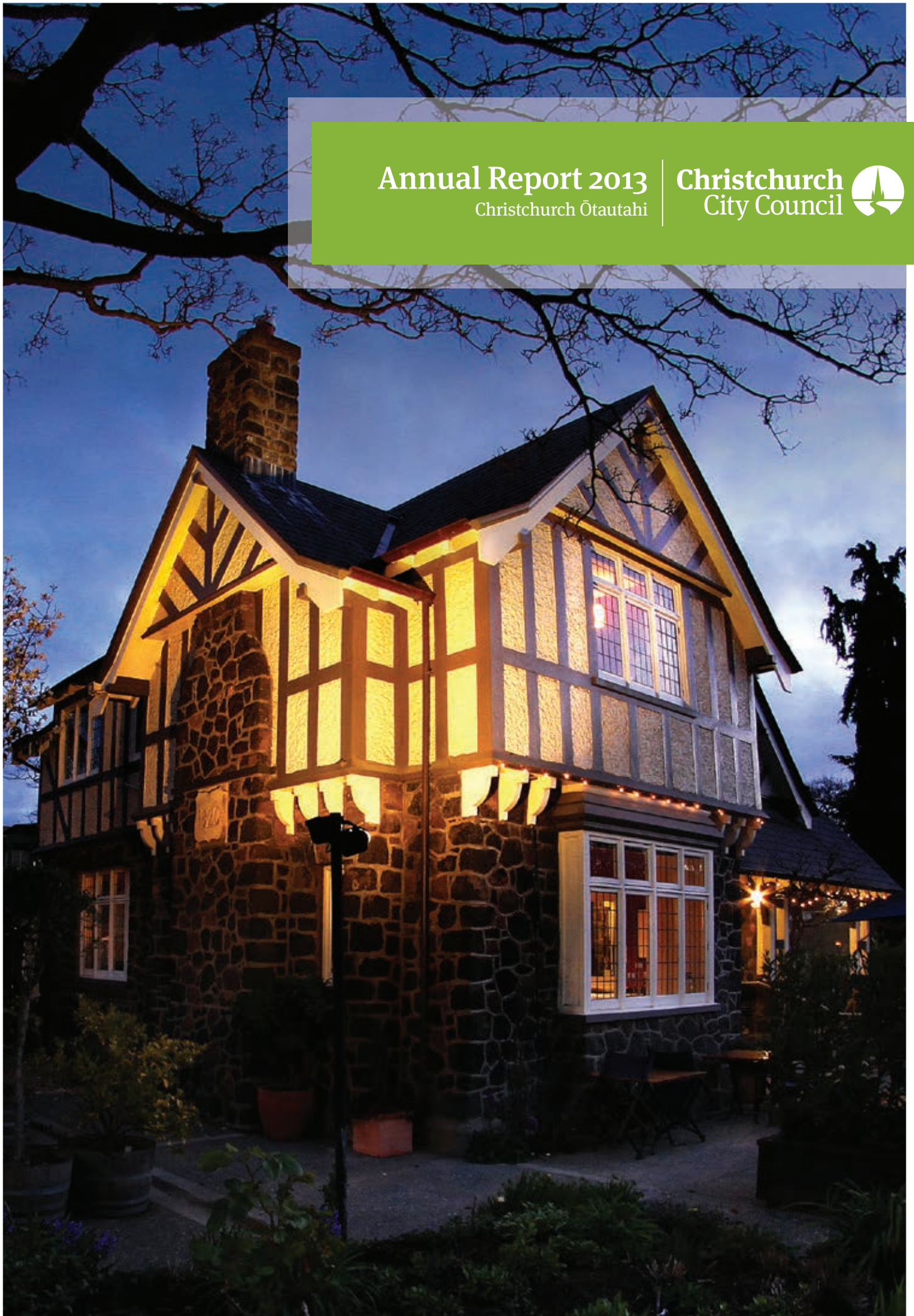


Annual Report 2013
Christchurch Ōtautahi

Christchurch
City Council 



Cover Image: Curator's House

The Curator's House, built in 1920, replaced a late 1860s single storey timber bay villa which was the original curators house on that site. The present house was designed by Christchurch architects Collins and Harman in an English Domestic Revival style. The first curator to live in the new house was James Young (Curator 1908-1933). It ceased to be used as a home for the garden's curators in the 1980s but remained in use as a dwelling until the late 1990s. In 2000 it opened as a restaurant and model garden which today maintains a relationship with gardens by providing public access to the building and continuing the tradition of the domestic garden.

The house which is owned by Christchurch City Council was significantly damaged in the 2010/2011 Canterbury earthquakes but reopened in October 2012 following completion of strengthening and repair work. It was one of the first Council owned buildings to be repaired and reopened after the earthquakes.

Photographer: Rob Dally L.P.S.N.Z

Christchurch City Council Annual Report 2013

Christchurch Ōtautahi

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Christchurch
City Council 

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Council vision

The Christchurch City Council has a vision for this City:

Our future Christchurch is a world-class boutique city, where people enjoy a sustainable lifestyle, a healthy environment, a strong economic base and the diverse landscapes of the city and peninsula.



Introduction

Annual Report 2013

Christchurch Ōtautahi

Welcome to the Christchurch City Council's Annual Report 2013. The introduction to this report describes the city we live in and outlines the Council's continued response to the 2010-2011 Canterbury earthquakes and its vision for the future. It includes a message from Christchurch Mayor Bob Parker and Acting Council Chief Executive Jane Parfitt, reflecting on the Council's achievements over the past year.

What is the Annual Report?

The Annual Report for the financial year July 2012 to June 2013 sets out what the Christchurch City Council (Council) did in the past year, why we did those things, how much they cost, and how they were funded.

This report shows how the Council is delivering on the promises made to our community – promises made after asking Christchurch residents what they want for their city as part of our long-term planning process. It also shows how Council continues to respond to the series of earthquakes that have damaged our city.

The report shows the Council's overall financial position and performance as measured by its achievement against its financial key performance indicators.

In a normal year the Council would expect to receive an 'unqualified' audit report from Audit New Zealand and the Auditor General. This would mean, amongst other things, that the financial statements comply with relevant accounting standards and fairly reflect the Council's financial position. However, for the 2013 annual report the Council is not yet able to make a reasonable estimate of the value of damage that earthquakes have caused to the Council's physical assets, as was the case for the 2012 and 2011 annual reports. Our best estimate is that our assets, historically valued at approximately \$5.5 billion, have suffered at least \$1.5 billion of damage; \$0.2 billion of impairment was recognised in 2012 together with a further \$0.3 billion in these financial statements. It is our view that any adjustment to the accounts on the basis of this estimate would be misleading to the reader and for this reason Council has chosen not to reflect the full value of the damage in its 2013 financial statements.

Consequently the Council has not complied with accounting standards that require the value of damaged or destroyed physical assets to be removed from the value of our assets. Our auditors are therefore unable to give the usual unqualified opinion. This does not reflect on the Council's financial management or its ability to fund the rebuild of its infrastructure. It simply reflects the fundamental uncertainty around the actual value of earthquake damage.

Further information about the damage to the Council's assets, how the Council has accounted for this damage and the surrounding uncertainty is included in an introductory note to the financial statements, *Impact of the 2010 and 2011 Canterbury earthquakes rebuild*.

Message from the Mayor and Acting Chief Executive

Among the challenges we've faced over the last 12 months, there are many positive things happening in the city that bode well for our future.

The cost-sharing deal with the Crown announced in June has given Christchurch the certainty needed to ramp up major investment within the four avenues. The \$4.8 billion deal gives the city the certainty to push ahead with the rebuild of key city facilities and infrastructure.

This is a major milestone in the rebuild as it gives clarity about who is responsible for leading and funding each of the major projects and the green light to go ahead with rebuilding. The Government is also playing its role in some of the EQC and insurance issues. We appreciate the Government's ongoing support and their increased financial contribution to the rebuild.

The Council will oversee the development of a new performing arts precinct adjacent to the Theatre Royal. We are also responsible for building a new flagship Central Library fronting Cathedral Square and share responsibility with the Crown for enhancing The Square and a new Central City transport plan.

The Christchurch City Three Year Plan 2013 – 2016 (Three Year Plan) was also agreed in late June and sets out the Council's financial strategy and a way forward for the Christchurch rebuild that guarantees funding and confidence for residents and taxpayers. This is a prudent, fully-costed plan that establishes a sound financial footing for the city's future, while keeping things as affordable as possible for ratepayers. New funding is going towards a cycling network, the Head to Head walkway in Lyttelton Harbour and projects from a programme of community-driven redevelopment master plans to breathe fresh life into severely damaged suburban centres.

Meanwhile, we are concentrating on getting our underground pipes and roading infrastructure fixed and as we make this city a stronger, more resilient and better place to live. The \$2.3 billion rebuild of Christchurch's earthquake-damaged horizontal infrastructure remains a massive undertaking.

The Stronger Christchurch Infrastructure Rebuild Team (SCIRT) - a partnership between us, CERA and the New Zealand Transport Agency (NZTA) as well as five construction companies - expects the rebuild will take until December 2016. SCIRT is making good progress - they've laid 42 kilometres of fresh water pipe to repair 60 per cent of damage, 200 kilometres of wastewater pipe to repair 30 per cent of damage and 279,576 square metres of new roads (that's almost 40 rugby fields) to repair 21 per cent of damage.

Providing ongoing, temporary services to the red zone continues to be a costly exercise. The cost of providing roading, water, wastewater, rubbish collection and storm water services to residential red zone properties was about \$8,950 per property, compared with \$630 for homes in other areas.

The future of many of the 1600 buildings the Council owns, including commercial buildings and community housing, is becoming clearer. We're moving into a positive stage of repairing, rebuilding and reopening many of our facilities. Central Library Tuam, Coronation Library in Akaroa, Riccarton Community Centre, four paddling pools and Lyttelton Visitor Information Centre were among the facilities to open or reopen this year. We've unfortunately still had to close some facilities where detailed engineering assessments (DEEs) have found they are not safe for people to occupy, including several social housing units.

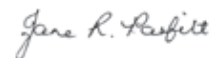
The opening of the new Aranui Library, the first IceFEST celebration of Christchurch's ties with Antarctica and the 10th birthday of Christchurch Art Gallery were other events of note this year.

Resident surveys show 70 per cent of residents are satisfied or very satisfied with the services provided by the Council, the same level as the previous year. Areas where residents believed the Council had improved over the previous 12 months included public transport infrastructure, customer service and wastewater collection.

While many challenges remain, we're well on our way towards creating a vibrant city and the brighter future that we all deserve.



Bob Parker
Mayor of Christchurch



Jane Parfitt
Acting Chief Executive

Statement of compliance

Compliance

The Council and management of the Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with other than the exceptions detailed below.

Section 111 of the Local Government Act requires the Council to prepare information in accordance with generally accepted accounting practice. Generally accepted accounting practice includes New Zealand equivalents to International Financial Standards (NZ IFRS) and International Accounting Standards (NZ IAS).

Because of the reasons set out in the introductory note to the Financial Statements, *Impact of the 2010 and 2011 Canterbury earthquakes rebuild* on pages 145 to 150, it has not been possible to comply with:

- **NZ IAS 36 – Impairment of Assets**

Assets with earthquake damage have been written off when it is certain that they have been destroyed. A further \$326 million of network asset impairment has been recognised in 2013 together with a further impairment of \$29 million for facilities. Further information about this matter is set out in the introductory note to the financial statements and in note 23.

- **NZ IAS 16 – Property Plant and Equipment**

Assets due for valuation in 2013 were roading and water supply infrastructure assets. These assets were not revalued in 2013 and therefore their carrying value represents their 2010 fair value less depreciation. Other than public art assets, which were revalued in 2012, no asset classes have been revalued since 30 June 2010. Evidence suggests that all other asset categories should have been revalued in 2013. This did not occur. Further information about the reasons for this are set out in the introductory note to the financial statements and in note 23.



Bob Parker
Mayor
3 October 2013



Jane Parfitt
Acting Chief Executive
3 October 2013

Christchurch at a glance

Christchurch is the urban centre of Canterbury, bounded by the Pacific Ocean and Waimakariri and Selwyn districts.

Known as the Garden City, Christchurch residents value their parks and open spaces. The most significant is Hagley Park: 165 hectares of wide-open spaces and mature woodlands that has been at the heart of the city since the 1850s.

Christchurch is also known as the gateway to New Zealand's South Island. Christchurch International Airport Limited (CIAL) welcomes almost 5.5 million passengers a year. As the major deep-water port in the South Island, Lyttelton is at the hub of trade.

Christchurch has been through a challenging period and the city is working to rebuild damaged buildings and infrastructure following a string of destructive earthquakes that started on 4 September 2010. The rebuild will take many years to complete, but good progress is being made.

The Council is working with Central Government on the rebuild of our central city. The organisation is also working in a partnership to carry out the massive repair of the city's damaged horizontal infrastructure – our roads, parks and underground water, wastewater and storm water networks.

Despite the large task ahead, our city is taking steps toward the future. Many of our businesses and public facilities are back up and running for our residents to enjoy. Good progress will be made over coming years as our city rebuilds and looks to the future.

Snapshot of the City

Population: 363,100 people lived in Christchurch at 30 June 2012

The above information was sourced from Statistics New Zealand.

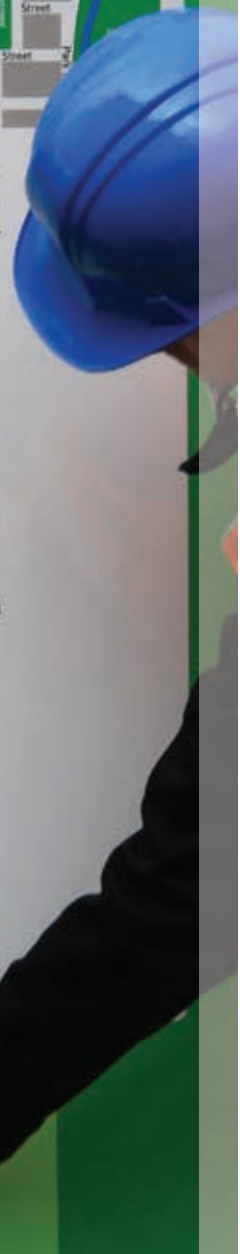
New Regent Street

- 1 Victoria Street
 - 2 Casino
 - 3 Central Library Peterborough
 - 4 Courts
 - 5 New Regent Street
 - 6 Pallet Pavilion
 - 7 Christchurch Art Gallery (Opens 2013)
 - 8 Museum
 - 9 Botanic Gardens
 - 10 City Council Offices
 - 11 Police
 - 12 Oxford Terrace
 - 13 Cardboard Cathedral
 - 14 Bridge of Remembrance
 - 15 Re:START City Mall
 - 16 Hospital
 - 17 Bus Exchange (Central Station)
 - 18 Christchurch Art Gallery at NG
 - 19 CPIT Polytechnic
 - 20 South City Shopping Centre
 - 21 Central Library Team
 - Toilets
 - Visitor Information
 - Free WiFi
 - Earthquake Rebuild Zone Corridor
- Corridor subject to change. For updates visit www.findchch.com or scan the QR code below.



Find:Chch
See, eat, do.
findchch.com

- ➔ **Cathedral Square**
2 minute walk
- ➔ **Victoria Square**
4 minute walk
- ➔ **Re:START City Mall**
8 minute walk
- ➔ **Botanic Gardens**
14 minute walk



Highlights

Annual Report 2013

Christchurch Ōtautahi

The Council delivers the core services necessary to keep the city running including water supply, waste water removal and rubbish collection. It also undertakes large infrastructure, building and community projects to build an even better city for the future. Some of the highlights of the past year, along with our earthquake response, recovery and rebuild activities, are outlined in this section.

Our achievements

The continued recovery from the earthquakes and providing essential services together with advancing the rebuild was the focus for much of the Council's work over the past financial year. Highlights are:

Suburban centres

Over the past two and a half years, we have engaged with eight communities and heard from thousands of people about their hopes and dreams for their damaged suburban centres. Eight master plans have now been developed or implemented and case managers have been working in these communities. The significance of the Suburban Centres Programme was acknowledged through funding for projects in the Three Year Plan. The final master planning project, for the Main Road corridor between Ferrymead Bridge and Marriner Street in Sumner, got underway in May 2013.

Facilities rebuild

The future of many of the 1,600 buildings the Council owns, including commercial buildings and community housing, is becoming clearer. We're moving into a positive stage of repairing, rebuilding and reopening many of our facilities. Coronation Library in Akaroa, Riccarton Community Centre, four paddling pools and Lyttelton Visitor Information Centre were among the facilities to open or reopen this year.

Art gallery

Repairs to Christchurch Art Gallery began after year end. Since the Gallery was closed on 22 February 2011 staff have staged 40 new Outer Spaces projects. The Gallery presented *Populate!*, a series of new outside works of art within the Central Business District (CBD), plus a wide range of public programme activities and a family-focused, outdoor event on 10 May to celebrate its tenth anniversary. Shane Cotton's *The Hanging Sky*, a touring exhibition developed by the Gallery in association with the Institute of Modern Art, opened its Australian tour in December 2012.

Libraries

Aranui Library has been embraced by its local community since it opened in early September 2012. It was the Council's first project to start and finish construction since the Canterbury earthquakes. Central Library Tuam opened, the very popular South Library re-opened following repairs, while a new temporary Linwood Library opened in Eastgate Mall. The new mobile "Library to Go" service was launched, with two Mercedes Sprinter vans replacing the old mobile bus. The roll out of self service technology continued at a further seven libraries.

Recreation and leisure

Attendance at pools, gyms and group fitness classes has been very strong, while swim education participation has never been better. Cowles Stadium reopened followed by many of the City's paddling pools. A first class cricket wicket was developed on Hagley Oval. The New Zealand Men's and Women's Golf Open championships were a sporting highlight in late 2012 and early 2013 as were the New Zealand Cycling Road Championships.

Transitional city

A range of transitional city projects are bringing a new vibrancy to the heart of the city. These low-cost, temporary projects include painting eels and raupo on Oxford Terrace, an art installation and outdoor exhibition in Worcester Boulevard, and improving the streetscape along Colombo Street. New Regent Street and Gloucester Street have also had makeovers.

Events

We supported a full annual programme of events despite the challenges of fewer venues and accommodation options for visitors to the city. The Geo-Domes in the events area of North Hagley Park continued to provide a central and safe venue for event activity. During the fine, warm summer months, big audiences attended *Lazy Sundays*, the Summer Theatre production of *Wind in the Willows* and the *World Buskers Festival*.

Community services

Safer Christchurch successfully set up a number of initiatives during the year including the Graffiti Office citywide graffiti scan and a new graffiti database called *Tag Force*. To ensure new architectural plans consider all aspects of safety, security and access we have offered advice and guidance on universal design as well as crime and injury prevention through environmental design. Four new fixed-term Earthquake Recovery Community Advocates (ERCAs) were appointed to assist community groups respond to needs following the earthquakes.

Our achievements (continued)

Regulatory services

Residents were offered many opportunities to provide their views on topical issues, with the draft Local Alcohol Policy attracting 4,060 submissions. Other consultations included: the new Christchurch Transport Plan; the Three Year Plan and the proposed Brothels (Location and Commercial Sexual Services Signage) Bylaw 2012. The Council added an extra meeting per month with a sole focus on earthquake recovery.

Infrastructure repairs

The \$2.3 billion rebuild of Christchurch's damaged horizontal infrastructure remains a massive undertaking. SCIRT expects the rebuild will take several more years. SCIRT is making good progress towards repairing our horizontal infrastructure - underground sewers, storm water and water pipes, roads and parks.

