jump parks in association with local mountain bike clubs.
- 32 ha of sports fields in Queenstown, Arrowtown and Wanaka and Hawea.
- Over 150km of walkways, tracks and mountain bike trails.

Highlights of this activity:

- Review of Events Office and major events contestable fund
- Continued development of walkways.
- On-going support and facilitation of an independent regional film office.
- Increased the number of smaller communities being funded through community association grants and provided a funding structure.

Our Accountability

Measure	Target	Achievement
Maintain approximately the same amount of sports fields	2.4ha of sports fields for every 1000 residents.	There has been no change to the amount of sports fields available to the community.
Presentation of parks is of a high standard with service levels met or exceeded	>75%	Satisfaction among residents continues to rise, from 89.3% in 2013 to 92.3% in 2014.
Use of the Queenstown Trail (NZ Cycleway) increases	30,000 visitors per annum.	Total movements for 1 July 13 – 30 June 2014 were 669, 422. There are nine counters in total across the Queenstown Trail network. The locations are Frankton track, Riverside Road (Frankton), Kelvin Peninsula, Lower Shotover Bridge, Old School Road, Speargrass Flat Road, Billies Bridge, Swain Bridge, Edgar Bridge. Collaboration issues with the counters have affected the accuracy of reporting this data. These issues have been rectified in 2014 with the addition of new counters and system of reporting.
Customer Satisfaction with the Queenstown Trail	>75%	90.2% of residents were satisfied with the Queenstown Trail, an increase from 84.5% reported in 2013. The trail has been lengthened through Gibbston, thanks to the generosity of six Gibbston landowners, Department of Conservation and the Gibbston Community Association. The Queenstown Trails Trust partially funded the upgrade so that the Gibbston River trail can officially become part of the Queenstown Trail.

Community Summary of Forecast Financial Performance		
Actual 2012/13	Actual 2013/14	Annual Plan 2013/14
\$000 Expenditure	\$000	\$000
4,346 Community Facilities	6,727	7,837
6,380 Active & Passive Recreation	7,378	7,063
646 Community Development	1,666	1,348
569 Community Grants	712	722
1,916 Libraries	2,102	2,117
221 Waterways	205	215
172 Cemeteries	187	177
842 Public Toilets	951	766
15,092 Operating Costs	19,928	20,245
6,928 Group Activity Income (1)	9,492	7,478
8,164 Net Cost/(Surplus) of Service	10,436	12,767
Capital Expenditure		
3,338 Community Facilities	852	1,428
4,348 Active & Passive Recreation	3,142	6,587
257 Libraries	185	273
98 Waterways	70	93
48 Cemeteries	123	131
802 Public Toilets	137	169
8,891 Capital and Debt Repayment	4,509	8,681
17,055 Funding Required/(Generated)	14,945	21,448
Funded By:-		
11,263 Targeted Rates	11,239	11,398
554 General Rates	1,151	652
2,133 Loans (Internal & External)	2,195	2,238
1,725 Transfers (to)/from Reserves	(1,570)	4,956
1,380 Other	1,930	2,204
17,055 Total Funding	14,945	21,448

Community Summary of Forecast Financial Performance		
Activity Income Includes (1)		
1,674 User Charges	4,862	4,799
3,325 Grants & Subsidies	255	81
343 Other	560	207
- Other gains/(losses)	172	-
530 Vested Assets	1,669	-
1,056 Capital Contributions	1,974	2,391
6,928 Total Activity Income	9,492	7,478

Significant Cost of Service Variances

Revenue is above estimate by \$2.0m for the year with most of this amount attributable to vested assets of \$1.67m.

Significant Capital Expenditure

The major items are vested assets (\$1.67m) and debt repayment (\$1.44m)

Significant Capital Expenditure Variances

The variance withing Active and Passive recreation reflects \$5.2m of budget relating to reserve land purchase not being spent. This is offset by \$1.67m of vested assets.

Community Summary of Internal Borrowings				
Activity	30 June 2014 Internal Borrowings \$'000	Total Funds Borrowed during the Year \$'000	Total Funds repaid in the Year \$'000	Interest Paid in the Year \$'000
Community	3,506	118	260	188



Environmental Management

This includes:

- District Plan
- Regulatory Services
- Waterways Control
- Waste Management
- Emergency Management

The District Plan

The single most effective way the Council can manage the effects of growth and development in the district is the District Plan. The primary purpose of this activity is to continue to align the District Plan with the objectives of this 10-Year Plan. The form and nature of the plan is governed by the Resource Management Act 1991 (RMA). That legislation contains extensive checks and balances to protect all parties to the process.

The District Plan activity includes work on the development, adoption, ongoing changes to, and monitoring of the District Plan. This activity also develops wider strategy for the Council including town centre strategies, a heritage strategy and an urban design strategy.

The District Plan is now operative. Over the last few years multiple plan changes have been developed and notified for public submission. These covered a number of areas from town centres and small communities, growth management, urban design and rural areas to a number of district wide issues such as trails and visitor accommodation.

The Council has agreed to move from its programme of a series of separate plan changes each year to a comprehensive review of most of the District Plan. The process will allow the plan to be restructured and simplified. Council will be able to take advantage of reforms to the RMA and fix the numerous minor problems with the plan, as well as more strategic matters. A review project was commenced in 2011. Initial consultation and monitoring reports occurred in 2012 and 2013.

In April 2014 Council formally approved commencement of the District Plan Review. The review is broken down into 2 stages, with the first stage anticipated to be publicly notified in May 2015.

Our Accountability

Measure	Target	Achievement
Proportion of new building consents that also require resource consent	<34%	28.8% of new building consents required a resource consent, which demonstrates a positive trend. Fewer building consents are being issued with a 'red card' indicating that a resource consent is required prior to commencing works.
Cost of processing private plan change compared to other Councils nationally	Cost yet to be measured.	No data available. We have only had one private plan change which is not yet complete.

Regulatory Services

There are a number of reasons why Council is involved in the delivery of regulatory services:

Legal Compliance

As a territorial authority, the Council has certain regulatory functions that it is obliged to administer. The Council is generally 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. To the extent possible, Council is required to separate its regulatory functions from the other activities it is involved with. The principle statutes that Council is required to administer are the: Reserves Act 1977, Resource Management Act 1991, Building Act 2004, Local Government Act 2002, Food Act 1981 and Food Hygiene Regulations, Health Act 1956, Sale of Liquor Act 1989, Dog Control Act 1996 and the Litter Act. Council also makes bylaws to deal with specific issues of public health and safety.

Community Choice

There is a general expectation that a substantial amount of public information and assistance will be made available by Council in the area of Regulatory Services and that compliance will be sought when regulations and bylaws are breached.

Public Health and Safety

Resource management helps protect public health and safety from negative effects associated with development and ensures environmental standards are met. Dog control and registration helps protect the public's health and safety from uncontrolled and wandering dogs. Several of these activities relate to road safety such as removal of abandoned vehicles and enforcement of no stopping areas and other safety regulations.

Environmental

Resource management helps ensure protection of the environment from the negative effects of development. Where subdivision and development occurs provision is made for the development of recreational reserves to meet the recreational needs of new residents and for extensions to the current infrastructure.

Economic Development

The District Plan, which is under review, establishes zones for alternative land use. The public then know where specific economic activity can occur within the district. It should also be noted the Council has commissioned a draft Economic Development Strategy which is under consultation (October 2014).

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 Accountability

Measure	Target	Achievement
Cost per consent	\$3,500	The average cost has gone from \$2,651 per consent in 2012/2013 to \$2,951 for 2013/2014. The average value of work for each consent has also risen over that period from \$227k to \$244k. The actual fees which applicants pay have not changed over the period i.e. building consent deposits have stayed the same per consent, it is just the mix of the type and value of work being undertaken which has moved the average cost.
Building consent and LIM applications processed within statutory timeframes	100%	1253 building consents were issued from 1 July 2013 to 30 June 2014. 92.1% were processed within the 20 day statutory timeframe, at an average of 12 working days. 1369 LIMS were produced in the same time period with 100% processed within the 10 day statutory timeframe, at an average of 5 working days.
Community satisfaction with resource consent planning	30%	Satisfaction with resource consent processing continues to improve following the integration of the CCO Lakes Environmental back 'in house'. Satisfaction increased from 23% in 2013 to 33.8% in 2014.
Building inspections completed within 24 hours of request.	100%	This was not measured over the 2013/14 year.

Waste Management

The Waste Management activity is managed in three sub-activities. These are:

- Waste Minimisation and Recycling provides recycling and waste diversion services throughout the district. This includes kerbside recycling collection, recycling litterbins, resource recovery parks, greenwaste drop off sites, composting facilities and promoting other waste minimisation initiatives.
- Refuse Collection provides a weekly residential kerbside refuse collection service in the urban areas in the district. Rural areas are serviced by rural drop off points where economically viable.
- Landfill Provision and Management provides facilities for disposing of solid waste and the provision of hazardous waste facilities. This sub-activity includes the Victoria Flats landfill, transfer stations in Queenstown and Wanaka, collection of litterbin waste and ongoing management of the closed landfills and dump sites.
- Council contracts out the operation of the waste management sites and the delivery of waste management services to third parties.