- **Wastewater collection and treatment** - Repairs to the extensively damaged wastewater treatment plant are progressing well and about 200 kilometres of wastewater pipe have been built. Repairs to the oxidation ponds, clarifiers and cracks on tanks at the Christchurch Wastewater Treatment Plant (CWTP) have been completed. Construction is underway on replacement wastewater pump stations on Pages Road and Beach Road. The Western Interceptor and Fendalton Duplicator sewer mains were commissioned, as was stage one of the Wainui wastewater scheme.
- **Water supply** - Work to repair the water supply system includes laying new water pipelines, drilling new wells and repairing reservoirs. About five percent, or 150 kilometres of the city's network of water pipes were damaged in the earthquakes and we've laid 42 kilometres of fresh water pipe. Water pumping stations at Keyes Road, Wilmers Road and Ferrymead were commissioned. Huntsbury and Victoria reservoirs were completed. Design work for the Akaroa Water Treatment Plant upgrade has progressed, and has been completed for the Little River reticulation system.
- **Streets and transport** - The city's road network suffered enormous earthquake damage. So far, SCIRT has laid 279,576 square metres of new roads. The Christchurch Transport Operations Centre (CTOC) was set up as a partnership between the Council, NZTA and Environment Canterbury to ensure an integrated approach to the movement of people, goods and services through Christchurch.

- **Parks, open spaces and waterways** - Waterways and the storm water pipe network were seriously damaged by the earthquakes. Large amounts of silt and liquefaction were dredged from the Styx and Avon rivers, and 1,138 tonnes of aquatic weed was removed from major rivers. Temporary stopbanks were monitored and maintained. Many park facilities were repaired and the popular tracks reopened including the Bridle Path and Captain Thomas track. The Cemeteries Master Plan and handbook were completed and will guide the future development and management of our 27 cemeteries. The dry summer saw more rural fires than usual and staff, contractors and volunteers performed effectively under challenging conditions.



Your Council

Annual Report 2013
Christchurch Ōtautahi

How the Council works

Elected members

Christchurch residents and ratepayers are represented by the Council and Community Boards. Elections are held every three years to select the people who will act and speak for our community. The last full election was held on 9 October 2010. The next election will be held on 12 October 2013.

Council

The Mayor and 13 Councillors govern the city and ensure the needs of its residents are met. They make decisions for Christchurch's future, plan the way forward and are accountable for delivering what the community has identified as necessary for its cultural, economic, environmental and social well-being.

In 2005, the Council asked the community what these goals should be. They are called the Community Outcomes; find out more in our *Community Outcomes* section.

As part of the preparation of the Three Year Plan new Community Outcomes were agreed, these are:

- Liveable City
- Strong Communities
- Healthy Environment
- Prosperous Economy
- Good Governance
- Effective stewardship of Council resources

Community Boards

At a local level, eight Community Boards represent and act as advocates for the interests of their communities. Community Board members advise the Council on local needs, community views and how Council proposals will affect their communities.

The Community Boards span seven wards across the city. The metropolitan wards, each represented by two Councillors and five Community Board Members, are:

- Burwood/Pegasus
- Fendalton/Waimairi
- Hagley/Ferrymead
- Riccarton/Wigram
- Shirley/Papanui
- Spreydon/Heathcote

The Banks Peninsula ward, because of its diversity and size, is represented by one Councillor and two Community Boards – Akaroa/Wairewa and Lyttelton/Mt Herbert, each consisting of five Community Board Members.

The Council organisation

The Council is responsible for employing the Chief Executive – the only member of staff who reports directly to elected members. The Chief Executive employs all the other staff in the Council.

Council structure

The Council's organisational structure is designed to ensure its services are provided as effectively as possible. To achieve this, Council activities and services are divided into eight groups, each headed by a General Manager, they are:

- Capital Programme
- City Environment
- Community Services
- Corporate Services
- Human Resources
- Public Affairs
- Regulation and Democracy Services
- Strategy and Planning

Within these groups, various units are tasked with providing specific services to the community and organisation. The services and activities provided by the Council are wide and varied, from rubbish collection, roads and water, to the Botanic Gardens, Christchurch Art Gallery, city libraries and the funding of festivals and events.

These activities are grouped into 12 Council Activities and Services. Find out more about these groups in the sections: *Our activities at a glance*, or for an in-depth view, *Council activities and services*.

Community Outcomes

The Council's Community Outcomes comprise of nine goals which the Council is responsible for achieving. Everything the Council does is focused on reaching them.

As part of the Three Year Plan, new Community Outcomes were presented and agreed. These are discussed in more detail in the Three Year Plan document and will be reported in the 2013/14 Annual Report.

Our residents want Christchurch to be:

- a safe city
- a city of inclusive and diverse communities
- a city of people who value and protect the natural environment
- a well-governed city
- a prosperous city
- a healthy city
- a city for recreation, fun and creativity
- a city of lifelong learning
- an attractive and well-designed city

How did we identify our goals?

In 2005, before the release of the Christchurch Long Term Council Community Plan 2006–2016 (LTCCP), Council asked residents what sort of city they wanted to live in. It reviewed public consultations, interviewed stakeholders and considered Government strategies. The result was the set of nine goals – which were confirmed by elected members and now steer Council activities.

The Community Outcomes are aligned with other Council planning documents and processes, which themselves are the result of consultation with the community.

How do we achieve our goals?

Our goals must be measurable. That way, the Council can see where it is operating correctly and where there is room for improvement. To do this, we have set up a range of monitoring processes for each goal. These are outlined in more detail in the following section.

The Community Outcomes are set for the city as a whole: the Council is just one contributor to their achievement, and works with a wide range of community groups and other agencies to attain them. By promoting partnerships and working alongside other local and regional organisations, Central Government, non-governmental organisations, Māori and the public sector, we are more likely to achieve lasting results in the community.

How are we doing as a community?

The Council routinely monitors performance in these areas to make sure it is on the right track.

Many Council services, along with services provided by other organisations that contribute towards these outcomes, were severely affected (or even completely suspended) at one stage or another through the course of the last three years. Also, in many instances the measurement systems and devices used to arrive at performance results were severely compromised. As a result our performance against Community Outcomes goals has not been measured in 2012/13.

Community Outcomes (continued)

1. Security



A safe city

Community Outcome

We live free from crime, violence, abuse and injury. We are safe at home and in the community. Risks from hazards are managed and mitigated.

We will know we are succeeding when:

- rates of crime and injury decline.
- people feel safe at all times in Christchurch.
- we have excellent safety networks, support people and services.

Progress is measured using these headline indicators:

- hospital treatment for accidents
- total offences
- notifications to child protection agencies
- perceptions of safety
- road casualty statistics

2. Community



A city of inclusive and diverse communities

Community Outcome

Our diversity is seen, heard, valued and celebrated. All people feel a sense of belonging and participate in the community.

We will know we are succeeding when:

- our city is built on strong communities.
- a diverse range of people feel at home in Christchurch.
- everybody is able to participate, particularly those who are most vulnerable.

Progress is measured using these headline indicators:

- New Zealand deprivation index
- income gap between low and high income earners
- perceptions of ethnic diversity
- Māori language speakers
- perceptions of quality of life
- perceptions of community support

Community Outcomes (continued)

3. Environment

A city of people who value and protect the natural environment



Community Outcome

Our lifestyles reflect our commitment to guardianship of the natural environment in and around Christchurch. We actively work to protect, enhance and restore our environment for future generations.

We will know we are succeeding when:

- everybody takes responsibility for their impact on the natural environment.
- biodiversity is restored, protected and enhanced.
- we manage our city to minimise damage to the environment.

Progress is measured using these headline indicators:

- tonnes of waste to landfill
- liquid waste
- total ground water use
- renewable versus non-renewable energy consumption
- waste recycling
- recreational water quality
- number and area of ecological heritage sites

4. Governance

A well-governed city



Community Outcome

Our values and ideas are reflected in the actions of our decision-makers.

Our decision-makers manage public funds responsibly, respond to current needs and plan for the future.

We will know we are succeeding when:

- everybody actively participates in public decision-making.
- everybody feels represented by their decision-makers.
- our decision-makers plan for a sustainable Christchurch.

Progress is measured using these headline indicators:

- confidence in Council decision making
- representation on school boards of trustees
- census response rates
- voter turnout at Council elections
- voter turnout at general elections

Community Outcomes (continued)

5. Prosperous

A prosperous city



Community Outcome

We have a strong economy that is based on a range of successful and innovative businesses. We value sustainable wealth creation, invest in ourselves and in our future.

We will know we are succeeding when:

- Christchurch has a strong, healthy economy.
- standards of living improve for everyone.
- our economic development prioritises future wellbeing.

Progress is measured using these headline indicators:

- economic activity index
- full and part-time employment rates
- unemployment rate
- personal, family and household income
- volume of commercial waste recycling

6. Healthy

A healthy city



Community Outcome

We live long, healthy and happy lives.

We will know we are succeeding when:

- we all have access to affordable health services that meet our needs.
- more people in Christchurch live healthy lifestyles.
- our city environment supports the health of the community.

Progress is measured using these headline indicators:

- self reported health status
- life expectancy
- frequency of physical activity
- type 2 diabetes rates
- barriers to accessing medical services
- number of days exceeding air quality guidelines

Community Outcomes (continued)

7. Recreation

A city for recreation, fun and creativity



Community Outcome

We value leisure time and recognise that the arts, sports and other recreational activities contribute to our economy, identity, health and wellbeing.

We will know we are succeeding when:

- more people participate in leisure activities.
- more people participate in physical and sporting activities.
- everybody is included in the creation and enjoyment of the arts.

Progress is measured using these headline indicators:

- main leisure pursuits in free time
- satisfaction with free time
- numbers of people taking part in the arts
- culturally rich and diverse arts scene

8. Knowledge

A city of lifelong learning



Community Outcome

Our learning opportunities help us to participate in the community and the economy. Quality education is available for people of all ages.

We will know we are succeeding when:

- everybody receives a good basic education.
- Christchurch people are skilled people.
- a broad range of learning opportunities is available in Christchurch.

Progress is measured using these headline indicators:

- highest qualification gained
- numbers of children who have attended early childhood education (ECE).
- school leavers with no qualifications
- literacy and numeracy performance

Community Outcomes (continued)

9. Development

An attractive and well-designed city



Community Outcome

Christchurch has a vibrant centre, attractive neighbourhoods and well-designed transport networks. Our lifestyles and heritage are enhanced by our urban environment.

We will know we are succeeding when:

- Christchurch is attractive and well maintained.
- our heritage is protected for future generations.
- we design our city to meet current needs and future challenges.

Progress is measured using these headline indicators:

- perceptions of look and feel of the city
- bus patronage figures
- modes of transport to work
- residual income after housing costs
- hectares of public open space
- perceptions of problems in Christchurch
- number of heritage buildings, sites and objects



Katie Earle, Education Teacher with student on the Port Hills.

The elected Council



Back Row (from left):

Councillor Sally Buck M.Ed (Dist), Dip.Tchg., Dip. TESOL, **Councillor Barry Corbett**,
Councillor Jamie Gough M.Inst.D, **Councillor Jimmy Chen** M Com., B.Sc, **Councillor Aaron Keown**,
Councillor Helen Broughton MA (Hons), Dip.Ed. (counselling) Dip.Tchg., **Councillor Yani Johanson**.

Front Row (from left):

Deputy Mayor Ngaire Button, **Mayor Bob Parker**, **Councillor Tim Carter** M.E.M., BE (Hons), **Councillor Glenn Livingstone** B.A., B.Th,
Councillor Peter Beck MA[Oxon] C.Theo[Soton] AFNZIM, **Councillor Sue Wells** B.A

Inset: Councillor Claudia Reid



Chief Executive and Executive Team



*Back Row (from left): **Chris Till** Human Resources, **Paul Anderson** Corporate Services, **Michael Aitken** Community Services, **Jane Parfitt** City Environment, **Kevin Locke** Capital Programme.*

*Front Row (from left): **Tony Marryatt** Chief Executive, **Lydia Aydon** Public Affairs, **Peter Mitchell** Regulation and Democracy Services, **Michael Theelen** Strategy and Planning.*



Community Board Members

Community Board members representing Akaroa-Wairewa Ward

Pam Richardson (Chairperson) – JP MNZM
 Bryan Morgan (Deputy Chairperson)
 Stewart Miller – QSM
 Leigh Hickey
 Lyndon Graham – JP

Councillor

Claudia Reid

Community Board members representing Burwood-Pegasus Ward

Linda Stewart (Chairperson) – Dip. Bus. NVP, Accred. Bus. Mentor
 Tim Baker (Deputy Chairperson)
 Tim Sintes
 David East – B.Sc.
 Julie Gorman

Councillors

Glenn Livingstone – B.A., B.Th
 Peter Beck – M.A., CTheo, AFNZIM

Community Board members representing Fendalton-Waimairi Ward

Val Carter (Chairperson)
 Cheryl Colley (Deputy Chairperson) – JP, MA (Hons) BBS, Dip.Tchg.
 Faimeh, Lady Burke – MA
 David Cartwright
 David Halstead

Councillors

Sally Buck – M.Ed. (Dist), Dip. Tchg., Dip. TESOL
 Jamie Gough – M.Inst.D

Community Board members representing Hagley-Ferrymead Ward

Islay McLeod (Chairperson from March 2013. Deputy Chairperson October 2010 to February 2013)
 David Cox – MNZM, FNZIM (Deputy Chairperson from March 2013)
 Bob Todd – OBE JP (Chairperson from October 2010 to February 2013)
 Brenda Lowe-Johnson – JP
 Nathan Ryan

Councillors

Tim Carter – M.E.M., B.E. (Hons)
 Yani Johanson

Community Board members representing Lyttelton-Mt Herbert Ward

Paula Smith (Chairperson) – B.Sc. (Hons), Dip. L.A., Dip. Hort.
 Jeremy Agar (Deputy Chairperson) – MA
 Ann Jolliffe
 Andrew Turner
 Adrian Te Patu

Councillor

Claudia Reid

Community Board members representing Riccarton-Wigram Ward

Mike Mora (Chairperson)
 Dr Judy Kirk (Deputy Chairperson) – B. Sc. (Hons), Dip. Tchg. (Dist), PhD (Educ. Cant.) NZCER C registered tester
 Natalie Bryden
 Peter Laloli
 Sam Johnson

Councillors

Helen Broughton – MA (Hons), Dip.Ed. (Counselling), Dip.Tchg.
 Jimmy Chen – MCom, B.Sc.

Community Board members representing Shirley-Papanui Ward

Chris Mene (Chairperson)
 Kathy Condon (Deputy Chairperson)
 Anna Button
 Pauline Cotter – Trained Teachers Certificate NZED
 Chris English – Grad.Dip Mgt, B.Com, Dip. Tchg, FNZIM (resigned March 2013)

Councillors

Ngairé Button (Deputy Mayor)
 Aaron Keown

Community Board members representing Spreydon-Heathcote Ward

Phil Clearwater (Chairperson) – MA (Hons)
 Tim Scandrett (Deputy Chairperson)
 Rev Paul McMahon – BA (Hons), MTh
 Karolin Potter – JP
 Dr Helene Mautner – PhD

Councillors

Barry Corbett
 Sue Wells – B.A.

Governance and management

The Council works for the people of Christchurch, providing essential services and planning for the future, based on the desires of the community.

The Council's elected members and staff work within a range of systems and processes that help ensure they comply with New Zealand laws and follow good business practice. These checks and balances help the community to interact with the Council, and provide assurance the Council is acting in the best interests of the community. They include:

Divisions between Council and management

Governance is about setting direction and achieving the vision and goals of the city. This is the role of the Mayor and Councillors who set the priorities and policies, and review progress. The Mayor and Councillors employ and delegate the management and delivery of Council services to the Chief Executive. Management is responsible for implementing the policies and strategies set by the Council.

Training elected representatives

Sessions occur after every election and are ongoing. They include meeting procedures and an overview of the parameters within which local authorities operate.

Listening to the community

The Council is required to listen to the community and consider the views of residents and ratepayers when making decisions. This happens in different ways, from formal public consultation periods on city projects – which include public hearings – to petitions and deputations to Community Boards and the full Council.

Legislative compliance

The Council uses its internal legal department and external consultants to help ensure it complies with the wide range of relevant legislation.

Accountability

The activities of the Council must be clear and transparent; this is achieved by holding open meetings and providing meeting agendas and reports to the public and media for scrutiny. The Council complies with the Local Government Official Information and Meetings Act 1987, which allows members of the public and media to request information. The Council also informs residents of council decisions and projects through regular newspaper features and by providing information to the media.

Audit

The Council is required to prepare financial statements that fairly reflect the organisation's financial position, performance and cash flows. In addition, the Council must report on the achievement of non-financial objectives, set three-yearly as part of the LTCCP/ Long Term Plan (LTP) process. Audit New Zealand is contracted on behalf of the Auditor General to audit the Council's financial and non-financial statements.

Internal audit

Council's internal audit function monitors its systems of internal control and the quality and reliability of information reported to the Council. This function is overseen by PricewaterhouseCoopers, with the assistance of internal audit staff.

Risk management

The Council has an Audit and Risk Management Sub-committee, made up of representatives of the Council, along with external members experienced in financial and risk management.

Monitoring Council-Controlled Organisations

The Council has interests in other organisations. In particular, Christchurch City Holdings Limited (CCHL), a wholly owned subsidiary of the Council, groups trading activities under one umbrella and keeps the Council at arms-length from the activities of Council-Controlled Trading Organisations (CCTOs).

The CCTOs include: Orion New Zealand Limited (Orion), CIAL, City Care Limited (City Care), Lyttelton Port Company Limited (LPC), Red Bus Limited (Red Bus), Enable Services Limited (ESL) and EcoCentral Limited (EcoCentral). Each is required to produce a Statement of Intent (SOI), developed in consultation with the Council. This document sets out the CCTOs objectives, the nature and scope of its activities, its performance targets and the measures by which these can be judged. CCTOs are required to report quarterly and annually.

These activities are set out in more detail in the section: *Group Structure and Council Controlled Organisations*.

Māori involvement in decision making

The Council is required to recognise and provide for the special relationship with Māori, their culture, traditions, land and languages in all of its activities.

In August 2007, the Council entered into a management arrangement with Mahaanui Kurataiao Limited (MKT), a company that represents the six Ngāi Tahu Rūnanga within the Christchurch district.

A memorandum of understanding (MOU) formalises how the six Ngāi Tahu Rūnanga, as represented by MKT, can participate in the Council decision-making process around resource management, and the preparation of policy statements and plans. The MOU is also a contractual arrangement by which MKT provides services to increase the Council's capacity and knowledge around protocol, translation and relationship-building.

The arrangement with MKT is a key step the Council is taking to fulfil its statutory obligations under the Local Government Act 2002 and give effect to the prescribed actions under the Resource Management Act 1991 to consult with Māori, especially in matters that directly affect their culture and traditions as acknowledged by the Treaty of Waitangi.

In November 2008, the Council signed a management MOU with Ngā Maata Waka, who represent the non Ngāi Tahu Māori in the Council's district. Processes have been developed to ensure regular contact and communication takes place between the Council and Ngā Maata Waka.

Our activities at a glance

The work carried out by the Council is organised into categories called Council activities and services. They are summarised below.

Impact of the earthquakes on levels of service and targets

Each Council activity has a number of non-financial performance measures which are set during the LTCCP, Three Year Plan or Annual Plan process, against which the performance of the activity is monitored on an annual basis.

In 2012 a number of the levels of service targets continued to be impacted by the earthquakes. However, when the 2012/13 Annual Plan was approved by Council on 26 June 2012 the performance measures and targets for all activities had been adjusted, where required, or new levels of service have been developed that take into account the level of damage, impact of the earthquakes or reflect the post earthquake environment. More detail about the achievements of each activity and where it is heading are detailed in the *Council activities and services section*.

City planning and development

City planning and development helps to improve Christchurch's urban environment and revitalise the Central City through urban renewal, Central City revitalisation, the urban development strategy and heritage protection.