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 Accountability

Measure	Target	Achievement
Cost per tonne of waste minimisation and recycling services provided by the Council	Does not exceed \$225.	The total actual expense 2013/14 for Waste minimisation and recycling was \$1,771,062. The 2013/14 total recycling processed by the Recovery Centre was 6233 tonnes, giving a cost per tonne of \$284. The recycling tonnage includes commercial recycling but excludes organic and green waste diverted from landfill. Organic and green waste diversion is a reality but cannot be quantified empirically.
The quantity of residential residual waste per capita to landfill for the district	Does not exceed 0.72 tonnes per person.	Based on the usual resident population of 28,224, 4,284 tonnes of waste went to landfill, or 0.15 tonnes per capita. This is a significant decrease from 0.79 tonnes per capita reported in 2012/13.
Number of complaints about the effectiveness of the recycling and refuse service reduce	195	308 complaints were received in 2013/14, an increase from 190 reported the previous year. The majority of complaints refer to single property missed collections of refuse or recycling. Complaints were as a result of bins being put out late, a driver missing a road or damaged bins, with the majority being resolved within the allotted time frame. The Council has continued to improve response times through its customer service centre and this may have resulted in more customers feeling confident in reporting issues.
Number of health and safety incidences		5 health and safety incidences were reported in 2013/14. None resulted in lost work days.

The Council is required to be an active member of the Otago CDEM Group. An Emergency Management Officer is employed by the Council to coordinate the delivery of its emergency management responsibilities within the Council and the district and with partner organisations in Queenstown, across the region and at a national level.

The Emergency Management Officer maintains the Local Emergency Management Plan and coordinates the efforts of the Council, local partner organisation and communities in achieving the intent of the CDEM Act, National CDEM Strategy, National CDEM Plan, and the Otago CDEM Group Plan.

Note the responsibility for rural fire for the Queenstown Lakes District was assumed by the Otago Rural Fire Authority from 1 July 2014. Council continues to support the authority and contribute trained personnel for fire suppression.

Our Accountability

No performance measures are stipulated in the 10-Year Plan 2012-2022 for this activity.

Emergency Management

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

- Identify the hazards and risks that the communities of the district face
- Reduce the likelihood and consequences of hazards, building resilience
- Enable communities, the Council, partner response organisations and infrastructure providers to be ready for emergencies
- Respond effectively to emergencies in partnership with communities, businesses and partner organisations
- Direct and coordinate response and recovery efforts when necessary
- Support communities to recover holistically and sustainably from emergencies

Environmental Management Summary of Forecast Financial Performance

Actual 2012/13		Actual 2013/14	Annual Plan 2013/14
\$000	Expenditure	\$000	\$000
4,431	Regulatory Services	8,270	9,581
416	Waterways Regulation	463	467
5,858	Waste Management	6,125	6,048
496	Emergency Services	492	593
2,069	District Plan	2,188	2,304
13,270	Operating Costs	17,538	18,993
5,465	Group Activity Income (1)	10,927	10,705
7,805	Net Cost/(Surplus) of Service	6,611	8,288
	Capital Expenditure		
541	Waste Management	272	249
14	Emergency Services	8	11
11	Regulatory Services	11	11
650	District Plan	1,573	1,573
1,216	Capital and Debt Repayment	1,864	1,844
9,021	Funding Required/(Generated)	8,475	10,132
	Funded By:-		
7,807	Targeted Rates	6,473	7,527
673	General Rates	345	635
415	Loans (Internal & External)	265	86
5	Transfers (to)/from Reserves	1,320	1,769
121	Other	72	115
9,021	Total Funding	8,475	10,132
	Activity Income Includes (1)		
3,686	User Charges	9,246	9,270
81	Grants & Subsidies	96	160
1,698	Other	1,585	1,275
5,465	Total Activity Income	10,927	10,705

Significant Cost of Service Variances

Operating costs for this group are \$1.46m (8.3%) below budget. This reflects savings from the organisational review.

Significant Capital Expenditure

The major item is debt repayment for the District Plan loan (\$1.57m).

Significant Capital Expenditure Variances

Not Applicable.

Highlights of this activity:

- District Plan Review

Environmental Management Summary of Internal Borrowings

Activity	30 June 2014 Internal Borrowings \$'000	Total Funds Borrowed during the Year \$'000	Total Funds repaid in the Year \$'000	Interest Paid in the Year \$'000
Environmental Management	1,961	13	389	119



Water Supply

The Queenstown Lakes District Council (QLDC) is responsible for approximately 414km of water mains and 11 treatment plants serving approximately 15,000 properties that between them use a total of approximately 18,200 cubic metres of water per day.

The Council adopted a draft 3 Waters Strategy in June 2011. The strategy recognised that the key to the management of its infrastructure is balancing the affordability of maintaining the existing networks and creating additional capacity with a reduction in risk, aging networks, a demand for growth, and an improved level of service.

The Council provides safe, potable water at an agreed level of service to the community.

The Council:

- Manages, operates, maintains and renews existing intakes, pump stations, treatment plants, pipes and manholes.
- Complies with the requirements of legislation that govern this activity.
- Facilitates the planning and development that has been approved to occur within the district.
-

The Council, in the last 10-Year Plan, proposed significant work in response to projected growth. It was identified that there were difficulties with the long term funding of these projects.

The Council has determined that by managing the demand on its assets and by optimising the use of its existing assets some of the significant works in its forward programme can be postponed.

High water demand due to leakage, seasonal population growth (ie. visitors and holiday homes) and irrigation significantly affects the cost of operating and the requirement for capacity improvements on the water supplies.

A reduction in water use can reduce both present and future costs to the networks. A dedicated campaign designed to reduce water use in the Queenstown Lakes District got underway in December. Awareness has grown around the way we use water and in general water use reduced during the summer period, although peak use and leakage continue to be a challenge.

By deferring upgrades the projected capital expenditure cost for water has reduced to \$72m (2009: \$171m) over the 10 years.

Council has commissioned a report on watering metering, with options for volumetric charging. A report to Council in the coming year 2014/15 will detail a cost-benefit analysis for implementation, alongside possible amendments to the Water Supply Bylaw to better manage water use in the interim.

Our Accountability

Measure	Target	Achievement
As pipes age and increase, maintain the current level of unplanned outages	Less than 70 per year.	There were 24 unplanned interruptions to water service with at least 24 hours' notice given for maintenance or renewal work.
Compliance with NZDWS	X	The Ministry of Health report is published in September each year. The 2012/13 report key points: * All schemes are non-compliant for protozoa. QLDC does not have the infrastructure at the treatment plants to remove protozoa. There are plans in the 2014/15 year for the installation of UV treatment at Kelvin Heights, Arrowtown and Arthurs Point. Lake Hayes and Lake Hayes Estate have validated UV units. Lake Hayes Estate also has filtration. Lake Hayes Estate should demonstrate protozoal compliance in the Ministry of Health 2013/14 Annual Report. * Wanaka Airport and Arrowtown supplies were not bacterial compliant. This was due to a number of E.coli transgressions in the water supplies. The Wanaka Airport sampling point was not ideal. This was changed to a more suitable sampling point at the bore (rather than a private tank). The Arrowtown groundwater supply is not chlorinated. If a bacterial limit that is exceeded, the water supply is emergency chlorinated until there is no more evidence of contamination. * The Queenstown and Hawea supplies were not bacterial compliant. This was due to gaps in the bacterial monitoring programme. This was rectified in the 2013/14 year. * All supplies met chemical and plumb solvency notification compliance.
Community satisfaction with the quality of water	70%	Satisfaction with the quality of the water has increased from 69.2% to 74.4% (from Resident and Ratepayer survey conducted by Carte Blanche). The Council continues to look for ways to reduce demand and defer the need for costly extensions to infrastructure.
Per connection average consumption	1600 litres	The average consumption per connection was 1161. However, this does not include data from Arrowtown or Lake Hayes schemes, but given the size of Queenstown and Wanaka, these numbers are likely to be a fair reflection of district wide values.
Leakage as a measure of night flow	825 litres per connection per day	Based on flow data of 8,797,759m ³ water supplied to 21,049 households, the leakage per connection per day was 597l

Water Supply			
Summary of Forecast Financial Performance			
Actual 2012/13		Actual 2013/14	Annual Plan 2013/14
\$000	Expenditure	\$000	\$000
10,326	Water Supply	7,673	8,357
10,326	Operating Costs	7,673	8,357
922	Group Activity Income (1)	2,992	1,760
9,404	Net Cost/(Surplus) of Service	4,681	6,597
Capital Expenditure			
1,671	Water Supply	5,470	5,484
1,671	Capital and Debt Repayment	5,470	5,484
11,075	Funding Required/(Generated)	10,151	12,081
Funded By:-			
6,896	Targeted Rates	7,068	7,089
18	General Rates	18	19
1,544	Loans (Internal & External)	2,894	3,809
925	Transfers (to)/from Reserves	(564)	546
1,692	Other	735	618
11,075	Total Funding	10,151	12,081
Activity Income Includes (1)			
-	User Charges	-	-
-	Grants & Subsidies	-	-
9	Other	91	59
321	Vested Assets	1,957	957
592	Capital Contributions	944	744
922	Total Activity Income	2,992	1,760

Significant Cost of Service Variances

Revenue was above estimate by \$1.2m for the year with most of this amount attributable to higher than expected Vested Assets. Operating costs are \$684k below budget and reflect savings in depreciation and interest costs.

Significant Capital Expenditure

The major items are Learys Gully Pumpstation (\$977k) and vested assets (\$1.96m).