Thousands of Christchurch residents have embraced the Suburban Centres Programme's master planning process. We have worked with communities in eight earthquake-affected suburban centres across the city to develop or implement master plans. The final master planning project, for the Main Road corridor between Ferrymead Bridge and Marriner Street in Sumner, got underway in May 2013.

Community support

Community support helps build strong, active communities by providing residents and residents' groups with services and support such as, community facilities, ELCs, community grants, social housing, strengthening communities, civil defence and emergency management.

The Council achieves all this through community engagement and development, the facilitation of innovative solutions that respond to community needs, creating a safe environment and catering for diversity, whether it is age, ethnicity, disability or social status.

The Council's community support activity has become more important to the welfare of residents and groups in Christchurch during the immediate response to earthquakes and during the city's long term recovery.

Cultural and learning services

Christchurch City Libraries develop the knowledge, literacy and cultural well-being of the city's residents by providing access to information through its network of community libraries and supporting volunteer libraries. These facilities contain an extensive collection of books, audio visual resources and online services.

Christchurch Art Gallery Te Puna o Waiwhetu collects, presents, interprets and conserves quality works of art to educate, inspire discovery and preserve the legacy of artistic achievement for today's and future generations. Through its exhibitions, programmes and events, the Gallery aims to contribute to the cultural development of the city.

The Central Library and Art Gallery are among the facilities that suffered damage in the Canterbury earthquakes and have been closed to the public. Making repairs and providing alternative services is a priority for the Council.

Democracy and governance

The Christchurch community is represented by the Mayor, 13 Councillors and 40 Community Board members. Council staff provide support to all elected members to carry out their responsibilities and functions by co-ordinating arrangements for elections, arranging meetings and seminars, and providing advice.

The Council provides opportunities for the community to participate in decision-making that contributes to a well-governed city by providing information, undertaking consultation, and processing the community's input.

The Council communicates with residents through a variety of channels, including publishing information on Council activities in metropolitan and community newspapers, using the internet and social media, and by providing information to local media.

Our activities at a glance (continued)

Economic development

The Council actively supports the growth and development of local businesses by means of support to the Canterbury Development Corporation (CDC) and through its own trading organisations.

The Council has interests in other organisations. Through its wholly owned subsidiary CCHL, the Council owns shares in a number of major local companies including: Orion, CIAL, City Care, LPC, Red Bus, EcoCentral and ESL. CCHL serves to group the activities of these CCTOs under one umbrella and keeps the Council at arms-length from their activities. These and other companies owned by the Council are investments which meet the strategic objectives of the Council and pay dividends to assist with the other operating costs of the Council.

Each company operates as a commercial business in a competitive environment. Find out more about these organisations in the section: *Group structure and council controlled organisations*.

The Christchurch economy and the tourism industry have been affected by the earthquakes through damage to facilities and infrastructure and news of the Canterbury earthquakes has had an adverse impact on visitor numbers. Enabling and encouraging the recovery of the Christchurch economy will be a major focus of the Council in the coming years.

The Council and Christchurch and Canterbury Tourism (CCT), along with their partners, aim to support and rebuild existing tourism and travel activity in the region, as well as to lead the tourism sector's contribution to the rebuilding of the region's economy.

Parks, open spaces and reserves

The Council manages the city's parks, waterways and drainage infrastructure. Maintaining Christchurch's image as the Garden City requires being sensitive to the needs of the community and visitors while continuing to develop the extensive parks network and maintain and enhance our waterways and drainage infrastructure.

The Council, and SCIRT are responsible for rebuilding those park and land drainage assets that are beyond repair, and this will be co-ordinated with the repair and rebuild of the water supply, waste water, and road network assets over the coming years. In the meantime, the Council will continue to maintain existing parks, open spaces and waterways to meet operational needs.

Recreation and leisure

Through recreation and sports, the Council works to promote a city where its residents have easy access to world-class facilities for a healthy and active lifestyle. Accessible pools and leisure centres, stadia, sporting facilities, and recreational and sporting programmes allow residents to participate in sport and physical activity at a recreational and local, national and international competitive level.

Assistance is also given to clubs, associations and event organisers to promote Christchurch as a national and international sports and recreation destination.

Many Council sports and recreation facilities were damaged in the earthquakes and decisions are being made about their future as part of the Council's facilities rebuild programme. The Council is providing recreation services for the community from our remaining facilities.

Refuse minimisation and disposal

The Council provides solid waste collection, treatment and disposal services in order to protect the community and environment. Waste minimisation is encouraged through kerbside collection of recyclable products and paper. A number of initiatives and education programmes are run to reduce the amount of material residents and businesses send to the Kate Valley landfill.

In 2009, the Council implemented the kerbside three wheeled bin waste collection system. The system – with a bin for each of recycling, compost, and general rubbish – has increased the amount and range of material that residents recycle thereby significantly reducing the amount of waste our city sends to landfill.

Our activities at a glance (continued)

Regulatory services

The Council administers and enforces statutory regulations and Council bylaws for:

- building and development work
- land and site development
- health and safety of licensed activities
- keeping of dogs
- parking within the city
- swimming pool safety
- bylaws

Complaints about nuisances and non-compliance are investigated and the potential effects of various activities are monitored and assessed.

Building Operations and Resource Consents are working hard to ensure the consents process meets the needs of the rebuild.

Streets and transport

The Council manages the city's streets and transport so people have safe, easy and comfortable access to homes, shops, businesses and many recreational and leisure destinations. Street corridors also provide access for power, telecommunications, water supply and waste disposal. The Council monitors and manages traffic patterns, undertakes research and devises plans to meet the city's future access and parking needs.

The Council, CERA, NZTA, and SCIRT are responsible for rebuilding the city's damaged infrastructure. As this work is undertaken over coming years, the Council will continue to maintain the existing streets and transport assets to meet the immediate needs of the community.

Wastewater collection and treatment

The Council provides liquid waste transport, treatment and disposal services in a manner that enhances the health, safety and convenience of the Christchurch community, meets the needs of a growing city, and conforms to the intentions of district and regional plans and the Greater Christchurch Urban Development Strategy.

The wastewater collection system services all of the Christchurch City urban area as well as Prebbleton, Lincoln, Tai Tapu and Springston in the Selwyn District.

Work to repair and replace damaged city infrastructure has been ongoing since the Canterbury earthquakes. As replacement work is undertaken the Council will continue to maintain the existing networks to meet the needs of the community.

Water supply

The Council plans and operates the city's water supply and distribution system. It provides high quality water to residents and businesses as well as for fire fighting purposes.

Christchurch gets its drinking water mainly from groundwater aquifers. The water is of such high quality that treatment is not necessary before it can be used. However, the Council does monitor water quality on a daily basis.

SCIRT is repairing the city's network of water pipes and replacing damaged water mains and sub-mains. The Council will continue to maintain the existing water supply network to meet the immediate needs of the community.

Corporate activities

Corporate activities encompass a range of areas that cannot be directly attributed to other groups of activities within Council. These activities include property costs, managing investments, services provided to external organisations, managing revenue from CCTOs and other income, such as revenue from regional fuel tax. Overall the corporate activities generate a significant surplus, which is used to reduce the rates collected from residents.

Biannual survey of residents

The Biannual Survey of Residents evaluates the Council's performance for the financial year 2012/13.

The latest survey in March 2013 showed satisfaction levels remain high, despite the disruption and increased demands placed on the Council by major earthquakes in 2010 and 2011. Seventy percent of residents remain satisfied or very satisfied with the performance of the Council in delivering its services – this is unchanged from the previous year.

The Council began surveying residents in 1991 to gauge customer satisfaction and residents' perceptions of city issues. In 2007, the Council switched to a biannual format to better track and respond to emerging issues in the community.

The city continues to embrace the wheelie bins service, with 94 per cent of residents surveyed satisfied with the collection of recyclable waste.

Residents were also happy with Christchurch's festivals and events such as Classical Sparks and the World Buskers Festival, with 90 per cent satisfied with the Council's year round programme of events overall.

Other areas where residents believe the Council does a great job are the libraries, with 96 per cent satisfaction and the Council's walk-in customer service with 95 per cent satisfaction.

Areas where satisfaction has increased include public transport infrastructure, with improved user satisfaction with bus interchanges, and wastewater collection.

Many residents commented on the need for more transparency around Council decisions. Only 46 percent of those surveyed were satisfied the Council makes decisions in the best interest of the city, although this is an increase of nine per cent from the previous year.

Residents are less satisfied with the timeliness, relevance and accuracy of communications, down from 66 per cent last year to 53 per cent this year.

Residents are also less satisfied with neighbourhood parks and regional parks than in the past, and think Christchurch is becoming less of a cycle-friendly or walking-friendly city.



Image submitted for the Botanic Gardens 150th Anniversary Photography Competition - "Autumn families" by J. Henry.



Council activities and services

Annual Report 2013 Christchurch Ōtautahi

The work of the Council is divided into 12 groups of activities and services. Here you will find information about what each group does, how it performed over the past financial year and what work is going to be carried out in the future.

Council activities and services

Summary financial chart

The Council has allocated its service delivery activities into groups, to facilitate management and reporting. The following pages contain information on the council activities and services listed below.

As discussed in the *Our activities at a glance* section, a number of non-financial performance targets, notably those around damaged infrastructure and facilities, have been altered from those outlined in the LTCCP as a result of the earthquakes.

The 2012/13 Annual plan adjusted targets where required or has set new levels of service that take into account the level of damage, impact of the earthquakes or reflect the post earthquake environment.

Cost of services for the year to 30 June 2013	2013				2012
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
City planning and development	29,421	8,577	20,844	26,200	13,991
Community support	45,484	20,978	24,506	26,252	5,139
Cultural and learning services	48,700	5,962	42,738	15,289	38,101
Democracy and governance	12,555	37	12,518	12,517	10,701
Economic development	9,648	148	9,500	9,436	9,276
Parks, open spaces and waterways	70,144	24,189	45,955	41,896	34,394
Recreation and leisure	41,244	23,336	17,908	19,109	(1,531)
Refuse minimisation and disposal	42,078	11,301	30,777	34,490	38,347
Regulatory services	49,356	39,111	10,245	11,085	21,957
Streets and transport	114,472	77,289	37,183	(22,719)	76,858
Wastewater collection and treatment	141,817	178,919	(37,102)	(102,031)	(142,852)
Water supply	32,148	14,578	17,570	(26,330)	(23,141)
Corporate activities	38,075	497,247	(459,172)	401,892	(390,659)
Total cost of service delivery	675,142	901,672	(226,530)	447,086	(309,419)

A reconciliation of the cost of services summary above to the Statement of Comprehensive Income is shown in note 2 of the financial statements section.

Council activities and services

Summary financial chart (continued)

Capital summary for the year to 30 June 2013	2013		2012
	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000
City planning and development	1,105	1,116	42
Community support	2,399	10,583	2,674
Cultural and learning services	9,734	43,414	8,065
Democracy and governance	-	-	-
Economic development	164	167	87
Parks, open spaces and waterways	26,004	77,326	30,029
Recreation and leisure	3,778	5,563	6,401
Refuse minimisation and disposal	5,334	2,301	4,395
Regulatory services	9	85	122
Streets and transport	75,279	196,435	32,029
Wastewater collection and treatment	279,825	300,945	127,931
Water supply	23,072	105,373	32,826
Corporate activities	204,054	101,354	161,276
Gross capital cost	630,757	844,662	405,877

Council activities and services

City planning and development

What is city planning and development, and what does the Council do?

City planning and development involves the preparation of strategies, plans and policies that guide the future development of Christchurch. It includes the planning and co-ordination of work with respect to post earthquake recovery of the Central City, recovery of suburban centres, the regulation of land use through the District Plan (which includes changes to the Banks Peninsula Plan and the City Plan), the protection of our City's heritage, and initiatives to use energy more efficiently.

Why is the Council involved in city planning and development?

The aim is to promote the wellbeing of our community – in social, cultural, economic and environmental terms – and to ensure that the City's development meets not only the needs of current residents, but anticipates the needs of future generations. The purpose of local government is to play a broad role in meeting the needs of their communities for good-quality local infrastructure, local public services, and performance of regulatory functions.

The Canterbury Earthquake Recovery Act 2011 provides direction on the recovery strategy and recovery plans, and requires that the Council develops a recovery plan for the Central City (the Central City Plan).

The Council's performance impacts on the economic and social well-being of the community through ensuring that LTPs are developed and put in place to shape the form and function of the City in years to come, and that the City's key environmental resources and assets, including heritage sites, are protected.

How does it affect me?

We all want to live in a city that is well laid-out and offers exciting opportunities for work and recreation. By protecting our environment and managing growth, city planning and development helps to make Christchurch a great place to live and do business. Further, by being proactive in creating temporary streetscapes, activating vacant spaces and supporting the creative sector in the Central City, the Council is supporting the early recovery of the City.

City Planning also helps to deliver well planned Council services that meet the needs of the community today and in the future.

What activities are involved in city planning and development?

City and community long-term policy and planning

The Council develops strategies, policies and plans which set out how the Council intends to work in future, and guide development across the City and Banks Peninsula. We monitor their effectiveness as well as our progress as a city towards achieving our community outcomes.

District plan

The Christchurch City District Plan, which includes Banks Peninsula, sets out policies and rules for land use and subdivision. It promotes sustainable land use and helps the Council to implement strategies such as the Greater Christchurch Urban Development Strategy. The District Plan is prepared and reviewed according to statutory requirements as are private and Council led plan changes.

Heritage protection

A city's heritage helps to sustain a sense of community identity, provides links to the past and helps to attract visitors. The Council is committed to protecting the heritage of our City and works with developers, landowners and other stakeholders to conserve heritage buildings, areas and other items.

Since the 2010/11 earthquakes Council has continued its heritage protection role, although CERA is responsible for decision-making regarding the demolition and 'make safe' of earthquake damaged heritage buildings.

Energy conservation

Council works with community and business groups to reduce the total amount of energy we use and to increase the use of renewable energy. Expected benefits are reduced costs, fewer adverse environmental effects (such as air pollution), and a sustainable supply of energy for future generations.

Council activities and services

City planning and development (continued)

What did we achieve?

A storm water discharge consent has been lodged and heard by Environment Canterbury based on the Storm Water Management Plan for the Styx catchment. Work has begun on the Storm Water Management Plan for the Avon. The Wastewater Strategy for Christchurch has been approved by the Council. In association with CERA, work has been undertaken to address Port Hills land instability issues and other natural environment matters associated with earthquake recovery.

The Local Alcohol Policy was developed to a suitable stage to commence the formal public consultation stage. This policy is aimed at reducing alcohol related harm and has the ability to regulate several aspects of liquor licensing. The Brothels (and Commercial Sexual Services Signage) Bylaw which regulates the location in which brothels can locate the nature of related signage was also completed.

As part of the Three Year Plan preparation process the Community Outcomes were reviewed in line with the Local Government Act 2002 Amendment Act 2010. This Act redefined Community Outcomes to focus on those areas that the Council has the ability to, and can afford to, influence and describe what the City aspires to be. The Development Contributions Policy was also reviewed for consultation through the Three Year Plan.

In the District planning activity five plan changes were notified (a mix of private and Council led plan changes), five hearings were completed and four plan change decisions were released. Six plan changes have been made operative and three plan changes were under appeal with Court hearings or out of Court discussions taking place. Both the City Plan and the Banks Peninsula District Plan were made fully operative. Further, this activity has provided advice for CERA in regards to developing three section 27 changes to the District plan.

Appeals against Proposed Change 1 (PC1) to the Canterbury Regional Council's Regional Policy Statement are still sitting with the Environment Court. The Land Use Recovery Plan (LURP) (which deals with the recovery aspects of PC1 such as land availability for housing and business land) has been developed over this year between the Greater Christchurch Urban Development Strategy Partners and CERA with Environment Canterbury leading the development.

During 2012/13 in the Central City a series of temporary streetscape projects and events to support recovery in the Central City were implemented. Also to support this funding was provided to the Life in Vacant Spaces Trust, Gap Filler and Greening the Rubble to activate vacant building lots and to the creative sector to fund art-based projects. Rebuild Central, a one-stop shop for Central City recovery and regulatory advice was also established. Council staff also provided advice to the Christchurch Central Recovery Unit on anchor and other recovery projects in the Central City.

Work has been undertaken on a series of suburban centre master plans aimed at supporting recovery in centres badly affected by the earthquakes. Master plans have been completed for Linwood Village, Selwyn Street Shops, and are nearing completion for Sumner, Ferry Rd/Main Rd, Edgeware and New Brighton. For those centres where master plans will not be developed a case management approach has been set up to assist property owners by arranging architectural and urban design advice on their building proposals, and helping owners to navigate through the Council's (resource and building) consent processes.

There has been ongoing work to facilitate the protection of listed heritage buildings and to retrieve and store heritage fabric from demolished buildings. This has included specialist advice on engineering and conservation options for heritage buildings, allocation of the Council's Heritage Incentive Grants and Landmark Heritage Grants in the CBD, and support of the independent Canterbury Earthquake Heritage Building Fund Trust. Heritage input and advice has also been provided to SCIRT and facilities managers regarding Council-owned heritage buildings, monuments and bridges.

In 2012/13 the Council approved the Christchurch Transport Strategic Plan. This is an integrated 30 year document that will provide people and businesses with travel choices to make it easy to move around the City, to do business and to live. There are a number of workstreams that stem from the Transport Plan, one of which is the Cycle Design Guidelines which Council approved in the Three Year Plan. These will help inform Council's investment on major cycleways. The Council also provided input into the Greater Christchurch Transport Statement, which covers the Greater Christchurch Urban Development Strategy area, and supports earthquake recovery and growth within greater Christchurch, as well as 'An Accessible City', which is the transport chapter of the Christchurch Central Recovery Plan.

Council activities and services

City planning and development (continued)

How did we measure up?

Activity	Level of Service	Target	Result
City and Community Long-Term Policy and Planning	Advice is provided on key issues that affect the social, cultural, environmental and economic wellbeing of Christchurch.	At least 85% of milestones agreed for each year are achieved. Council approves a work programme by 30 June for the following financial year.	A range of community and policy issues have been reported to or debated by the Planning Committee, the Cultural Recreation and Community Committee and the Environment and Infrastructure Committee, over the past 12 months and where relevant the Council directly. Topics debated by them have been those which the Committee have prioritised to address. These have ranged from bylaws to very challenging social policy issues and strategic topics on land use, water, transport and other issues.
	Development of policy and plans to implement the Council's components of the Greater Christchurch Urban Development Strategy (UDS) Action Plan.	Council approves a work programme, based on the approved UDS Action Plan, by 30 June for the following financial year.	The UDS was taken over by the LURP. The timeframe for the LURP was achieved with full input from Council.
		Milestones to be set according to outcomes of Environment Court Adjudgment of PC1.	PC1 hearings were put on hold pending the development of the LURP.
	Implementation plans for priority projects in the Central City Plan are developed and the first phase of implementation commences.	30 June 2013	Implementation commenced for priority projects in the Central City Plan including the Transitional City and Housing Showcase/New Urban Village.
	The recovery of suburban centres is supported by urban design and planning initiatives (Ferry Road).	Draft Ferry Rd (Stage 1) Master Plan for consultation presented to Council by September 2012.	Draft Ferry Road (Stage 1) Master Plan approved by the Council in November 2012.
	The recovery of suburban centres is supported by urban design and planning initiatives (Sumner).	Draft Sumner Master Plan for consultation presented to Council by November 2012.	The Sumner Village Centre Master Plan was presented to Council in October 2012 and public consultation on the Plan took place from November-December 2012.
	Area plans are progressed.	Progress on the Belfast Area Plan (BAP) implementation plan is reported on annually.	Presentations were given at Board meetings in April and December 2012 and March 2013.
		Progress on the South West Area Plan (SWAP) implementation plan is reported on annually.	A bus trip for Councillors and Community Board members was held in November 2012 with a report to the Board in May 2013.
	Community outcomes are monitored.	Regularly updated Community Outcomes reports are available to the public (ongoing).	Published sheets updated as data became available.
	Community outcomes are reviewed according to statutory requirements.	Review of community outcomes completed by 30 June 2013.	Community outcomes were reviewed and adopted as part of the Three Year Plan.
District Plan	The Christchurch City District Plan is fully operative.	Both territorial sections of the Plan are fully operative.	The last item for the City Plan was the Belfast 293 matter which was resolved and reported to the planning committee on 14 May 2012 and the Banks Peninsula Plan was made fully operative on 15 October 2012.