Significant Capital Expenditure Variances

Not applicable

Water Supply				
Summary of Internal Borrowings				
Activity	30 June 2014 Internal Borrowings \$'000	Total Funds Borrowed during the Year \$'000	Total Funds repaid in the Year \$'000	Interest Paid in the Year \$'000
Water Supply	2,693	230	25	128



Stormwater

The Queenstown Lakes District Council (QLDC) is responsible for approximately 198km of stormwater mains, 13 detention basins and a number of interceptors (basic stormwater separators) serving approximately 10,900 properties that approximately cater for an average 10-year flood event. The 10-Year Plan did not include a significant forward programme of works.

The Council has determined that by aligning with associated projects, usually roading, and ensuring that the project is the most appropriate for the catchment an acceptable programme can be achieved.

Our Accountability

Measure	Target	Achievement
The percentage of stormwater service requests responded to on time	100%	98.6% of stormwater requests were responded to on time
No flooding of buildings due to failure of the public storm water system (excluding a 1 in 50 year storm event)	Zero	There were no flooding events to the storm water system in 2013/14.
Number of stormwater blockages	Less than 20 per year.	There were 37 stormwater blockages in 2013/14, 36 blockages and 1 overflow. The majority of these were the result of a mud tank becoming blocked or full with sediment. Mud tanks generally become full with silt run-off or grit screening during winter, so even though there is preventative maintenance of mudtanks by the contractor, they sometimes fill more quickly than normal.
Maintenance cost per ratepayer increases by less than the cost of inflation per year		Stormwater maintenance costs have increased from \$145,436 to \$186,391. This represents an increase of 26% per ratepayer, which is based on a 22,235 rateable properties in the Queenstown Lakes District in 2013 compared to 22,683 in 2014. The main reason for the increase in maintenance costs have been heavy rainfall events in October and December last year which caused scouring issues around discharge points and open drain. The impact of heavy rainfall events are often difficult to predict, however council regularly inspects culverts and pipe systems in areas that are most likely to be at risk ensuring that they are clean and no "backwash" occurs. The purpose of this process is to reduce velocities in the pipes and prevent scouring.

Stormwater Summary of Forecast Financial Performance			
Actual 2012/13		Actual 2013/14	Annual Plan 2013/14
\$000	Expenditure	\$000	\$000
2,453	Stormwater	2,541	2,423
2,453	Operating Costs	2,541	2,423
773	Group Activity Income (1)	3,517	1,797
1,680	Net Cost/(Surplus) of Service	(976)	626
	Capital Expenditure		
1,544	Stormwater	4,734	2,539
1,544	Capital and Debt Repayment	4,734	2,539
3,224	Funding Required/(Generated)	3,758	3,165
	Funded By:-		
1,331	Targeted Rates	1,344	1,348
-	General Rates	-	-
251	Loans (Internal & External)	1,498	997
739	Transfers (to)/from Reserves	280	327
903	Other	636	493
3,224	Total Funding	3,758	3,165
	Activity Income Includes (1)		
-	User Charges	-	-
-	Grants & Subsidies	-	-
246	Other	280	285
504	Vested Assets	3,162	1,302
23	Capital Contributions	75	210
773	Total Activity Income	3,517	1,797

Significant Cost of Service Variances

Revenue was above estimate by \$1.7m for the year with most of this amount attributable to higher than expected Vested Assets.

Significant Capital Expenditure

The major items are vested assets (\$3.1m) and debt repayment (\$0.66m).

Significant Capital Expenditure Variances

Vested assets were \$1.9m above budget for the year.

Stormwater Summary of Internal Borrowings				
Activity	30 June 2014 Internal Borrowings \$'000	Total Funds Borrowed during the Year \$'000	Total Funds repaid in the Year \$'000	Interest Paid in the Year \$'000
Stormwater	817	102	115	41



Wastewater

The Council is responsible for approximately 362km of wastewater mains, 54 pump stations and three treatment plants serving approximately 13,400 properties that between them discharge a total of approximately 11,000 cubic metres of sewage per day. This includes the larger plants, namely Project Pure (wastewater treatment plant and disposal to land at Wanaka) and the Shotover Ponds (wastewater treatment and disposal to the Shotover River). The Council has determined that by managing the demand on its assets and by optimising the use of its existing assets some of the significant works in its forward programme can be postponed.

Project Shotover is the upgrade to the Wakatipu wastewater treatment facility on the Shotover Delta. Funding of \$35.9 million has been included in the 10-Year Plan, based on a full upgrade. To find the best solution for the environment and the most cost effective way to deliver this project, the Council tested the market for good ideas.

The aim is to identify options which meet the future wastewater requirements of the district, but also distributes the cost over a longer period and allows growth to fund the project as it happens. The procurement process of this project started in 2013/14 with the release and award of a design, build, operate contract. Physical works are planned to commence in the 2014/15 financial year, with completion in 2016.