Council activities and services

City planning and development (continued)

Activity	Level of Service	Target	Result
District Plan (continued)	The effectiveness of Christchurch City District Plan is monitored.	2012/13 target to be defined.	Pre work leading up to the District Plan Review and submissions on the draft LURP have indicated where the District Plan can be further monitored and given direction to how its effectiveness can be improved through the District Plan Review.
	Prioritised programme of Plan changes is prepared and approved by the Council on an annual basis.	A prioritised work programme, matched to staff capacity and availability, to be presented for Council approval annually by 30 June for the following financial year.	The Strategy and Planning Group work programme is still under development and is expected to be approved in July 2013. Meanwhile the District Plan Review has commenced as from 1 July 2013.
	Processing of all privately requested plan changes complies with statutory processes and time frames, and according to CERA requirements.	100%	All have met Schedule 1 timeframes. A number of private plan changes have progressed through to completion. Some are still awaiting decisions.
Energy Conservation	A programme is developed to contain increase in the amount of energy used in Christchurch (to reduce increase in energy use to +12.0% per year by 2014).	Reduce increase in energy use to +12.0% per year by 2014.	Increase in energy use for year to April 2013 was 4.9%. Target of +12.0% has been met overall.
	Programme developed to encourage an increase in the proportion of renewable energy used in the City (to 23% by 2014).	Increase proportion of renewable energy used in the City to 23% by 2014.	Renewable energy content for the year to March 2013 was 34%.
Heritage Protection	A programme to complete research of banks peninsula scheduled heritage items.	Research completed by end of June 2015.	Research is continuing and is on target for completion by June 2015.
	All grants meet Heritage Incentives Grants policy and guidelines.	100%	All grants allocated have met the policy.
	Advice is provided on heritage conservation principles and priorities for post-earthquake demolition and Council heritage assets.	By 30 June 2013.	Specialist structural engineering advice has been provided to Council throughout the period.
	Incentive grant recipients satisfied with heritage advice and grant process.	75% satisfaction.	83% satisfaction.

What assets do we use to deliver these activities?

No major assets are used in delivering these activities.

Where are we heading?

The coming year will see implementation of further temporary streetscape and event projects and further support for vacant building lots and the creative sector in the Central City. As anchor and other recovery projects progress, Council advice will continue to be provided.

In the natural environment area, work will progress on the preparation of a Storm water Management Plan for the Avon River, implementation of the Wastewater Strategy, and a study of coastal processes and investigation of the Waimakariri River and aquifer recharge relationships.

Preparation of master plans will continue, with the aim of having all completed within the coming financial year. Implementation will begin on priority projects identified within the plans and funded via the Three Year Plan, and case management work will be targeted in response to requests for assistance.

The City Plan and Banks Peninsula Plan which together make up the District Plan will be reviewed and brought together into one document. The review commenced on 1 July 2013 and the 'recovery chapters', as required by the LURP, will be completed with decisions released by 30 June 2014. Remaining chapters will be completed by 2016. Work will continue with CERA in relation to ongoing LURP responsibilities and input on changes to the District Plan using s27 provisions under the Canterbury Earthquake Recovery Act 2011.

Council activities and services

City planning and development (continued)

A new transport chapter will be developed for the District Plan as part of the review process. This will address road classification, parking, access and a range of other matters. The Council will also provide input into the Lyttelton Access Project and Christchurch Freight Studies.

The draft Local Alcohol Plan will be completed to the stage at which the Council has a proposed policy. Continuation to notification will be decided by the incoming Council in early 2014. The first bylaws reviews in the Council's ten-year programme will be carried out and the review of the Council's International Relations Policy will be completed.

Service delivery in 2013/14

Although city planning and development activities will have a large earthquake recovery focus in 2013/14, there will be no change to the Council's capacity to deliver this activity. All activities will be focused on the District Plan review, Central City recovery, suburban centre plans, urban renewal and regeneration, heritage conservation, and support for housing development. Council's staff resources have been increased to cope with the requirement for increased capability in these areas.

What did it cost?

City planning and development					
Statement of cost of services for the year ending 30 June 2013					
				2013	2012
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
City & Community long-term policy and planning	13,814	665	13,149	15,742	16,350
District plan	4,175	389	3,786	3,004	2,513
Heritage protection	11,264	6,559	4,705	7,542	3,499
Energy conservation	168	-	168	(88)	(1)
Capital revenues	-	964	(964)	-	(8,370)
Cost of service	29,421	8,577	20,844	26,200	13,991
Capital expenditure					
Renewals and replacements			260	852	26
Infrastructure rebuild			840	-	-
Improved service levels			5	-	-
Increased demand			-	264	16
Total capital expenditure			1,105	1,116	42

Explanation of significant cost of service variances

City planning and development's net cost was \$5.4 million lower than plan and \$6.8 million higher than the previous year. The variance of \$6.8 million on last year was the result of significantly lower insurance recoveries \$5.8 million; higher consultants costs for heritage protection \$2.6 million and the geotechnical work required to ascertain the suitability of land for the plan changes on the Port Hills \$0.6 million offset by lower consultants costs for the Central City plan implementation \$2.0 million.

The \$5.4 million variance on this year's plan is a result of savings on Central City residential and commercial incentive grants \$1.5 million; consultants costs for the suburban centres master plans and implementation \$1.1 million and the \$2.7 million landmark heritage grant which has been fully allocated but

the funds will not be paid out this year. The \$2.7 million grant funding has been requested to be carried forward to the next financial year.

Significant capital expenditure

There was \$0.9 million spent on heritage property rebuilds and replacements with the balance spent on suburban centre projects.

Explanation of significant capital expenditure variances

The \$1.1 million variance on last year is due to the work completed this year on heritage buildings and suburban centre projects that were not undertaken last year.

Council activities and services

Community support

What is community support and what does the Council do?

Community Support provides social housing, community facilities, project funding, community development programmes, emergency management and walk-in customer services for the benefit of our community. Through Civil Defence Emergency Management (CDEM) we promote preparedness throughout the city in case of disaster and co-ordinate the response when that occurs. Community facilities, community development and funding enable people to socialise and carry out voluntary work for the good of the City, and programmes aimed at those at risk help make our city a better place to live and build resilience across all sectors of our communities.

Why is the Council involved in community support?

We provide opportunities for meeting, socialising and developing strong and inclusive communities within the City.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

Community support activities contribute to the cultural and social well-being of the community through the achievement of the City's Strong Communities and Liveable City Community Outcomes. This contribution is made through ensuring that CDEM initiatives are in place, that community groups receive support and funding for further development, and that a wide range of services and facilities, including social housing, are available for the use of the community. Through involving communities in Council decision making processes and helping them stand on their own feet they are able to build resilience and prosper.

How does it affect me?

Community support services mean you have help when disaster hits. Community groups in your area receive funding for projects that will make your neighbourhood a better and safer place to live and provide places in your part of town that can be used for socialising and recreation. Ultimately, it means you will live in a safer, stronger community.

What activities are included in community support?

Civil Defence and emergency management

We co-ordinate local CDEM, including the training of emergency operations centre (EOC) staff and community volunteers. We also promote community awareness of the likely impact of a disaster and encourage individuals, community groups, other organisations, and the business sector to be prepared.

Community grants

We provide community grant funding to community groups for projects and initiatives that benefit wider Christchurch, local communities and communities of interest.

Community facilities

We own a range of facilities, community centres, halls and cottages which can be hired by community groups for activities such as public meetings, dance or exercise classes, social gatherings, craft groups and sports workshops.

Community facilities allow activities to take place which fulfil a wide variety of social, educational and recreational needs. They are places for people to meet, play and learn.

Early learning centres

We operate one ELC located at Pioneer Sports and Recreation Centre where we provide education and care for children zero to six years. We support an additional 13 facilities which are operated by the community.

Social housing

We provide affordable rental for Christchurch people on low incomes, for the elderly and people with disabilities. The housing portfolio is a stand alone entity and is not funded through general rates.

The Council's social housing portfolio primarily consists of one bedroom flats with a limited number of bedsit and studio units and a small number of two bedroom units. Due to the composition of the units, the predominant target market is single people and couples.

Council activities and services

Community support (continued)

Strengthening communities

Community development projects planned, facilitated or delivered by the Council, voluntary organisations, iwi and other stakeholders, help to build and promote strong communities. Projects are promoted to many communities of interest through support to various groups representing youth, people with disabilities, the elderly, multi-cultural groups, and voluntary and not-for-profit environmental, arts and social service groups.

The Safer Christchurch team works to achieve the goals of the Safer Christchurch Strategy, specifically in the areas of injury prevention and crime prevention (including graffiti vandalism mitigation). The aim is to make Christchurch the safest city in New Zealand and to maintain Christchurch's accreditation as an International Safe Community.

Walk-in Customer Services

Walk-in customer service points are normally provided at 10 locations around greater Christchurch, from Papanui in the north to Akaroa in the south, including Civic Offices. Shirley and Papanui are open on Saturday mornings to receive payments for all council services, provision of information, and registering requests for service. With the closure of Sockburn Service Centre following the February 2011 earthquake, the Civic Video agency has been enhanced with the installation of EFTPOS service and a phone hotline into the Council call centre for any other Council related inquiries.

What did we achieve?

Early learning centres

Pioneer ELC continues to provide flexible care to support the sports and recreation facility and local community needs. The most recent Education Review Office report December 2010, conducted tri-annually confirmed we provide high quality education and care. Children experienced quality interactions in a positive, supportive, stimulating environment. Council's provision of ELC activities supports the community outcome goals of community and prosperity.

Social Housing and Community facilities

Social housing is a key contributor to the Community Outcomes. The pre earthquake level of service (LOS) was 2,649 tenancies with an average occupancy rate of 97 per cent. However, following the earthquakes and subsequent closures of complexes through the DEE programme the number of open units has decreased to 2,186 units (83%). It is possible this will decrease further as the DEE programme continues; currently this programme is 33 per cent complete. The current occupancy rate is 98 per cent of open units.

Community facilities are also a key contributor to the Community Outcomes. The pre earthquake level of service was 56 community facility sites across Christchurch and Banks Peninsula, and 16 premises leased to ELCs. Currently there are 30 open community facilities and 12 open ELCs (not including Pioneer).

Safer Christchurch

Safer Christchurch is linked directly to the "safe city" Community Outcome and successfully initiated a number of new initiatives during the 2013 financial year including;

- the Graffiti Office citywide graffiti scan;
- a new graffiti database, namely 'Tag Force';
- a now proven Christchurch Safe City Officer service;
- a combined Crime Prevention Through Environmental Design/ Injury Prevention Through Environmental Design mall safety accreditation project;
- a Safekids education package to driveway run-over issues;
- a city-wide volatile substance education programme;
- leading a multi-agency preventive approach to synthetic cannabinoids across the City; and
- the Switch On to Prevent an Injury project.

Another planned campaign is the Winter Home Safety initiative.

Working closely with the urban design and resource consents teams providing advice and guidance on Crime Prevention Through Environmental Design / Injury Prevention Through Environmental Design and Universal Design for new architectural plans has ensured that these proposals consider all aspects of safety, security and access.

Services have increased to Christchurch residents and small businesses by offering free paint resources. This service improvement, provided by the Graffiti Programme, is made possible through their partnership with other national organisations supplying recycled paint to the Council.

Continuing with this work was the strengthening of stakeholder relationships as well as identifying and building new collaborations.

Community grants

In the 2012/13 funding year, over \$7.2 million was distributed through the Strengthening Communities Funding Schemes (Strengthening Communities, Small Projects and Discretionary Response) to 801 projects across the City. A high level of customer satisfaction was achieved.

These grants directly contribute to the capacity and capability of the community organisations to undertake their respective tasks and operations. The broader outcomes achieved through these community organisations and their personnel are the continued support and development for their communities of interest and contribution towards the Community Outcome goals of community, security, recreation, prosperity and knowledge.

The Council also agreed to provide an additional \$2.8 million in the 2012/13 year from the interest earned on its Capital Endowment Fund to support local community initiatives supporting 25 local recovery and wellbeing projects.

Council activities and services

Community support (continued)

Strengthening communities

Strengthening communities teams continued to provide expert information, advice and guidance to a range of partners (including other Council units, Government agencies and community groups) throughout the year. By providing networking opportunities across the City, the teams maintained close links to community groups and residents associations. Using their expert local and sector based knowledge, Strengthening Communities Teams have played a key role following the earthquakes by, providing an insight on how community groups have fared and in the development and presentation of 54 local community profiles that have been used by a wide range of decision-makers. Furthermore staff continued to:

- meet with community organisations across a geographical, ward based area and a number of sectors such as arts, recreation, social services, safety, older adults, disability and multi-cultural sectors, in order to develop capacity and promote community and sector led initiatives.
- meet with local residents groups to identify and document local neighbourhood issues. Staff engaged with agencies such as Age Concern, the Christchurch Migrant Centre, Neighbourhood Support, NZ Police, Fire Service and CERA to assist with community preparedness.
- facilitate a number of community and network liaison meetings to foster collaboration and enhance community connectedness.
- work with government departments such as Ministry of Social Development, Department of Internal Affairs (DIA) and Te Puni Kokiri on “cross government funding” to support community organisations who provided support and services to communities, families and individuals following the earthquakes.
- assessing applications for funding support from community organisations delivering services and support to the wider Christchurch and Banks Peninsula communities.

During the year four ERCAs have been added to the teams for a fixed term of twelve months. The primary purpose of these positions is to assist community groups to respond to needs following the earthquakes. This is an indication of how busy the area of community support has become.

Civil Defence and Emergency Management

The CDEM Act requires Civil Defence Emergency Groups and their local authority members to respond to and manage the adverse effects of any emergency in their area and to carry out recovery activities.

A report capturing the earthquake response learning points was produced by an independent consultant for the Council following interviews and surveys involving 98 individuals from Council and other organisations involved in the response. A Council project team was established to implement the learning points following this matter being reported to Council. The majority of the learning's have been implemented including the development of

an EOC knowledge base which includes; procedures, guidelines, checklists, forms & templates, contact lists, role descriptions, EOC teams' overviews, and supporting material.

The Ministry of Civil Defence & Emergency Management's (MCDEMs) review of the response to the February 2011 earthquake was released during the year. Several Council staff were interviewed as part of the national review. The report contained 108 recommendations and the Ministry of Civil Defence & Emergency Management has developed an action plan to ensure the recommendations are put into action.

There has been a noticeable drop off in the number of active CDEM volunteers following the earthquakes due to fatigue and several volunteers' homes being in the red zone. A recruitment drive was undertaken in June to strengthen the number of CDEM volunteers. CDEM volunteers continue to be trained for their roles.

The tsunami alerting system (sirens) along the Christchurch coastline (Waimairi Beach to Summer) was tested twice during the year (when daylight saving commenced and finished). Following the April 2013 testing, the media reported that the testing was a 'resounding success'.

Staff continue to work with CDEM partner organisations such as the Canterbury CDEM Group Office, Emergency Services and welfare agencies to strengthen working relationships, joint planning, and promote community resilience.

Work commenced on engaging with some communities regarding the development of individual community response plans. These plans detail community resources and how the various stakeholders may respond in an emergency to help their own community. Furthermore, a new Resilient Business 'business continuity planning' tool has been launched to assist businesses to be prepared and provide guidance to how they might operate during an emergency.

CDEM education programmes continued to be rolled out to primary schools, businesses and community groups. Nearly 60,000 residents registered to participate in 'Shakeout' – a national promotional of the 'drop, cover, and hold' action to take during an earthquake.

The CDEM unit team was acknowledged for outstanding contributions though the international 'Partners in Preparedness' award for a collaborative project with NZ Red Cross and other partners to deliver preparedness information to Christchurch communities.

Walk-in Customer Services

Walk-in services continued to be provided at all locations, with the Sockburn service centre being provided by an agency at Hornby. Temporary facilities remain at Akaroa and Linwood. Linwood has now reopened in the Eastgate Mall, sited with the library service.

Council activities and services

Community support (continued)

How did we measure up?

Activity	Level of Service	Target	Result
Community Facilities	The portfolio of community centres/halls/cottages is maintained.	Maintain the number of community centres, halls and cottages at a minimum of 39.	29 facilities open and 23 currently closed. The DEE assessment process is now completed and a minimum of six facilities are scheduled to re-open in early 2013/14 in addition to a new facility at South Brighton.
Build Stronger Communities	Provide five day a week half, full-day and flexible-hours care at ELCs.	18-25% of attendees at Pioneer attend the Leisure Centres.	24%
		Maintain 75-85% occupancy.	80%
		Provide 70,560 hours of childcare per annum at Pioneer ELC.	Target achieved with 72,560 hours of childcare provided during the reporting period.
	Quality, high standard of professional childcare is provided that satisfies customers needs.	80-99% of ELC staff are trained, qualified and registered teachers.	Average of 95%.
		85-95% customer satisfaction with quality of care.	Customer satisfaction rate is 97%.
	Safety projects - working towards making Christchurch safer.	Maintain Safe City Accreditation every 5 years.	Currently working on the reaccreditation process and on target to submitting an application at the end of 2013.
	Community development projects are provided.	Advise and support the successful delivery of at least three projects across each metropolitan sector and community board area, per annum (within budget allocation).	At least three community development projects have been supported across each metropolitan sector and community board area.
Design, develop, facilitate or support participatory processes.	Successfully develop, support and facilitate at least one participatory process within each metropolitan sector and community board area, per annum.	At least one participatory process has been supported and facilitated within each metropolitan sector and community board area.	
Community Grants	Grants schemes are properly administered.	Administer grant schemes in a manner that is consistent with the Strengthening Communities Strategy and the Creative NZ guidelines for the Creative NZ scheme.	All Strengthening Communities Community Grants Schemes been administered in accordance with the Strengthening Communities Strategy. The Creative Communities NZ Scheme has been administered in accordance with the Creative New Zealand guidelines.
Social Housing	Maintain portfolio of rental units and owner/occupier units.	2,267 rental units and 25 Owner / Occupier units subject to further DEE assessments.	2,186 units remain open. This is after completion of approximately 33% of the DEE assessments programme.
	Council housing complexes are well managed.	Maintain average occupancy rate at 97%.	98.2%
	Tenants are satisfied with quality of tenancy service provided.	More than 80% of tenants surveyed are satisfied with the quality of the tenancy service provided.	77% which is 3% below the target. Given the disruption caused by earthquakes, DEEs and the subsequent repair programme this is an understandable result.

Council activities and services

Community support (continued)

Activity	Level of Service	Target	Result
Civil Defence Emergency Management	Approved CDEM Plans covering local response and recovery arrangements and specific contingencies are in place.	At all times.	Plans are in place.
	An EOC is available for the coordination of a multi-agency response in the event of an emergency.	At all times.	Primary EOC is located at 53 Hereford Street with an alternate site located at 121 Tuam Street. Both of these sites are operational.
	Fully equipped Light Rescue Response Teams maintain their national registered status.	Three teams.	Council have three teams which meet national registered standard.
	Build upon national/regional initiatives to promote the need for individuals to be prepared for when a disaster occurs.	Two major civil defence and emergency management promotions occurs annually via Council publications.	Target achieved with two major promotions being conducted during the period. They were the 'ShakeOut' and the testing of the Tsunami Siren Alerting System.
	Key sections of the community are informed of a pending civil defence emergency in a timely manner (those that are registered with the on-line alerting system).	Communication sent within one hour of civil defence and emergency management confirming warnings.	Testing of ReadyNet was conducted to coincide with the tsunami siren testing and worked.
	Relevant hazards and risks are identified and managed in the City's District and Civil Defence Emergency plans.	Hazards and risks framework maintained at all times.	Target not achieved. This is a whole of Council issue and it has proven difficult to develop a hazard and risk framework.
Walk-in Customer Services	Customer service centres are provided.	Maintain current LOS: Walk-in services at ten locations (Civic, Akaroa, Little River, Lyttelton, Beckenham, Linwood, Shirley, Papanui, Fendalton, Riccarton).	Walk in service provided at all ten target locations throughout the period.
	Number of walk-in customer service hours provided.	Total of 368.5 hours per week.	368.5 hours.
	All walk-in customer services staff are identifiable as Council employees.	All front-line staff have a suitable corporate uniform.	All walk-in customer services staff are provided a Corporate uniform to assist with easy identification.
	There are minimal wait-times for walk-in services.	Less than 3 minutes, 80% of the time.	Average wait time of 1.31 minutes.
	Customers are satisfied with walk-in services.	95% of customers are satisfied with walk-in services.	95% level of satisfaction achieved based on the 2012/13 residents survey.

What assets do we use to deliver these activities?

The major assets involved in delivering Community support activities is the Council's social housing portfolio, its facilities, community centres, halls and cottages, and ELC facilities.

Social Housing

The Council has traditionally provided over 2,649 social housing tenancies, but due to earthquake damage the number of habitable units has decreased to 2,186 units. A repair programme / replacement programme is progressing which is managed by the Facilities Rebuild Team. Three work streams have been implemented. These are:

Stream 1: Repair and Replacement

The current housing condition data indicates that the 2,057 units in Stream 1 comprise:

1,839 open units where:

- 239 have had repairs completed
- 1,589 still requiring repairs
- 11 which will require rebuilding

218 closed units where:

- 119 require repairs
- 99 require rebuilding

Council activities and services

Community support (continued)

At the time of writing the repair programme for closed and open units is progressing. The programme is targeting the repair of 70 closed units and 202 open units by the end of the 2013 calendar year.

Stream 2: Red Zone

The purpose of Stream 2 is to replace the five Council complexes in the residential red zone comprising a total of 113 units. The most cost effective strategy to replace these units is through intensification of existing social housing complexes which provides the advantage of developments with zero land cost and reduces the whole complex operation and maintenance overheads. At the time of writing the Council has approved 22 new units within 2 existing social housing sites.

Stream 3: Demolish & Replace

The purpose of Stream 3 is to replace the 479 open and closed units within 17 complexes identified in 2009 as being poor performers (i.e. old and cold). The only mechanism to replace these complexes prior to the end of their 90 year asset life is through a partnership development capitalising on better site utilisation/yield. An Expression of Interest (EOI) process for Work Stream 3 is currently underway to select suitable development partners.

Community Facilities

Council's community facilities have also been significantly impacted. A number of facilities have been demolished or have been deemed beyond economic repair. Examples are the Mount Pleasant, Sumner, St Albans and Shirley Community Centres. Work continues to determine the status of other buildings and when and how they can be repaired or replaced. At the time of writing the DEE programme is almost complete within this portfolio and options are being presented to the Council regarding a number of these facilities. At the time of writing the Riccarton Community Centre has had a partial re-opening, a transitional facility has been sited at the old South Brighton Community Centre site (due to be opened mid November) and approval has been given by the Council to repair the Bishopdale Community Centre.

Where are we heading?

Early learning centres

Pioneer ELC will continue under Council ownership and management. The Council will continue to support and fund a number of community education and care services.

Strengthening communities

Strengthening communities teams will continue to provide expert local knowledge to our partners and other community stakeholders.

This will involve:

- updating all community profiles to provide an evidence base upon which decisions can be made.

- working with community organisations and the voluntary and not-for-profit sector to provide networking opportunities, support, advice, information and advocacy services to facilitate stronger communities.
- providing direct advice to groups in relation to governance skills, funding application skills and strategic planning.
- providing sector-based or geographic networking opportunities for community organisations.
- providing funding information.

Community grants

We will continue to provide contestable community grants to support community organisations to undertake projects and services that support and provide benefit to the wider Christchurch community, local communities and communities of interest. Providing support to community organisations enables the community and the many diverse communities of interest within the City to help themselves and to use the funding support to seek leverage opportunities to achieve the needs and aspirations of their community members.

Civil Defence Emergency Management

The CDEM team will continue to provide expert knowledge to our partners and community stakeholders. This will involve:

- maintaining all the procedures, guidelines, checklist etc within the EOC knowledge base.
- reviewing and updating Welfare Centre operating procedures to reflect learnings from the 2010 – 2011 earthquake responses.
- continued testing of the tsunami alerting system when daylight saving begins and ends.
- continuing to engage with more communities to develop their own community emergency response plan.
- delivery of CDEM public education programmes to primary schools and various community groups will continue.
- staff will also continue to work with members of the Canterbury CDEM group on joint planning, training and community resilience projects.

Social Housing and Community facilities

For social housing a comprehensive repair and replacement programme has been initiated by the Facilities Rebuild Team. In conjunction with the asset owner three work streams will be delivered over a 5 year period.

Housing Stream 1: Repair and Replacement

Housing Stream 2: Red Zone

Housing Stream 3: Demolish & Replace

The delivery of the Facilities Rebuild Social Housing Programme will consist of 5 work packages spanning the following dates in alignment with the overall Facilities Rebuild Programme:

Council activities and services

Community support (continued)

- Work package 1 (1 year duration: January 2013 to December 2013)
- Work package 2 (1.5 year duration: January 2014 to June 2015)
- Work package 3 (1 year duration: July 2015 to June 2016)
- Work package 4 (1 year duration: July 2016 to June 2017)
- Work package 5 (1 year duration: July 2017 to June 2018)

Over the next year significant resource will need to be directed towards work stream 3 in the developing MOUs with pre-qualified partners and potential options of a number of social housing sites.

Over the next year in Community Facilities, a number of options for facilities in the 'top 30' will be known and work will be underway to repair or rebuild these facilities. Damage assessments of the remainder of these facilities (outside the top 30) will be underway and timeframes regarding repairs will be known. Staff will also develop options in the form of partnerships with internal business units (HUBS, co-located facilities i.e. Community Facilities & Libraries) and external organisations (Philanthropic and other partners).

Safer Christchurch

In the next year, Safer Christchurch will be concentrating on greater collaboration amongst all stakeholders to deliver measurable safety projects across the City. Crime Prevention through Environmental Design continues to be a key component of future planning for Christchurch, and Safer Christchurch plan to continue and build our expertise and knowledge in this field. The Safer Christchurch Interagency Group will continue to build on the positive collaborative approach by key stakeholders and providing updates on notable issues and projects.

Service delivery in 2013/14

In the 2013/14 year the Council's ability to deliver Community Support activities will be limited by the damage to social housing and community facilities assets. Whilst some assets both in social housing and community facilities will be re-opened or built there continues to be an on-going process of determining the appropriate repair or replacement strategy for damaged buildings, and agreeing this strategy with insurers. Other Community Support activities, however, are largely unaffected by the earthquakes or damage to Council assets.

What did it cost?

Community support					
Statement of cost of services for the year ending 30 June 2013					
				2013	2012
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Community facilities	4,814	1,717	3,097	2,119	1,628
Early learning centres	-	-	-	-	147
Strengthening communities	6,084	915	5,169	5,143	4,718
Community grants	11,565	268	11,297	10,575	12,002
Social housing	19,669	12,803	6,866	5,177	3,652
Civil Defence and emergency management	1,365	4,975	(3,610)	1,165	(1,023)
Walk in customer services	1,987	36	1,951	2,073	2,002
Capital revenues	-	264	(264)	-	(17,987)
Cost of service	45,484	20,978	24,506	26,252	5,139
Capital expenditure					
Renewals and replacements			503	1,341	2,674
Infrastructure rebuild			800	-	-
Improved service levels			597	5,992	-
Increased demand			499	3,250	-
Total capital expenditure			2,399	10,583	2,674

Council activities and services

Community support (continued)**Explanation of significant cost of service variances****Community Facilities**

Community facilities net cost of service for 2013 is \$0.9 million higher than plan. This relates to unplanned earthquake expenditure of \$2.2 million on DEEs and other repair works. This is offset by insurance recoveries of \$1.3 million.

The net cost of service for 2013 is \$1.4 million higher than 2012 due to \$1.3 million of earthquake related expenditure on DEEs and repair work.

Community Grants

Community grants net cost of service for 2013 is \$0.7 million higher than plan as a result of \$0.8 million paid out from the Earthquake Mayoral Relief Fund and the Capital Endowment Fund which were not included in the annual plan.

The net cost of service for 2013 is \$0.7 million lower than 2012 due to \$1.7 million of unplanned Earthquake Mayoral Relief Fund grants paid in 2012, compared to \$0.8 million of unplanned Mayoral Relief Fund grants paid in 2013.

Social Housing

Social housing net cost of service for 2013 is \$1.7 million higher than plan as a result of a \$1.3 million loss of revenue from vacated housing units due to earthquake damage. There was also \$1.8 million of earthquake related expenditure on DEEs and repair work offset by \$1.6 million insurance premium savings as a result of only limited cover being obtained.

The net cost of service for 2013 is \$3.2 million higher than 2012, due to \$1.8 million of earthquake related expenditure on DEEs and repair work in 2013 and \$1.3 million less rental revenue received than 2012 following vacated housing units due to earthquake damage.

Civil Defence and Emergency Management

Income from the Crown being recoveries for Christchurch earthquake events related to prior periods is the reason for the high income value and favourable net cost for CDEM in 2013 against both plan and prior year.

Capital revenues

Capital revenues were \$17.7 million greater than 2012 due to the receipt of earthquake recoveries in relation to community facilities and social housing.

Significant capital expenditure

There was \$0.7 million spent on housing improvements; \$0.4 million on the Halswell community and service centres and \$0.8 million on the facilities rebuild programme.

Explanation of significant capital expenditure variances

The \$8.2 million variance to plan is the result of the planned \$5.5 million purchase of the Salvation Army Cital building having now been cancelled, the CDEM facility now planned for 2014 or beyond and the \$0.5 million planned amount has been carried forward as a contribution for this. The other planned capital works in 2013 have now been planned for completion in 2013/14.

Council activities and services

Cultural and learning services

What are cultural and learning services?

These are the galleries, museums and libraries that enable residents to access art, historical and other educational material.

Why is the Council involved in cultural and learning services?

We provide these facilities so that residents of Christchurch have access to a full range of cultural activities and information within the city.

Local Government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

Culture and learning services activities contribute to the cultural and social well-being of the community by ensuring that a range of facilities (art galleries, libraries and museums) are available and that a wide range of support services are in place for those using these facilities.

The activities also contribute toward the achievement of the city's Community Outcomes by helping to make Christchurch a city of diverse and inclusive communities, a city for recreation, fun and creativity and a city of lifelong learning – three of the nine goals for our city that are included in our Community Outcomes.

This contribution is made by providing accessible and welcoming public buildings, providing and supporting a range of arts, festivals and events, and by providing books, information and learning programmes.

How does it affect me?

Every time you visit the Christchurch Art Gallery or access its off-site offerings, and when you visit local museums and city libraries, you make use of the Council's cultural and learning services. You can gain access to interesting material, collections and other programmes, such as exhibitions and public events. You can also take advantage of a range of services and learning opportunities online.

What activities are involved in cultural and learning services?

Art gallery and museums

We operate the art gallery and support museums to ensure the artistic and historical heritage of the region is collected and presented to residents and visitors to the city. When it is open, Christchurch Art Gallery is a vibrant, dynamic space which caters to a strong and growing art audience. Akaroa Museum preserves and displays the history of Akaroa and Banks Peninsula. Council funding is provided to the Canterbury Museum as required by statute.

Libraries

City libraries provide recreational and learning material, create opportunities for life-long learning and literacy, and provide community spaces for the public. Christchurch libraries continue to be very well patronised following the earthquakes and rated highly in a recent Council survey with 97% of surveyed residents satisfied with library services.

What did we achieve?

Art gallery and museums

Christchurch Art Gallery has been closed since 22 February 2011. However, the Council has agreed to repair the building in advance of an insurance settlement with tenders currently being let for the required re-levelling and base isolation. In the interim, gallery staff have staged 40 new Outer Spaces projects, including a series of short-term exhibitions in temporary spaces in Madras Street and – from 21 March 2012 – in Tuam Street. The Gallery presented *Populate!*, a series of new outside works of art within the CBD, as well as a wide range of public programme activities and a family-focused, outdoor event on 10 May to celebrate its tenth anniversary.

Shane Cotton's *The Hanging Sky*, a touring exhibition developed by the Gallery in association with the Institute of Modern Art, opened its Australian tour in Brisbane on 9 December 2012. It also showed at Campbelltown Arts Centre, New South Wales, before travelling to City Gallery Wellington where it opened on 14 June. Christchurch Art Gallery has produced a major publication to accompany this exhibition. The Gallery continues to address a range of collection-information related projects, including photography, description-tagging and improvements to the map function of its website. It has also continued the production of its acclaimed quarterly magazine, *Bulletin*.

While being closed this year, Akaroa Museum has focused on cataloguing its collection, as well as showing several 'Keeping the museum in mind' presentations.

Despite continuing closures, Christchurch's art gallery and museums have contributed well to community and recreation outcomes.

Libraries

There has been considerable progress with the development of library services and facilities over the past year. Aranui Library opened in early September 2012 which was the Council's first project to start and finish construction since the Canterbury earthquakes. Aranui Library has been embraced by its local community and is especially popular with children and young adults. Central Library Tuam opened in July 2012, providing the second temporary central library service within the CBD, and offering a comprehensive range of general and specialised heritage and local history material. The very popular South Library re-opened in December 2012 following several months of repair and propping work. A new temporary Linwood Library

Council activities and services

Cultural and learning services (continued)

opened in April 2013 in the Eastgate Mall. The library is located in a spacious first floor space accommodating all the Linwood Library collections and is co-located with the Linwood Service Centre. Uptake from the community has been excellent to date with strong and growing usage.

The new mobile “Library to Go” service was launched in December 2012, with two Mercedes Sprinter vans replacing the old mobile bus. This was made possible by the generosity of Rotary International and the Cotton On Foundation.

The roll out of radio frequency identification (RFID) self service technology continued with the conversion of a further seven libraries across the network. Planning for a new Central Library

commenced following the Government’s announcement of the key anchor projects in the Christchurch Central Recovery Plan, and planning continued for the new library at Halswell for the South West. Other achievements include new versions of the library catalogue for Facebook and mobile phone users, a new interface for the CINCH (Christchurch Community Information) database, launch of the Freegal music download service, an increased offering of e-books, a very successful Reading Crusade and well attended NZ Book Month, May Music Month and Matariki programmes and events.

How did we measure up?

Activity	Level Of Service	Target	Result
Art Gallery and Museums	Collection items available on web.	80% of collection on line with images.	93% of the collection is online with images.
	Exhibitions and publications presented.	4-6 publications pa, with at least 1 significant publication every 2 years.	4 editions of Bulletin produced and Shane Cotton: The Hanging Sky.
		5-6 Outer Spaces projects presented.	41 exhibition projects presented in total, including 20 Outer Spaces, 6 Rolling Maul exhibitions, 14 Populate projects and 1 touring exhibition.
	Public programmes and school-specific programmes delivered.	No fewer than 1,500 attending advertised public programmes.	4,459 participants for the year.
		No fewer than 7,500 attend school programmes per annum.	8,174 participants in the outreach programme to schools.
	Akaroa Museum: number of visitors per annum.	Visitors per annum for Akaroa Museum to be a range of 14,250 - 15,750.	The Museum remained closed for the entire reporting period; 471 attended events and programmes offered off-site.
	Akaroa Museum: hours of opening.	Minimum of 2,093 opening hours per annum.	The Museum was closed for the entire reporting period.
Administer the Canterbury Museum levy as per statutory requirements.	Canterbury Museum levy funding paid as required.	Target achieved.	
Libraries	Collections are available to and meet the needs of the community.	Maintain collections at 2.9 to 3.5 items per capita.	3.48 items per capita.
		Maintain number of issues per capita of city population, per year, at national average or better.	12.6 issues per capita against a national average for 2011/12 of 12.1 issues per capita.
	Residents have access to a physical library relevant to local community need or profile.	Aranui Library. Planning and development ongoing in accordance with Project Plan.	Achieved. The library opened to the public in early September 2012.
		Maintain a mobile library service.	Target was achieved. In addition services were enhanced with the introduction of two new mobile van services from December 2012.
		Maintain visits per capita of National average or better, per annum, for level 1 NZ Public Libraries.	9.5 visits per capita compared with a national average for level 1 libraries of 8.9 visits per capita for 2011/12.

Council activities and services

Cultural and learning services (continued)

Activity	Level Of Service	Target	Result
Libraries (continued)	Residents have access to a physical library relevant to local community need or profile.	Provide for 10 voluntary libraries - rent free facilities including building and maintenance.	Six libraries continued to operate in Council facilities for 2012/13. The Mobile Library provided service to the Heathcote and Redcliffs' communities.
		Provide for 10 voluntary libraries - support for collections.	Eight libraries supported by June 2013 with the re-opening of St Martin's in March and Woolston in May 2013, in temporary premises.
		Weekly Opening Hours - Large suburban: 57 to 67 hrs.	Target achieved.
		Weekly Opening Hours - Medium suburban: 48 to 57 hrs.	Target achieved.
		Weekly Opening Hours - Metropolitan 72 hrs.	Target achieved. Central Library Tuam opened late July 2012 to complement Central Library Peterborough.
		Weekly Opening Hours - Neighbourhood: 36 to 57 hrs.	Target achieved. All neighbourhood libraries open in 2012/13 as planned with the exception of Sumner Library, which remains closed.
	Residents have access to information via walk-in, library website, phone, email, professional assistance and online customer self service and on-site access to computers / internet.	Maintain ancillary services, as identified, on public PCs and for wireless service.	Target achieved.
		Maintain the number of reference and research enquiries from customers per year at national average or better.	Target exceeded with 2.14 inquiries per capita compared to the latest national average available of 1.2.
		Online catalogue, library website and digital content attracts at least 6.5 million external page views to the online catalogue.	Target exceeded with 12.9 million external page views.
		Online catalogue, library website and digital content attracts at least 7.5 million page views to the website.	Target exceeded with 11.6 million page views during the period.
		Provide programmes and events to meet customers diverse lifelong learning needs.	Maintain participation of 200 - 230 per 1000 of population.

What assets do we use to deliver these activities?

The major assets involved in delivering Cultural and learning services activities are the Council's libraries, the Christchurch Art Gallery and the Akaroa Museum, along with the collections held in those facilities.

All Council libraries are open with the exception of the Central Library in Gloucester Street, Bishopdale and Sumner libraries. The latter building has now been demolished as have Redcliffs, Woolston and St Martin's voluntary libraries.

Where are we heading?**Art gallery and museums**

The Canterbury Museum was open from September 2011 until March 2012, but closed again for further engineering inspections. It was partially re-opened on 2 July and fully reopened on 25 April 2013. Christchurch Art Gallery is not expected to re-open until mid 2015, but will continue with back-of-house activities and Outer Spaces projects. The Akaroa Museum partially re-opened in July 2013. It continues to focus on collection-related activities, as well as presenting several local 'Keeping the museum in mind' presentations.