A recent series of sewage overflows has shown the vulnerability of the district's sewage scheme. It also highlights the need for preventative maintenance and to educate the community on the effects of putting inappropriate material into the system. Council proposes a larger programme of preventative maintenance in 2014/15 onwards, with a particular focus on high risk areas where overflows can lead to rivers and lakes. The programme is budgeted at \$215k per year.

To support this work it is proposed that Council develop a Trade Waste Bylaw. This will allow Council to prosecute those that illegally put items into the sewage system (i.e. fat, construction debris and foreign objects). Council will also actively work with the Otago Regional Council to prosecute people and businesses that cause overflows into our waterways.

Work has been ongoing with several of our communities which will need to assess options for managing their sewage in the future. Kingston, Cardrona, and Glenorchy all currently have private sewage systems in place.

Each community is looking to identify the options and costs for a Council reticulated scheme versus continuing to manage sewage on an individual basis. Funding has been provided in the next financial year for Cardrona (\$200k) and Glenorchy (\$250k) to develop proposals and cost estimates for the community to consider for potential inclusion of construction in the next 10-Year Plan (2015). Work will continue with the Kingston community to develop more affordable options before any design work occurs.

Our Accountability

Measure	Target	Achievement
Notice of any planned service interruption. (excluding emergencies)	100%	100% of customers received at least 24 hours notice of a planned service interruption
Community satisfaction with wastewater (Annual Residents Satisfaction Survey Report 2014)	68%	Target exceeded. 76.9% of residents were satisfied with the waste water system, an increase of nearly 3% since 2013 (from Resident and Ratepayer survey conducted by Carte Blanche). This is likely to reflect the continued profile of Project Shotover, which will deliver a wastewater treatment upgrade. Alongside, significant investment in wastewater treatment for Wanaka, namely Project Pure.
No more than 30 odour complaints per year are received	Less than 30	There were 40 odour complaints were received in 2013/14. A high number of these were from the Gate Way apartments on Frankton Road, where a private pumping station was pumping into the Council system. Council is working with the owners to develop a flush system to ensure the wastewater is pumped regularly enough to avoid odour problems. Other complaints around Tucker Beach Road and Shotover inlet were the result of a missing bio filter. The filter was fitted and is now operating to prevent further odour problems.
Sewerage overflows into habitable buildings due to faults in the public wastewater system is zero	Zero	No sewerage overflows into habitable buildings, due to faults in the public wastewater system, occurred in 2013/14. The Council undertook a three-pronged programme to address the most common causes of wastewater overflows in the Queenstown Lakes District. The preventative maintenance programme was expanded to include water blasting and CCTV inspection. A team drawn from council engineers, building and health inspectors worked together to target the most common causes of blocked pipes and pumps, and enlisted the help of those whose actions are most closely linked to those causes. Information was provide to householders, through the Council's newsletter, displays and direct mail, to help residents understand the consequences of flushing nappies and other inappropriate items down the toilet.

Wastewater				
Summary of Forecast Financial Performance				
Actual 2012/13			Actual 2013/14	Annual Plan 2013/14
\$000	Expenditure		\$000	\$000
9,260	Wastewater		9,177	8,998
9,260	Operating Costs		9,177	8,998
1,180	Group Activity Income (1)		4,542	2,299
8,080	Net Cost/(Surplus) of Service		4,635	6,699
Capital Expenditure				
5,531	Wastewater		9,735	5,163
5,531	Capital and Debt Repayment		9,735	5,163
13,611	Funding Required/(Generated)		14,370	11,862
Funded By:-				
6,495	Targeted Rates		6,464	6,391
142	General Rates		129	293
2,100	Loans (Internal & External)		4,930	3,331
2,955	Transfers (to)/from Reserves		1,788	441
1,919	Other		1,059	1,406
13,611	Total Funding		14,370	11,862
Activity Income Includes (1)				
-	User Charges		-	-
-	Grants & Subsidies		-	-
39	Other		35	41
433	Vested Assets		3,133	1,129
708	Capital Contributions		1,374	1,129
1,180	Total Activity Income		4,542	2,299

Significant Cost of Service Variances

Revenue was above estimate by \$2.2m for the year with most of this amount attributable to higher than expected Vested Assets.

Significant Capital Expenditure

The major items are the programme associated with Project Shotover (\$2.9m), vested assets (\$3.1m) and debt repayment (\$2.2m).

Significant Capital Expenditure Variances

The main variance is attributable to the value of vested assets (\$3.1m) which is \$2.0m higher than budgeted.