Council activities and services

Cultural and learning services (continued)

Libraries

Libraries will be exploring options for another temporary service within the central city to replace Central Library Tuam which will close before December 2013 to make way for the development of the new Justice and Emergency Precinct on the Tuam Street site. Bishopdale Library and Community Centre has been approved for repair with an expected re-opening date of mid 2014. Library staff are working with the Fendalton/Waimairi Community Board to assess the feasibility of establishing a temporary service for Bishopdale until the permanent facility is repaired. Planning continues for the new Central Library, Halswell and South West libraries as well as contributing to the Facilities Rebuild Programme for replacement facilities for Sumner, Linwood and several of the voluntary libraries.

Service delivery in 2013/14

The Christchurch Art Gallery building will be repaired with increased seismic capability and re-opened to the public as soon as practicable after that. While the date of re-opening is not yet known, it is expected to be within the 2014/15 financial year.

Libraries have been able to meet most levels of service in the 2012/13 year, with the above exceptions relating to closed and demolished facilities. The closure of Central Library Tuam in 2013/14 will have an impact on this, although the scale of this is uncertain at present and dependent on whether a replacement library can be established. As noted there will be continued focus on the planning and delivery of temporary and replacement libraries in conjunction with maintaining the full suite of library services and content.

What did it cost?

Cultural and learning services					
Statement of cost of services for the year ending 30 June 2013					
				2013	2012
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Libraries	33,108	3,041	30,067	29,504	26,531
Art gallery and museums	15,592	1,092	14,500	14,730	13,156
Capital revenues	-	1,829	(1,829)	(28,945)	(1,586)
Cost of service	48,700	5,962	42,738	15,289	38,101
Capital expenditure					
Renewals and replacements			5,425	4,847	3,847
Infrastructure rebuild			974	31,250	-
Improved service levels			3,028	1,669	4,218
Increased demand			307	5,648	-
Total capital expenditure			9,734	43,414	8,065

Explanation of significant cost of service variances

Libraries

Libraries net cost of service for 2013 is \$0.5 million higher than plan. This relates to higher operating costs for larger temporary facilities, including the South Library temporary repair cost and an increase in reactive type maintenance.

Libraries net cost of service was \$3.5 million higher than 2012. This was the result of significantly higher operating and staffing costs for additional temporary libraries. In addition, debt servicing costs were \$0.6 million higher than 2012.

Art gallery and museums

Art gallery and museums net cost of service was \$1.3 million higher than in 2012. This increase was due to a \$0.3 million increase in the Canterbury Museum Trust Board levies and \$0.6 million for an increase in Outer Spaces Exhibitions held including Populate!, and the \$0.2 million for insurance of the Art Gallery.

Capital revenues

Earthquake capital recoveries received for the Art Gallery differ from the plan due to actual receipt of insurance recoveries now being expected in later years as the repairs are progressed.

Council activities and services

Cultural and learning services (continued)

Significant capital expenditure

There was \$4.4 million spent on library book purchases; \$1.9 million on the new Aranui Library; \$1.0 million for library and art gallery capital repairs; \$0.8 million on art acquisitions and \$0.6 million on the library RFI project.

Explanation of significant capital expenditure variances

The \$33.7 million variance on this years plan is largely as a result of the delays in the rebuild programme – Art Gallery \$26.5 million; Central Library \$3.7 million. There have also been delays in the construction of the new Halswell Library \$5.3 million. These variances were offset by \$1.9 million carried forward from last year for the Aranui Library.

The \$1.7 million variance on last year is a result of the setting up of temporary libraries, such as the one in Eastgate, the new Central, Halswell and Aranui libraries and capital costs in relation to the Art Gallery repair.

Council activities and services

Democracy and governance

What is democracy and governance?

Democracy describes a system of government which is run on behalf of the people, through their elected representatives. Governance is about how those representatives (the Council and community boards) run the City.

What is the Council's role in democracy and governance?

The people of Christchurch choose their Mayor, City Councillors and Community Board members at elections held every three years. The Council 'governs' by making strategies, policies and decisions which set the direction for the future of Christchurch. The Council regularly seeks community input on a range of issues, including draft policies, local capital works projects, and the Council's Annual Plan and Three Year Plan/LTP process.

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

Democracy and governance activities contribute to active democracy in the community by ensuring a wide range of opportunities are available for individuals and groups to be involved in local government decision making.

They also contribute toward the achievement of the City's Community Outcomes. Democracy and governance activities help make Christchurch a city of diverse and inclusive communities and a well-governed city. This contribution is made by ensuring everyone's views are heard before decisions are made and by enabling elected members to make the best decisions for the City.

How does it affect me?

The activities of the Council have a direct impact on everyone in Christchurch – from the collection of kerbside rubbish, to the provision of safe drinking water, the upkeep of our parks, and the hosting of festivals and events. You can influence how the Council runs the City by voting for your representatives in local body elections every three years, and by becoming involved in the decision-making process through public consultation.

What activities are included in democracy and governance?

City governance and decision-making

Council staff provide support and advice to the Mayor, Councillors and Community Board members so that they are able to make good decisions on behalf of Christchurch residents. Staff ensure that the decision-making process is clear to residents, and meets all statutory and policy requirements.

Public participation in democratic processes

Christchurch residents are encouraged to participate in the democratic processes of Council through local elections held every three years; and by having their say at consultation and decision-making times. It is important that decisions take into account the views of the community, in particular the views of those directly affected.

What did we achieve?

The Council retained its bimonthly meeting timeframe and added an additional meeting per month with the focus being solely on earthquake recovery. The eight Community Boards continued to meet either monthly or bimonthly.

Around 370 submissions were received on the Draft Three Year Plan 2013 -2016.

The Community Boards worked with a range of agencies to advocate for and support their communities on a range of local earthquake recovery efforts. The Boards also continued to fund and support local organisations and community development projects.

A number of consultation processes were undertaken that provided residents with the opportunity to submit their views on topical issues. These include: the new Christchurch Transport Plan; the review of the 2006 Waste Management Plan; and the proposed Brothels (Location and Commercial Sexual Services Signage) Bylaw 2012. To date some 370 submissions have been received on the local alcohol policy.

Council activities and services

Democracy and governance (continued)

How did we measure up?

Activity	Level of Service	Target	Result
City Governance and Decision-making	Percentage of residents who understand how Council makes decisions.	40%	40%
	Percentage of residents satisfied that the Council makes decisions in the best interests of Christchurch.	48%	46%. This is a measure of the perception of the Council’s decision making. This may be influenced by external commentators, including the media. There are improvements in the communication and engagement strategies (on how the Council makes decisions) so that more people are aware of the process and their ability to participate.
	Council and community board decisions comply with statutory requirements.	100%	Compliance with statutory requirements has been met.
Public Participation in Democratic Processes	Percentage of residents that feel the public has some or a large influence on decisions the Council makes.	61%	36%. This may be influenced by respondents who have not been involved in the opportunities available for the community. There are improvements in the communications and engagement strategies to inform people of the opportunity to participate in Council’s democratic processes. Commence “pulse” surveys to measure the responses from those community individuals and groups that are informed by participating in processes such as submissions to the Council and presentations at deputations to the Council and/or Community Boards.
	All elections and polls comply with relevant legislation.	100%	No year-end actual supplied.

What assets do we use to deliver these activities?

No major assets were used in delivering these activities.

Where are we heading?

The Council’s governance and decision-making will continue to be focused on a range of earthquake recovery efforts.

The triennial local elections will be held in October 2013.

New processes for Local Alcohol Committees will be put in place as a result of the Sale and Supply of Alcohol Act 2012.

The new Council, following the 2013 local elections will consider its committee structure and may make changes to the existing process.

Preparations will commence in 2013/14 for the Representation Review which will be required to be completed in 2015.

Service delivery in 2013/14

Although the Democracy and Governance activities will continue to have a large earthquake recovery focus in 2013/14, there will be no change to the Council’s ability to deliver them.

Council activities and services

Democracy and governance (continued)

What did it cost?

Democracy and governance					
Statement of cost of services for the year ending 30 June 2013					
				2013	2012
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
City governance and decision-making	9,642	38	9,604	9,623	8,689
Public participation in democratic processes	2,913	(1)	2,914	2,894	2,012
Cost of service	12,555	37	12,518	12,517	10,701
Capital expenditure					
Renewals and replacements			-	-	-
Infrastructure rebuild			-	-	-
Improved service levels			-	-	-
Increased demand			-	-	-
Total capital expenditure			-	-	-

Explanation of significant cost of service variances

The actual net cost of service for Democracy and Governance activities was in line with the plan for the year. The overall increase of \$1.8 million compared to 2012 was primarily due to increases in the allocation of corporate overheads and increases in the cost of internal services provided, in particular increase in the secretarial charges for servicing Council, Community Board and Committee meetings.

Significant capital expenditure

There was no capital expenditure.

Council activities and services

Economic development

What is economic development and what does the Council do?

Economic development is broadly, the sustained, concerted actions of communities and policymakers that improve the standard of living and economic health of Christchurch. The Council is involved in providing leadership in economic development, leading the development of the regional innovation system, the development of key sectors and support of high growth potential businesses. It also works to increase the number of visitors and tourists, while civic and international relations programmes help build useful international partnerships and foster cultural understanding within the local community.

Why is the Council involved in economic development?

A sound economy is essential for the City to achieve its goals. Economic development activities aim to contribute to the growth of the economy as a basis for providing employment and prosperity to residents of the City. These in turn impact positively on the social well-being of the community.

How does it affect me?

A strong economy benefits everyone in Christchurch because it creates employment and business opportunities. A culturally inclusive city that has strong international ties is more likely to attract high-value migrants, investment and innovation.

What activities are included in economic development?

Regional economic development, business support and welfare development

Christchurch is the main business location for Canterbury and the South Island. The Council works in three broad areas:

- economic development
- industry and business development
- promotion of Christchurch and Canterbury to tourists and visitors

City promotions

We prepare promotional materials across print, web and digital platforms to provide Christchurch residents with information about the City and promote it as an attractive destination to work, live, visit and do business. Promotional materials and websites inform residents and visitors about key events, attractions and facilities within the City, encouraging participation.

Civic and international relations

We promote cultural links with city-to-city programmes. These help to attract high-value investment and innovation. Council staff maintain relationships with Antarctic partners, and organise civic and mayoral events such as citizenship ceremonies and ANZAC Day services.

What did we achieve?

After extensive stakeholder consultation the CDC launched the revised Christchurch Economic Development Strategy (CEDS) which is the LTP for the economy. This takes a regional view, specifically considering the rural economy, and has attempted to capture all of the economic development initiatives not just those of CDC or the Council. The strategy has been endorsed by the Council, recognised by the Minister for Earthquake Recovery and has also been reviewed by Treasury and the Ministry of Business, Innovation & Employment (MBIE) at a national level.

The ultimate aim of the CEDs is a better quality of life through a strong economy and it identifies 5 Game Changing opportunities that will drive employment, salaries and profits over the next 20 years:

1. Maximising earthquake recovery opportunities
2. Effective water resource management
3. Improve productivity through innovation
4. Successful central city design and build
5. Increased import & export distribution networks

Recover Canterbury, the joint venture between CDC and the Canterbury Employers Chamber of Commerce was successfully closed in the year. During its time Recover Canterbury distributed more than \$6 million in grants and loans to help support local businesses impacted by the earthquakes. It advised, mentored, provided funding and support to over 4,000 businesses in that time and it is estimated that over 300 businesses were helped to continue trading and that this represents over 1,300 jobs to the local economy using conservative figures.

The Canterbury Regional Innovation System (CRIS) is a wholly owned subsidiary of CDC and is the vehicle for our investment in supporting bright ideas in the region. CRIS was successful in becoming one of only three Commercialisation Partners in the country and received significant funding from MBIE to support this. Through CRIS's investment manager Powerhouse Ventures Limited (PVL) CRIS has made a number of investments to support high growth start-up ventures and four of these firms were amongst the six finalists for Hi Tech start-up of the year in the national business awards. Invert Robotics, a CRIS/PVL investment was chosen as the winner of the category.

During the year CDC worked extensively with both the Council and CERA around economic recovery and development post the earthquakes. CDC has also focused on maximising the amount of local industry participation in the recovery in conjunction with the Industry Capability Network and during the year contracts with a value of over \$30 million have been awarded to local suppliers as a result of these efforts. CDC is also working with many local manufacturers especially in the Eastern suburbs, helping on consenting issues, working to ensure that the LURP helps local business to continue to recover after the earthquakes and identifying areas of concern that can be resolved.

Council activities and services

Economic development (continued)

CCT developed a number of campaigns to re-energise the Australian holiday market, The “Christchurch Re-imagined” campaign in Q4 2012 helped deliver arrival growth of 12% and 6% from Victoria and New South Wales and the second phase of the “South Island Road Trips” campaign contributed towards a 12% improvement in international guest nights across Canterbury over the 2012/13 summer.

CCT upgraded its website www.christchurchnz.com to improve both layout and travel planning tools and has achieved a 24 per cent increase in web traffic and sustained improvement in consumer engagement in the travel planning content areas.

CCT completed the Greater Christchurch Visitor Sector Recovery Plan for the visitor industry which focuses on six key projects:

1. Successful development and promotion of the “pop up” transitional city
2. Fast track re-instatement of hotel and backpacker capacity
3. Building a new Christchurch Convention Centre
4. Air Service Development – re-instating trans Tasman capacity and developing new direct long haul services to Christchurch
5. Developing a Sports Tourism Plan
6. Marketing a new city built around the inspiring “Avon River Park”

CCT delivered an active programme of international initiatives to highlight recovery progress in the City to international travel sellers and influential travel media and online bloggers.

CCT developed a “Locals” campaign to keep local citizens well informed of new developments in the tourism and hospitality area to ensure that our locals can be a useful information source to help both tourists as well as visiting friends and family.

City Promotions

Promotional material has been developed to support communication as the City transitions from recovery to rebuilding. The findchch.com website provides interactive mapping for residents and visitors to locate facilities and activities across Christchurch ranging from accommodation through to transitional projects within the City.

International Relations

Mayoral visits to the Sister Cities of Seattle (USA), Songpa (Korea), Kurashiki (Japan) and Wuhan and Lanzhou (China) reaffirmed the Sister City relationships, set the conditions for economic development, and appropriately recognised and thanked our Sister Cities for the support Christchurch received post-earthquake. The visit to Songpa was accompanied by a delegation from Christchurch Educated and the visit to China was accompanied by representatives from the University of Canterbury and Lincoln University, with the civic relationship enabling access to senior education professionals in government and schools/universities to assist in the recovery of the international education sector. Additionally the City hosted

the Lord Mayor of Adelaide on a Sister City visit to Christchurch during which the Lord Mayor undertook to champion Christchurch in South Australia and Australia as a whole. Consequently Christchurch has received visits from the Chief Executive of the Adelaide City Council and Chair of Business South Australia, and a 21 strong business delegation of businesses interested in participating in the Christchurch rebuild.

Civic and International Relations remains an active partner in the Christchurch Antarctic community, chairing the Antarctic Link Canterbury and hosting the Antarctic Season Opening, which included international engagement with Antarctic Treaty partner heads of mission and engagement with Antarctic Tasmania.

New Zealand Week in Malaysia, a Ministry of Foreign Affairs and Trade “NZ Inc” initiative focusing on the Christchurch rebuild saw Civic and International Relations coordinate the Christchurch participation in the event. This included CCT, CDC, Invest Christchurch and CIAL.

Council activities and services

Economic development (continued)

How did we measure up?

Activity	Level Of Service	Target	Result
Civic and International Relations	All Sister City Committee annual plans are assessed and within-budget funding approved for activities meeting the requirements of the International Relations Policy for culture, education and business.	100% of plans assessed (by staff).	All Sister City Committee annual plans were assessed and within-budget funded within budget for activities that meet the requirements of the International Relations Policy for culture, education and business.
	Maintain and develop relationships with international partners currently using Christchurch as a base for Antarctic programmes.	All major events delivered annually - Season opening function, Antarctic festival and Antarctic UC scholarship.	The Antarctic season opening reception and UC scholarship both successfully delivered.
		Council remains an active partner within Antarctic Link Community.	The Council convened and chaired four Antarctic Link Canterbury meetings throughout the year.
Regional Economic Development, Business Support and Workforce Development	CDC provides economic development leadership for Christchurch.	Agreed work streams in the Economic Recovery Programme are delivered.	CDC is leading Ultra Fast Broadband (UFB) Uptake. CDC is also participating in Labour Market Recovery, Business Collaboration and Innovation Precincts. There is potential for CDC to take a role in monitoring the Economic Recovery Programme for CERA.
		CEDS fully revised with earthquake filter by 30 June 2013.	Target achieved. CEDS revision was formally endorsed by Council on 28 March 2013.
		Develop a greater CEDS by end December 2013.	On target for 30 December 2013. CEDS has been completed including connection to rural economy. Work is underway to expand the scope to greater Christchurch.
		Agreed work streams in the Economic Recovery Programme are delivered.	CDC is leading UFB Uptake. CDC is also participating in Labour Market Recovery, Business Collaboration and Innovation Precincts. There is potential for CDC to take a role in monitoring the ERP for CERA.
	CDC develops Centres of Expertise in Economic Research, Workforce, and Investment.	CEDS fully revised with earthquake filter by 30 June 2013.	Target achieved. CEDS revision was formally endorsed by Council on 28 March 2013.
		Develop a greater CEDS by end December 2013.	On target for 30 December 2013. CEDS has been completed including connection to rural economy. Work is underway to expand the scope to greater Christchurch.
		80% Human Capital and Workforce projects on track per annum.	Currently scoping or implementing the following projects; worker productivity, aging, study to work, offshore recruitment toolbox and information systems. Also implementing the workforce recovery planning projects for the ERP.
		A revision is made to the existing economic futures model to improve its outputs and broaden its scope by 30 June 2013.	Target achieved. The economic futures model was updated in December 2012. CDC has been using the base model to provide advice to CERA for the temporary labour projections.

Council activities and services

Economic development (continued)

Activity	Level Of Service	Target	Result
Regional Economic Development, Business Support and Workforce Development (continued)	CDC develops Centres of Expertise in Economic Research, Workforce, and Investment.	Human Capital Strategy updated annually by 30 June.	The CDCs resources were focused on supporting CERA with workforce recovery planning/policy/reporting. The Labour Market Strategy was updated in December 2012, and has now moved into an implementation and review process.
		Prioritisation of infrastructure projects reviewed annually by 30 June, with review distributed to key infrastructure providers.	Target achieved. Infrastructure projects reviewed during CEDS workshops during the year.
		Produce an economic model for the sustainable use of water and its benefits to the Christchurch economy by 30 June 2013.	Target achieved. A model and accompanying report were completed during the year.
		Update and expand the Canterbury economic infrastructure stock take annually by 30 June.	Target achieved. The stock take was completed in September 2012. It is now being reviewed quarterly and updated on the website.
	CDC initiates and/or implements priority economic development projects identified through CEDS or Canterbury Regional Economic Development Strategy.	All projects completed by 30 June 2022.	Target date is 30 June 2022. Project Management Office (PMO) is co-ordinating the scoping of new CEDS projects and developing multi criteria analysis tool for prioritisation.
		All projects prioritised by 30 June 2014.	PMO co-ordinating the scoping of new CEDS projects and developing multi criteria analysis tool for prioritisation.
	CDC leads the Canterbury Regional Innovation System.	10 high-growth-potential businesses and projects that meet investment objectives of Canterbury Economic Development Fund are identified and invested in each year.	2 businesses invested in during March bringing total to 11 for the year. Companies invested in: Koti, SolarBright, CropLogic, Indigo, Hydroworks, Barrington Architecture and Design, Veritide, Motim, Health Innovation Hub, Fabrum, Deep South Ice Cream.
		CRIS is formed and becomes a founding member of the National Commercialisation Partners network by 30 June 2013.	12 month extension, formally confirmed on 30 May.
	CDC facilitates the development of key sectors and specific high growth potential businesses within these sectors to achieve national and local government growth agendas.	10 clients per annum will be intensively case managed for each priority sector.	Targets met for all industry sectors: Manufacturing - 13 companies, Technology - 10 companies, Agriculture/food and beverage manufacturing - 10 companies.
		Business improvement services are provided to 10 medium to large Christchurch businesses per annum.	Target exceeded with improvement services provided to 12 businesses during the period.
		Define the distribution networks and contacts structure for promoting trade with China by 30 June 2013.	Very good progress has been made, there is significant interest from large distribution networks in China.
		For each sector a wider group of at least 25 clients will be engaged with in a broader industry sector program.	All sectors at or above target: Manufacturing - 28 companies, Technology - 25 companies, Agriculture/Food and Beverage Manufacturing - 25 companies.

Council activities and services

Economic development (continued)

Activity	Level Of Service	Target	Result
Regional Economic Development, Business Support and Workforce Development (continued)	CCT provides leadership to the tourism sector in Christchurch.	Three year strategic plan to be completed annually by 30 April.	Target achieved.
	CCT promotes Christchurch and Canterbury as a desirable destination for business events and trade exhibitions.	Achieve a share of national delegate days for MICE (Meetings, Incentive, Conference and Exhibitions) market in the 3.5% to 5.0% range.	Market share was between 2% and 4%.
		To host a minimum of 4 Conference and Incentives buyer groups per annum (ongoing).	12 conference and incentive buyer groups.
	CCT provides support to and works collaboratively with tourism business partners and suppliers.	Engage with 15 tourism businesses per year on specific tourism projects and/or provision of marketing advice.	Target exceeded. During the period 30 tourism businesses engaged on specific projects and/or provision of marketing advice.
		Hosting at least 3 Business Partner meetings annually to review progress of visitor recovery strategies and collaboratively identify new initiatives to improve the visitor economy.	8 business partner meetings hosted.
	CCT works in collaboration with the visitor industry to develop new and emerging market segments.	CCT hosts a minimum of 12 airline and travel seller management per year on fact finding visits to Christchurch and Canterbury.	Target exceeded. A total of 36 airline and traveller seller management staff hosted during the period.
		CCT runs a minimum of two workshops per year with visitor industry participation on the development of new markets and travel segments.	Target exceeded. A total of 4 workshops with visitor industry participants were held during the period.
		CCT works collaboratively with CIAL in the preparation and endorsement of case studies and marketing proposals intended to develop new international air links for Christchurch; CCT will contribute to at least two international air link opportunities per annum.	Target achieved. CCT participated in the development of three new air link opportunities during the period.
	CCT actively promote the city in markets with direct air services to Christchurch.	Deliver advertising campaigns in Australia that align with the current market strategy for a period of at least 4 months per annum.	Achieved. CCT ran two advertising campaigns in the Australian market from mid-September through to the end of November 2012 and mid-January 2013 until the end of February 2013.
	CDC facilitates business recovery.	Facilitate 10 local companies per annum to supply goods or services to the recovery programme.	Target exceeded with 12 companies engaged during the period.
		Recover Canterbury engages with 360 small to medium enterprises to assist in earthquake recovery by 30 June 2013.	Target achieved. 7,000 businesses contacted of which 1,500 were engaged during the period.

Council activities and services

Economic development (continued)

Activity	Level Of Service	Target	Result
Regional Economic Development, Business Support and Workforce Development (continued)	CCT facilitate to and grow the cruise sector for Christchurch/ Lyttelton and Akaroa.	CCT will develop and agree a cruise season plan with the Akaroa Community and manage its implementation.	Achieved. CCT participated in discussions and the development of the Cruise Facilitation Plan for the 2012/13 season.
		Cruise NZ satisfaction levels in Akaroa meet or exceed 8.7/10 for cruise passengers arriving at Akaroa.	8.7/10 result achieved for 2011/12 cruise season. The data for the 2012/13 cruise season was not available as at balance date.
		Services provided to support cruise ship visits to Akaroa: Wharf side Visitor Information mobile facility; Printed collateral for arriving cruise passengers on regional activities and information.	Mobile information kiosk in place for 2012/13 cruise season. Cruise brochure developed in conjunction with the City promotions team. First print run of 20,000 copies for 2012/13 season completed.
	Visitors utilise the services of the Christchurch and Akaroa Visitor Information Centres.	Akaroa Visitor Centre maintains visitor number levels in the range of 165,000 to 185,000 visitors annually for the duration of relocated cruise ship visits.	Visitor numbers 137,212. The primary reason for the downturn is the lack of domestic self drive holiday travellers visiting Akaroa. Will continue to attract as many visitors to use the visitor centre as possible and work to increase domestic self drive holiday travellers in the region.
		Akaroa Visitor Centre will be open from 8.30 - 5.00 daily (winter hours are 10.00 - 4.00).	Target achieved.
		Christchurch Visitor Centre increase visitor utilisation by 5% per annum.	Visitor numbers increased by 32%.
		Christchurch Visitor Centre will be open from 8.30 - 5.00 daily (summer hours are 8.30 - 6.00).	Target achieved.
	CCT work in collaboration with CIAL to deliver promotional activities in markets that have direct air routes or have high potential to have direct air routes.	Contribute to 3 joint ventures per annum that support or maintain direct air links.	3 joint ventures contributed to.
	CCT continue an active communication programme with media and trade.	Sustain presence at offshore trade training functions and sustained levels of media and trade familiarisations (based at 2011/12 levels): Familiarisations carried out with 150 media individuals, per annum.	CCT hosted 107 media in familiarisations through the 2012/13 financial year. This was heavily affected due to the Tourism New Zealand freeze on international media visits between October and December because of the release of The Hobbit. Tourism New Zealand pushed 60 media through the City and region, while CCT were directly involved with 47 media.
		Sustain presence at offshore trade training functions and sustained levels of media and trade familiarisations (based at 2011/12 levels): Familiarisations carried out with 30 trade organisations consisting of a total of 250 individual people, per annum.	Over the course of the year CCT have hosted a total of 39 trade organisations with 427 agents on familiarisations.

Council activities and services

Economic development (continued)

Activity	Level Of Service	Target	Result
Regional Economic Development, Business Support and Workforce Development (continued)		Sustain presence at offshore trade training functions and sustained levels of media and trade familiarisations (based at 2011/12 levels): Trade training delivered to at least 4 events per annum.	Achieved target. CCT attended 5 offshore trade training functions.
City Promotions	Residents are satisfied with the information available about events, activities and attractions in Christchurch.	80% (annual residents survey).	83% resident satisfaction.

What assets do we use to deliver these activities?

No major assets are used in delivering these activities.

Where are we heading?

The next year will see a focus on turning CEDS from a plan into a reality. The 73 projects will be up and running, CDC will lead some of them, advise or participate in others and monitor across the entire program. CDC is engaging with a large number of organisations from the private sector, local and national government to ensure that the best outcomes possible for the local economy are achieved.

CDC will continue to support the local business community, especially within targeted sectors to help create growth and employment in these areas through specifically identified interventions and efforts for both businesses and sectors.

CDC will continue to provide long term economic direction and advice to the recovery, working with the Council, CERA, Ngāi Tahu and others to optimise outcomes and ensure that the City is rebuilt with the key long term economic drivers in mind.

The aim is to expand the CRIS solution, working to link local business together with regional research organisations to ensure more successful commercial outcomes and faster paths to market are achieved. Further investment funding for CRIS will be sought particularly in looking for ways to establish a larger follow on fund to support high growth businesses through the maturity cycle.

Over the next year CCT will continue to concentrate on improving visitor traffic from Australia and exploring new ways of activating the domestic market in partnership with airline partners.

Better use of search engine optimization strategies and expansion of content on www.christchurchnz.com is aimed to improve the quality of planning tools we offer intending visitors to Christchurch and grow usage of the site by 17% to 407,000 site visits.

CCT will expand its temporary Christchurch Visitor Centre by 25% to improve its ability to handle recovering visitor numbers over the next two summer seasons.

CCT is working closely with CIAL to provide the destination marketing elements to projects that will re-grow trans-Tasman air capacity to Christchurch and establish new direct air services from China and other Asian ports.

CCT will deliver an industry training initiative to prepare the tourism and hospitality sector for the rapid growth of the Chinese holiday market which is set to increase from 217,000 to 397,000 arrivals to New Zealand over the next five years.

The opening of four more hotels in central Christchurch provides the opportunity to improve market share in the domestic conferencing market, where the Christchurch market share has fallen dramatically. CCT will increase the Christchurch Convention Bureau focus on domestic conference sales to ensure that the region quickly regains its share of this valuable market as conferencing infrastructure is restored.

Service delivery in 2013/14

The Council's work continues to play critical roles in the immediate economic recovery of the City and in promoting longer term economic growth. The Council will continue to deliver economic development services through CDC and CCT, as well as through its own organisational structure.

Council activities and services

Economic development (continued)

What did it cost?

Economic development					
Statement of cost of services for the year ending 30 June 2013					
				2013	2012
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Civic and international relations	1,300	33	1,267	1,138	1,027
Regional economic development, business support and employment development	7,784	100	7,684	7,825	7,550
City promotions	564	15	549	473	699
Cost of service	9,648	148	9,500	9,436	9,276
Capital expenditure					
Renewals and replacements			164	167	87
Infrastructure rebuild			-	-	-
Improved service levels			-	-	-
Increased demand			-	-	-
Total capital expenditure			164	167	87

Explanation of significant cost of service variances

There was no significant variance on the planned net cost. The variance on last year is the result of planned inflationary increases on the grants paid to CDC and CCT.

Significant capital expenditure

This spend includes events equipment and banner installation and replacement.

Explanation of significant capital expenditure variances

There were no significant variances.

Council activities and services

Parks, open spaces and waterways

What is included in parks, open spaces and waterways, and what does the Council do?

The Council maintains and manages 1,000 separate parks and reserves covering nearly 9,000 hectares within greater Christchurch City. These include the Botanic Gardens, urban, regional, sports and garden heritage parks, cemeteries, harbour facilities and providing rural fire fighting response. The Council also maintains and manages the City's 2,000 kilometres of storm water drains and waterways.

Why does the Council provide parks, open spaces and waterways?

There are community and environmental needs for open space, for protection of natural resources and scenic values, and for beautifying the City. We also manage the land drainage network and provide places for burial and remembrance.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

The parks, open spaces and waterways activities contribute to the environmental and social well-being of the community through the provision of a network of parks and gardens throughout the City, offering a range of active and passive recreational opportunities.

They also contribute toward the achievement of the City's Community Outcomes by helping to make Christchurch a city of people who value and protect the natural environment, a healthy city, a city for recreation, fun and creativity, and an attractive and well-designed city – four of the nine goals for our City that are included in our Community Outcomes. This contribution is made by providing areas for people to engage in a range of healthy activities, enabling people to contribute to environmental projects and providing a well cared for environment.

How does it benefit me?

Everyone benefits by having access to areas for recreation, leisure and sport. We provide an attractive and liveable city with the parks and open spaces, and protect community health and safety by maintaining waterways, providing cemeteries, and maintaining rural fire fighting capability.

What activities are included in parks, open spaces and waterways?

Neighbourhood parks

We maintain neighbourhood parks to provide places for community relaxation and enjoyment.

Sports parks

We provide and maintain specialised sports grounds, such as at Hagley Park, to cater for organised sports and other recreational activities.

Garden and heritage parks

The Botanic Gardens and other heritage parks protect our Garden City image, biodiversity, and also provide for relaxation and enjoyment.

Regional parks

Regional parks are located within the coastal areas, the Port Hills/ Banks Peninsula and the Plains. These protect the region's natural landscape and biodiversity values while allowing for and encouraging appropriate recreational activities.

Cemeteries

We provide and maintain cemeteries and administer burials and plot purchases.

Waterways and land drainage

Natural waterways and storm water drainage systems serve to protect the community from flooding, enhance waterways for aesthetic and ecological purposes, and provide for recreational opportunities.

Harbours and marine structures

Wharves, moorings and boat ramps at Lyttelton Harbour, Akaroa Harbour and around the peninsula are managed for recreational and commercial use.

Rural fire fighting

We prepare for and respond to rural fires as well as train rural fire officers, fire fighters and manage voluntary rural fire force volunteers, educate the public about fire safety, and manage the issue of fire permits.

What did we achieve?

Infrastructure recovery as a result of the earthquakes has seen a continued major focus on asset repairs and the planning for the rebuild of damaged assets that are outside of the SCIRT brief.

Major investigations are underway for the Avon, Styx and Heathcote Rivers as well as their tributaries including the Dudley Creek catchment which is a priority area. The temporary stop-banks continue to be monitored and maintained and provide adequate protection for tidal events. The future location of stop-banks has not been determined and is waiting for clarity around the use of the red zone.

Throughout the year 1,138 tonnes of aquatic weed was removed from the Styx, Avon and Heathcote rivers. Also 10,000 cubic metres, or 16,000 tonnes, was dredged out of the Avon and 2,844 cubic metres or 4,550 tonnes out of the Styx. Further to that 158 kilometres of natural waterways, 133 kilometres of manmade drains, 800 kilometres of under road storm water drainage pipes, 100 water detention basins and 12 kilometres of stop banks were able to be maintained (although in earthquake damaged areas a lower standard was only able to be achieved). As well as the

Council activities and services

Parks, open spaces and waterways (continued)

dredging of the major rivers there has been a focussed effort on removing silt and liquefaction from creeks and rivers with more than 135 cubic metres removed.

The earthquakes had a major impact on parks and reserves, closing tracks and facilities. The infrastructure repair programme for Parks saw repairs of tracks, buildings and other park facilities across the City. Popular tracks reopened this year included the Bridle Path and Captain Thomas track.

The Cemeteries Master Plan and Cemeteries Handbook was completed, providing direction and guidance on the future development and management of the Greater Christchurch’s 27 cemeteries.

75 cruiseships visited Akaroa, helping to stimulate the City’s tourism industry.

Council’s pest management programme is ongoing with modifications necessary in earthquake affected landscapes to

help protect native and endangered species. Environmental awareness programmes continued in Parks, and large numbers of volunteers continue to assist to enhance biodiversity, through planting native plants, and maintain recreation facilities, especially mountain bike tracks.

The Council, as a Rural Fire Authority, is audited by the National Rural Fire Authority. During the year, the National Rural Fire Authority completed a Performance Monitoring & Evaluation audit, with the Council achieving a satisfactory result (91%) based on the Council’s rural fire systems, training and equipment.

Rural fire attendance to fires during the 2012/13 summer was considerably higher than has been the case in the past five years due to the return of drier summer conditions. Staff, contractors and volunteers performed very efficiency and effectively under challenging conditions and managed to keep damage to property to a minimum while maintaining good safe practices.

How did we measure up?

Activity	Level of Service	Target	Result
Neighbourhood Parks	Maintain furniture/ signs: Frequencies will vary based on seasonal demands, minimum weekly.	Furniture kept clean, safe, and serviceable condition.	Contract specification met.
		Painting and staining as required.	Contract specification met.
		Rubbish bins clean, emptied, serviceable and surrounding loose litter removed.	Contract specification met.
	Maintain hard surfaces/ paths.	Painted markings are clearly visible.	Contract specification met.
		Reported major damage / faults made safe by repair, mitigation, or isolation within 24 hours of report.	Contract specification met.
		Surfaces maintained in a clean, safe and serviceable condition.	Contract specification met.
	Maintain playground equipment.	Accidents are investigated and reported within 2 working days.	Contract specification met.
		Bark under surfacing 300mm depth.	Contract specification met.
		Damaged, worn or missing equipment repaired / replaced.	Contract specification met.
		Fortnightly safety inspections are conducted.	Contract specification met.
		Playground equipment kept safe, clean and serviceable.	Contract specification met.
		Reported unsafe equipment is made safe by repair, mitigation, or isolation within 24 hours of report.	Contract specification met.

Council activities and services

Parks, open spaces and waterways (continued)

Activity	Level of Service	Target	Result
Neighbourhood Parks (continued)	Maintain shrub gardens.	Mulch minimum depth of 25mm, maximum depth of 100mm.	Areas of parks borders are outside specification (not measureable). Council withdrew the mulching programme for the latter part of the year for budgetary reasons. The mulching programme is planned to be covered this year to catch up.
		Plant pests and diseases are monitored, reported and controlled.	Contract specification met.
		Plants maintained for long term display and health.	Contract specification met.
		That irrigation is performed to an agreed programme.	Contract specification met.
		Weeds controlled within specifications per contract.	Contract specification met.
	Maintain toilets, (changing rooms and buildings).	Reported major damage / faults made safe by repair, mitigation, or isolation within 24 hours of report.	Contract specification met.
		Toilets/Changing rooms are serviced either 1 to 3 times weekly or 1-2 times daily, depending on seasonal demand.	Contract specification met.
	Maintain turf areas.	Mown areas are kept within contract height specifications.	Contractor's ability to mow is limited by winter wet ground conditions. Mowing in saturated ground conditions will damage turf. The contractor has worked around conditions to the best extent possible. Continued adverse weather conditions have allowed only half of the programmed mowing to be completed.
		Turf shall be kept in a healthy, dense, uniform condition.	Contract specification met.
	Customer satisfaction with the range of recreation facilities available, including; playgrounds.	≥90% customers satisfied each year with the range of recreation facilities available on neighbourhood parks.	63%. There are a number of facilities compromised by earthquake repair works on parks.
Overall customer satisfaction with neighbourhood parks.	≥90% customers satisfied each year with the appearance and condition of neighbourhood parks.	67%. The survey was conducted during a very dry summer period when the parks were under stress and there were a number of parks compromised by earthquake repair works.	
Sports Parks	Maintain furniture/ signs: Frequencies will vary based on seasonal demands, minimum weekly.	Furniture kept clean, safe, and serviceable condition.	Contract specification met.
		Painting and staining as required.	Contract specification met.
		Rubbish bins clean, emptied, serviceable and surrounding loose litter removed.	Contract specification met.

Council activities and services

Parks, open spaces and waterways (continued)

Activity	Level of Service	Target	Result
Sports Parks (continued)	Maintain hard surfaces/ paths.	Painted markings are clearly visible.	Contract specification met.
		Reported major damage / faults made safe by repair, mitigation, or isolation within 24 hours of report.	Contract specification met.
		Surfaces maintained in a clean, safe and serviceable condition.	Contract specification met.
	Maintain playground equipment.	Accidents are investigated and reported within 2 working days.	Contract specification met.
		Bark under surfacing 300mm depth.	Contract specification met.
		Damaged, worn or missing equipment repaired / replaced.	Contract specification met.
		Fortnightly safety inspections are conducted.	Contract specification met.
		Playground equipment kept safe, clean and serviceable.	Contract specification met.
		Reported unsafe equipment is made safe by repair, mitigation, or isolation within 24 hours of report.	Contract specification met.
		Maintain shrub gardens.	Mulch minimum depth of 25mm, maximum depth of 100mm.
	Plant pests and diseases are monitored, reported and controlled.		Contract specification met.
	Plants maintained for long term display and health.		Contract specification met.
	That irrigation is performed to an agreed programme.		Contract specification met.
	Weeds controlled within specifications per contract.		Contract specification met.
	Maintain toilets, changing rooms and buildings.		Reported major damage / faults made safe by repair, mitigation, or isolation within 24 hours of report.
		Toilets / Changing rooms are serviced either 1 to 3 times weekly or 1-2 times daily, depending on seasonal demand.	Contract specification met.
	Maintain turf areas.	Line marking is clearly visible.	In April the marking of sports fields occurred late, due to the contractor not being informed by the Council of start dates of codes being brought forward. June's exceptionally wet conditions had partially washed away line markings.