Wastewater Summary of Internal Borrowings				
Activity	30 June 2014 Internal Borrowings \$'000	Total Funds Borrowed during the Year \$'000	Total Funds repaid in the Year \$'000	Interest Paid in the Year \$'000
Stormwater	4,421	504	390	222



Rooding and Footpaths

This activity includes:

- Rooding
- Parking Facilities

Rooding

The Council is accountable for just over 800km of local roading and public carparks located in Arrowtown, Queenstown, and Wanaka. In addition there are 232km of State highways within the District and these are managed by New Zealand Transport Agency (NZTA).

The Council's transport activities are funded from a combination of local and central government funding sources.

Council Transport Strategies

The development of transport strategies for the Wanaka and Wakatipu Wards took place over the period from 2006/07 to 2008/09 when the two key strategies the Wakatipu Transportation Strategy and the Wanaka Transportation and Parking Strategy were adopted. Both strategies were endorsed by NZTA (or its predecessors). The Council has also adopted strategies for road safety, cycling and walking, and the Transport Asset Management Plan.

The Council's strategies promote an integrated approach to projects that together will achieve significant changes to the district's transport system and travel behaviour over the next twenty years. Key drivers for the strategies have been the need to cater for growing transport demands (as a consequence of forecast resident and visitor growth) and the need to protect and – where possible - enhance district amenity.

These strategies have been instrumental to changes in the Council's transport activity over the past three years.

The transport strategies have provided input to this Annual Plan. It is proposed that the Council's strategies be reviewed next financial year to ensure that they remain current and provide reliable input to the next long term plan. The work on this review has been internal to date.

The most significant roading project within the 10-Year Plan and Council's transport strategy has been the development of the local roads linking to the proposed state highway roundabout near Glenda Drive.

Over the six years since the Wakatipu Strategy was adopted there have been significant changes to the economic factors and central government priorities. It is planned that the Council's transport strategies will be reviewed in 2013/14 in order to continue strategic input to the next 10-Year Plan. An input to the strategy review will be the development of an economic network plan for the district.

The Economic Network Plan (ENP) is a tool to assist decision making on transport expenditure by assessing the economic value of each section of road. It encourages decision makers to give priority to those roads that deliver the highest economic benefit to the community.

As well as enabling Council to better priorities its roading projects, the ENP will provide national decision makers, particularly those within NZTA, to better understand the economic drivers for investment in the Queenstown Lakes District's roading projects.

Roading

Roading is Council's single biggest cost. This fact combined with a cut in the level of subsidy available from NZTA and the level of debt (\$28.92m) attributable to the Council's transport activity, means changes must be considered.

Council recognises the need to consider cost efficiencies; the public expectations of the quality of roads; and the extent to which roads can continue without work being done. Council and NZTA have accepted that financial sustainability considerations means we must accept a higher level of risk to extend the expected life of our roads. A joint review with Council/NZTA has led to a significant reduction of planned capital works in 2013/14 and in 2014/15.

Council is working to extend the life expectancy of our road network through increased levels of resealing (water proofing the surface), drainage work and maintenance. The 2014/15 budget contains a reduced budget of capital works against the planned 2012 10-Year Plan with a reallocated operational budget to allow for the change in programmed maintenance. Council will also continue to take the position of not providing in advance for emergency reinstatement work.

This work cannot be planned for and Council's preference is to seek to fund such work through underspends in other budgets in the first instance rather than rate for such expenditure in advance.

Our Accountability

Measure	Target	Achievement
Annual increase in total cost of maintaining the transport networks are less than the cost of inflation (accounting for population growth)	100%	Maintenance costs were 4% lower than previous years mainly due to savings in the unsubsidised budgets and maximising NZTA funding.
Use of non-car and ride sharing options increases (measured travellers through Queenstown CBD from all directions)	40%	The transport survey showed that the number of people using their cars to travel into Queenstown increased, while the other three modes of transport (bus, walking and cycling) experienced a decline in numbers. People using the bus remained constant at 2%, as did cyclists at 1%. The number of people walking fell from 13% to 11% in 2014. (Figures taken from the Queenstown Traffic Surveys 2014 (Page 3) conducted by MWH Global).
Community satisfaction with roads, unsealed roads and footpaths	70.5% Sealed roads 55% Unsealed roads 63% Footpaths	Satisfaction with roads increased from 62.9% (2013) to 71.6% (2014). Satisfaction with unsealed roads also increased to 60.2%, an increase of over 10% on the previous year. In addition, satisfaction with footpaths increased from 56% (2013) to 64.5% (2014) (from Resident and Ratepayer survey conducted by Carte Blanche), with less people giving a neutral response. The Council has progressed a number of improvements to the network this year, including the installation of low platforms between Little Street and the Ardmore-Brownstown Street roundabout in Wanaka. The effect of narrowing the roadway has made it easier and safer for pedestrians to cross the road, while creating a more obvious distinction between traffic and parked cars.
Sealed roads do not exceed the maximum roughness - National Association of Australian State Roads Authority (NAASRA) survey	>5% exceeds limits	82% of sealed rural roads have a roughness rating (NAASRA) <90. 67% of sealed urban roads have a roughness rating (NAASRA) <105.
Three year average serious casualties (fatal and serious injuries) on the local road network does not increase above the 2008-10 average	3yr average <15	The three year average was 18.33. From the NZTA Road Safety by Suburb tool. Note that 2013 had an unusually high serious casualty count of 28. (3 year average is from 1 Jan 2011 to 31 December 2013).

Parking Facilities

The supply of on or off street parking has a significant effect on transport, particularly in town centres. Key considerations of parking, particularly in the Queenstown Town Centre (which is serviced by a public transport network) are to:

- Minimise traffic congestion
- Produce an acceptable return from Council land used for parking
- Ensure adequate parking is available for visitors
- Encourage awareness and use of alternatives to the single-occupant car

Our Accountability

Measure	Target	Achievement
Percentage of designated short term parking spaces are available.	20%	Not measureable
Customer satisfaction with street lighting.	65%	Community satisfaction with street lights has continued to grow from 54.5% in 2013 to 57.9% in 2014. Those reporting they are unsatisfied has also fallen below 20%.

Roading and Parking Summary of Forecast Financial Performance			
Actual 2012/13		Actual 2013/14	Annual Plan 2013/14
\$000	Expenditure	\$000	\$000
16,942	Roading	17,632	18,089
573	Parking Provision	551	399
17,515	Operating Costs	18,183	18,488
13,401	Group Activity Income (1)	12,946	15,157
4,114	Net Cost/(Surplus) of Service	5,237	3,331
	Capital Expenditure		
20,145	Roading	18,139	21,631
397	Parking Provision	468	588
20,542	Capital and Debt Repayment	18,607	22,219
24,656	Funding Required/(Generated)	23,844	25,550
	Funded By:-		
12,589	Targeted Rates	12,809	12,861
3,750	Loans (Internal & External)	6,286	7,498
3,437	Transfers (to)/from Reserves	1,145	1,909
4,880	Other	3,604	3,282
24,656	Total Funding	23,844	25,550
	Activity Income Includes (1)		
1,064	User Charges	1,109	963
10,681	Grants & Subsidies	7,574	10,682
474	Other	437	414
607	Vested Assets	2,673	2,098
575	Capital Contributions	1,153	1,000
13,401	Total Activity Income	12,946	15,157

Significant Cost of Service Variances

Revenue was below estimate by \$2.2m for the year with part of this amount attributable to reduced Roading subsidy, which was \$3.1m under budget for the year, mainly as a result of the timing of roading capital expenditure due to the deferral of some projects.

Significant Capital Expenditure

The major items are various rehabilitation projects and upgrades (\$8.9m), vested assets (\$2.67m) and debt repayment (\$6.6m).

Significant Capital Expenditure Variances

Vested assets were \$575k above budget and there is \$4.4m of project expenditure within the roading activity which has been delayed or deferred. This includes the Frankton Flats arterial road (\$3.8m) and various upgrades and rehabilitation projects incomplete at year end.

Roading and Parking Summary of Internal Borrowings				
Activity	30 June 2014 Internal Borrowings \$'000	Total Funds Borrowed during the Year \$'000	Total Funds repaid in the Year \$'000	Interest Paid in the Year \$'000
Roading and Parking	4,102	231	1,060	247

Queenstown Airport Corporation

Mission Statement

To provide airport and related facilities in the district and meet the growing needs for airport services to the Lakes District, to the highest quality in an economically sustainable manner and in the best interests of the community.

Vision Statement

“Seize the Challenge to make Queenstown easy to get to, with an airport experience that leaves a wonderful first and lasting impression”

Goals

- To achieve its mission QAC has established a number of goals. These are to:
- Develop the Airport infrastructure and facilities to support the Region's growth while maximising utilisation of the existing facilities to avoid over capitalisation
- Provide people using the Airport with a 'wonderful experience' consistent with our vision
- Promote the Airport and the Region to grow visitor numbers
- Establish the Airport as a preferred place to work and do business within the region
- Be socially and environmentally responsible for the benefit of the community in alignment with Queenstown Lakes District Council's (QLDC) desired outcomes
- Operate as a successful business growing the return on funds invested in the medium and long term.

Objectives

It is QAC's principle 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 that year. These objectives will be measurable and AC's performance against these objectives will be reported and audited annually.

Financial Performance

2013 Actual		2014 Actual	2014 Forecast
\$000's		\$000's	\$000's
19,567	Revenue	21,905	20,235
6,644	Operating Expenditure	6,668	6,048
7,388	Operating Surplus/(deficit) before tax	9,985	8,459
5,280	Operating Surplus/(deficit) after tax	6,634	6,091