Council activities and services

Parks, open spaces and waterways (continued)

Activity	Level of Service	Target	Result
Sports Parks (continued)		Mown areas are kept within contract height specifications.	Contractor's ability to mow is limited by winter wet ground conditions. Mowing in saturated ground conditions will damage turf. The Contractor has worked around conditions to the best extent possible. Continued adverse weather conditions have allowed only half of the programmed mowing to be completed.
		Turf shall be kept in a healthy, dense, uniform condition.	Contract specification met.
	Customer satisfaction with the range of recreation facilities available, including; playgrounds, skateboard ramps, tennis and petanque courts, BMX tracks and fitness equipment.	≥90% customers satisfied each year with the range of recreation facilities available on sports parks.	85%. While this is a slight improvement on last year there are some facilities closed or compromised because of the repair works.
	Overall customer satisfaction with sports parks.	≥85% customers satisfied with the appearance and condition of sports parks.	84% of customers satisfied. At the time of the survey there were still a number of repairs being carried out which detract from the overall appearance of the sports parks.
Garden and Heritage Parks	Christchurch Botanic Gardens and heritage parks (including fountain, clocks, statues and outdoor art) are well maintained.	Buildings 2.	2 Buildings have been maintained to agreed standards through the year.
		Clocks 4.	4 Clocks have been maintained to agreed standards through the year.
		18 Fountains (with Bowker fountain restoration in 2012).	18 Fountains have been maintained to agreed standards through the year (with Bowker fountain restoration now planned for 2014).
		Heritage garden parks 49.	49 Heritage garden parks have been maintained to agreed standards through the year.
		Statues 2.	2 Statues have been maintained to agreed standards through the year.
		War memorials 16.	16 War memorials have been maintained to agreed standards through the year.
	Maintain the Christchurch Botanic Garden.	Continue to provide Christchurch Botanic Gardens.	Christchurch Botanic Gardens continue to be provided.
	Proportion of visitors satisfied with the appearance of the Botanic Gardens.	≥89% satisfied or very satisfied with the Botanic Gardens.	98% overall satisfaction.
	Proportion of visitors satisfied with the appearance of garden and heritage parks.	≥87% satisfied or very satisfied with garden and heritage parks (excluding the Botanic Gardens).	73% overall satisfaction.
	Number of visits to the Botanic Gardens.	1.3 million visits.	1.1 million visits. A review of promotion and markets of Botanic Gardens is to be undertaken.

Council activities and services

Parks, open spaces and waterways (continued)

Activity	Level of Service	Target	Result
Garden and Heritage Parks (continued)	Provision of Botanic Garden Services.	Between two and four Events / promotions each year.	Wollemi Pine launch, Kidsfest 2012, Ellerslie International Flower Show and Wind in the Willows.
		Cafe open 7 days, 9am-5pm.	A new Cafe operator began on site at end of June in a temporary facility.
		Community exhibition and education information - 4 per year.	Four events were held during the year
		Environmental education programmes 20 per annum.	More than 20 programmes undertaken.
		Herbarium environment standards achieved.	Standards maintained throughout the year - no alteration.
		Permanent displays, educational area, changing exhibitions: six per year.	6 displays were produced; history display glasshouse, history display fence, history trail Postcards, Information Centre Changing seasonal board, Wollemi Pine launch and the Festival of Flowers.
		Restricted access (for reference only) to Herbarium library, archives for wider community - 2 hours per day, by appointment.	Restricted access (for reference only) to Herbarium library, archives for wider community - 2 hours per day.
		Science and research, partnerships with Crown Research Institutes, other research institutes, higher learning institutions and Government departments: 160 hours per year.	Greater than 160 hrs, with summer research students.
		Visitor Centre opening hours 9.00-4.00pm weekdays, plus 10.15-4.00pm weekends.	Visitor Centre open at these times.
Regional Parks	Satisfactory management of Regional Parks.	Ranger service provided 24 hours, seven days per week to meet community needs for advocacy and information, conservation and amenity, recreation and asset management, emergency management.	24 hours, 7 days a week service provided.
		Biodiversity values are protected.	Ecological restoration projects at regional parks: 20 to 30 per year.
	Number of students attending environmental education programmes each year.	Nil notices of direction served, following inspection by Environment Canterbury.	Nil notices served.
		Site monitored (bird counts, pest numbers etc): 20-30 per year.	35 sites monitored.
		8,000 - 9,500 each year (on Parks and other Council sites like waste facilities).	6,610 students. The target was not adjusted for the financial year and therefore did not reflect the changes and uncertainty affecting a number of schools associated with the Christchurch Education Renewal Plan.

Council activities and services

Parks, open spaces and waterways (continued)

Activity	Level of Service	Target	Result
Regional Parks (continued)	Participant satisfaction with Environmental Education programmes.	≥90% each year.	99.7%
	Proportion of customers satisfied with their experience of regional parks.	≥85%	83% as several regional parks were closed during the year.
Cemeteries	Maintain furniture/ signs: Frequencies will vary based on seasonal demands, minimum weekly.	Furniture kept clean, safe, and serviceable condition.	Contract specification met.
		Painting and staining as required.	Contract specification met.
		Rubbish bins clean, emptied, serviceable and surrounding loose litter removed.	Contract specification met.
	Maintain hard surfaces/ paths.	Painted markings are clearly visible.	Contract specification met.
		Reported major damage / faults made safe by repair, mitigation, or isolation within 24 hours of report.	Contract specification met.
		Surfaces maintained in a clean, safe and serviceable condition.	Contract specification met.
	Maintain shrub gardens.	Mulch minimum depth of 25mm, maximum depth of 100mm.	Areas of parks borders are outside specification (not measureable). Council withdrew the mulching programme for the latter part of the year for budgetary reasons. The mulching programme is planned to be covered this year to catch up.
		Plant pests and diseases are monitored, reported and controlled.	Contract specification met.
		Plants maintained for long term display and health.	Contract specification met.
		That irrigation is performed to an agreed programme.	Contract specification met.
		Weeds controlled within specifications per contract.	Contract specification met.
	Maintain toilets, changing rooms and buildings.	Reported major damage / faults made safe by repair, mitigation, or isolation within 24 hours of report.	Contract specification met.
		Toilets / Changing rooms are serviced either 1 to 3 times weekly or 1-2 times daily, depending on seasonal demand.	Contract specification met.
	Maintain turf areas.	Mown areas are kept within contract height specifications.	Contractor's ability to mow is limited by winter wet ground conditions. Mowing in saturated ground conditions will damage turf. The Contractor has worked around conditions to the best extent possible. Continued adverse weather conditions have allowed only half of the programmed mowing to be completed.
		Turf shall be kept in a healthy, dense, uniform condition.	Contract specification met.

Council activities and services

Parks, open spaces and waterways (continued)

Activity	Level of Service	Target	Result
Cemeteries (continued)	Interment capacity meets the needs of the city.	Number of available ash plots to meet the two year capacity target.	940 plots available to meet average Ash interments of 250 - 300 per annum.
		Reduce the number available burial plots to meet the two year capacity target, by 2014.	2,494 plots available to meet average burials of 450 - 500 per annum.
	Response time to burial plot applications.	All applications for interment will be confirmed within one working day of receiving the application.	Contract specification met.
	Customer satisfaction with maintenance and appearance of Council cemeteries.	80%	81%
	Customer satisfaction with Council cemetery services.	95%	89% there were a number of changes to the cemeteries administration services during the year.
Waterways and Land Drainage	Customer satisfaction with the maintenance of waterways and their margins.	At least 66% customers satisfied with the maintenance of waterways and their margins.	56% of customers satisfied.
Harbours and Marine Structures	Marine structures are maintained for public recreation and commercial use.	1 pile mooring group.	1 maintained.
		12 slipways.	12 maintained.
		15 wharves/jetties.	15 maintained.
		2 swing moorings.	2 maintained.
		New Brighton Pier.	Pier maintained.
		Various associated grounds, buildings and shelters.	Various facilities maintained.
Rural Fire Fighting	An approved and operative Rural Fire Plan is in place.	At all times.	The plan is maintained in a constant state of operativeness. Minor amendments were made to the Fire Plan in light of the appointment of a new Principal Rural Fire Officer.
	Adequate response to NZ Fire Service requests for fire fighters and equipment.	Response turnout initiated within 30 minutes from NZ Fire Service call for assistance.	No significant delays in responses identified.
	Fire permits are issued in a timely manner.	80% within 3 working days.	All permits issued during the restricted fire season within 3 working days.
		95% within 5 working days.	All permits issued during the restricted fire season within 3 working days.
	Community informed of fire season status.	Public notice in the daily newspaper prior to each fire season change.	All season changes were notified through the Public Notices section of The Press ahead of the change in status. The notice was also published in the major local papers at the soonest available publication date.
		Signage changed within 7 days of any notified fire season change.	Fire signage was changed within the required 7 days for each instance of fire season change during the 2012/13 fire season.

Council activities and services

Parks, open spaces and waterways (continued)

What assets do we use to deliver these activities?

The Council owns approximately \$1 billion of parks, open spaces and waterways assets. Over half of this value is held in land, one quarter in storm water piping systems and waterways, and the balance in assets such as park buildings, structures (e.g. bridges, boardwalks, fences and retaining walls), plantings, play facilities, park furniture, hard surfaces and tracks and paths.

An assessment of the value of earthquake damage to land has not been completed. Despite land damage most Council parks and reserves are now open, and some areas within parks and reserves are cordoned off where the area or Council facilities are unsafe (for example where there is a danger of rockfall).

The Council is aware that land beside waterways has suffered a degree of lateral spread, or slumping. Damage to Council's waterways and land drainage infrastructure is estimated to be \$130 million, with the majority of damage to riverbanks, pipes, and stop-banks, and the banks are now subject to the development of a bank stability policy.

Silt removal from the rivers and streams (dredging) will continue for some time, as will the silt removal from the land drainage pipes, however the latter is subject to modelling to determine where it is most needed.

In addition, the Council as a Rural Fire Authority has approximately \$3 million of fire fighting related assets. These consist of water tankers, fire appliances, light utilities, fire trailers, pumps and hoses.

Where are we heading?

During the 2012/13 year, the Parks, Open Spaces and Waterways team was reorganised into two separate functional areas being Land Drainage Operations and Parks Operations. This arrangement was established to provide clearer focus for each of these operating areas and will be reported separately in future annual plans and LTPs.

SCIRT is responsible for rebuilding parks and land drainage infrastructure that was damaged in the earthquakes. This work is co-ordinated with the repair and rebuild of the water supply, wastewater and road network assets over the coming years.

Many low-lying areas particularly near existing streams and rivers have been adversely affected by altered ground levels due to land settlement and lateral spread of stream banks and this has resulted in surface flooding in some areas during storm and tidal events. A programme of investigation work known as the Land Drainage Recovery Programme has been initiated to gain an understanding of the consequences of the earthquakes and to help determine the best method of mitigating or adapting to these changed conditions. A significant capital budget has been set aside to undertake remediation projects that are identified during the investigation study.

Work on restoring the Bridge of Remembrance and Triumphal Arch was commenced by SCIRT during 2012/13 and is due for completion in early 2015.

The Botanic Gardens Information Centre is planned to open during the year and will provide a new focus of learning and visitor experience as well as providing enhanced facilities for our indoor plant collection. Construction is expected to be completed by February 2014.

We will continue to provide a safe, accessible and attractive heritage gardens, parks and reserves network, to help maintain Christchurch's identity as the Garden City and enable our residents and visitors to continue to experience the natural environments and open spaces. We will continue to provide cemeteries to meet the current and future needs of the City.

Within the constraints of the City's recovery from the earthquakes, we will continue to protect and enhance the City's waterways, their ecosystems and the biodiversity they sustain, as well as provide a safe, reliable, cost-effective and ecologically sustainable storm water system. The roll-out of the storm water catchment and drainage associated with the South West Area Plan will continue.

We will continue to investigate and assess the City's marine assets to prioritise the repair or replacement of safe, accessible and appropriately located wharves and other marine structures, including the New Brighton Pier and the wharves at Akaroa and Diamond Harbour.

The Council, as a Rural Fire Authority, will continue to ensure that staff, contractors and volunteers meet the required national standards for fire fighting with an emphasis on volunteers planned going forward. The Council will also continue to retain high standards for equipment and reporting processes.

The Council is participating in investigating the voluntary amalgamation with other Canterbury Rural Fire Authorities into a single 'Enlarged Rural Fire District'. The establishment of such enlarged rural fire districts is an objective of the NZ Fire Commission.

Service delivery in 2013/14

In general, service delivery in 2013/14 will not be significantly affected by the Canterbury earthquakes. It is possible that some flooding problems may occur in relation to the land drainage network and the number of slipways and wharves will be below historic targets. Some parks and waterways visitor satisfaction targets have been reduced to reflect the damaged condition of these public spaces as a result of the earthquakes.

Council activities and services

Parks, open spaces and waterways (continued)

What did it cost?

Parks, open spaces and waterways					
Statement of cost of services for the year ending 30 June 2013					
				2013	2012
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Neighbourhood parks	16,675	1,935	14,740	13,077	11,522
Sports parks	9,510	250	9,260	8,797	8,914
Garden and Heritage parks	7,425	120	7,305	7,039	5,860
Regional parks	11,073	632	10,441	8,664	7,488
Cemeteries	2,408	885	1,523	1,264	894
Waterways and land drainage	21,298	9,956	11,342	24,284	25,017
Harbours and marine structures	809	856	(47)	(18)	(72)
Rural fire fighting	864	275	589	774	748
Capital revenues	82	9,280	(9,198)	(21,985)	(25,977)
Cost of service	70,144	24,189	45,955	41,896	34,394
Capital expenditure					
Renewals and replacements			9,348	6,279	7,554
Infrastructure rebuild			8,480	41,700	17,074
Improved service levels			2,407	14,258	878
Increased demand			5,769	15,089	4,523
Total capital expenditure			26,004	77,326	30,029

Explanation of significant cost of service variances

Most of the services within Parks and Open Spaces during 2013 have managed to return to some level of normal service, with some significant repair work undertaken in the parks area in 2012. However a number of programmes of work are underway to fully understand the impact of the damage and what the best course of action is to resolve the problems in a number of the other services. Neighbourhood parks incurred costs of \$2.0 million on facilities investigative work and Regional parks incurred costs of \$1.6 million on Port Hills land stability investigations.

Waterways and land drainage continues to be in the response phase but has begun recovery projects in the capital space. Response works have been slightly reduced with favourable weather conditions early on in the year resulting in a positive variance against planned works. 2012 recoveries for response phase were received in 2013 which were not originally planned, this resulted in \$10.0 million of unplanned revenues. The recovery projects are slightly behind initial estimated works resulting in an \$8 million difference in Capital Revenues (\$6 million of which relates to parks services).

Significant capital expenditure

There was \$8.5 million spent on various infrastructure rebuild projects; \$3.0 million on the Botanic Gardens visitor centre; \$2.0 million on Owaka Basin; Carrs Road Storm Water Facility \$1.3 million; Awatea South Basin \$1.0 million; Lower Milns Stream retention and water treatment basin \$0.9 million; Quaiffes/Murphys wetland \$0.8 million and Neighbourhood Reserve purchases \$0.7 million.

Council activities and services

Parks, open spaces and waterways (continued)

Explanation of significant capital expenditure variances

The \$51.3 million variance to plan is the result of the ongoing delays in a number of programmes and projects including the Infrastructure Rebuild programme \$39.6 million; Botanic Gardens visitor centre \$4.6 million and Waterways and Detention Treatment Facilities \$12.9 million. The spending on the following projects was carried forward from the previous year: Awatea South Basin \$1.0 million; Carrs Road Storm water Facility \$1.3 million; Owaka Basin \$2.0 million and Lower Milns Stream retention and water treatment basin \$0.9m.

The \$4.0 million variance to last year is largely due to reduced spend in the infrastructure rebuild of roughly \$8.5 million and the large project of the Botanic Gardens Entry Pavilion in 2013 of \$4.6 million.

Council activities and services

Recreation and leisure

What are recreation and leisure services and what does the Council do?

These services include running city sports facilities and programmes, promoting Christchurch as a destination for top sports events, and hosting festivals and events in the City.

Why is the Council involved in recreation and leisure?

The goal is to make Christchurch a better place to live by promoting healthy, active lifestyles.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

Recreation and leisure activities contribute to the social well-being of the community by offering a wide range of facilities (pools, leisure centres, stadia and sporting facilities) as well as a range of services, programmes and events, many of which are based around those facilities.

They also contribute toward the achievement of the City's Community Outcomes by helping to make Christchurch a city of diverse and inclusive communities, a prosperous city, a healthy city, and a city for recreation, fun and creativity – four of the nine goals for our City that are included in our Community Outcomes. This contribution is made by providing the opportunity for and encouraging everyone to participate in leisure, sport and physical activities. It also delivers economic benefits to the City through festivals and events and by encouraging residents to live a healthy and active lifestyle.

How does it affect me?

You use the Council's recreation and leisure services if you use facilities like Pioneer or Jellie Park recreation and sport centres. You also use them if you attend any Council events such as Classical Sparks, Guy Fawkes fireworks, KidsFest or a Council-supported sporting event in the City, such as the New Zealand Men's Golf Open.

What activities are included in recreation and leisure?

Recreation and sports services

Recreation and sport centres, swimming pools and stadia enable residents to take part in recreation and sport. As well as running these facilities, we support other groups offering recreation and sport programmes, and secure regional, national and international sporting events for Christchurch.

Events and festivals

Events and festivals help make Christchurch a fun, interesting city to live in, and they attract visitors both from within New Zealand and internationally. We produce a year-round programme of free and affordable events, and support a range of festivals that enhance the lifestyle qualities of Christchurch.

What did we achieve?

Cowles Stadium reopened in September 2012 closely followed by many of the City's paddling pools. Repair work is proceeding at Jellie Park and repair commitments have been made for Denton Park and the Wigram Gym. The Council have developed a first class cricket wicket and outfield on the Hagley Cricket Oval with Canterbury hosting various teams in February and March 2013. The Council has partnered with Sport New Zealand to open a full-size High Performance Sport Centre at Jellie Park.

Following a moving farewell event, QEII Recreation and Sports Centre was demolished.

Participation in the pools, gyms and group fitness classes was very strong. Swim education participation has never been better thanks to top quality swim schools, a national awareness campaign and a highly successful Kiwi swim programme subsidising 121,158 swim lessons in 2012/13. The number of participants attending the Council's recreation and sport centres exceeded 3.4 million in 2012/13.

The New Zealand Men's and Women's Golf Open championships were a sporting highlight in late 2012 and early 2013 as were the New Zealand Cycling Road Championships. On 15 June 2013, the All Blacks annihilated the French at AMI Stadium. Christchurch will host the opening game of the 2015 Cricket World Cup and co-host the 2015 FIFA Men's Under 20 Football World Cup.

The Council delivered and supported a full annual programme of events despite the challenges of fewer venues and accommodation options for visitors to the City. The Geo-Domes in the events area of North Hagley Park continued to provide a central and safe venue for event activity. During the fine, warm summer months, event activity attracted big audiences to the likes of Lazy Sundays, the Summer Theatre production of Wind in the Willows and the World Buskers Festival. Council funding of events such as the Chinese Lantern Festival, New Zealand Jazz and Blues Festival and Christmas in the Park ensured an annual programme of accessible events. The low level of available visitor accommodation led to fewer visitors to the City for events in comparison to pre earthquake years, but through continuing to promote New Zealand Cup and Show Week and the Ellerslie International Flower Show, Christchurch was able to counter perceptions in visitor markets and promote our City as open, with event activity and enjoyable visitor experiences.

Council activities and services

Recreation and leisure (continued)

How did we measure up?

Activity	Level of Service	Target	Result
Recreation and sports services	Residents have access to fit-for-purpose recreation and sporting facilities.	One multi sensory centre, open between 35-40 hrs per week, five days per week, 48 weeks per year [opening hours subject to maintenance and public holiday schedules and rebuild priorities].	Facility open as per target.
		At least two community outdoor pools open seasonally: Governors Bay, Port Levy [subject to maintenance schedules and rebuild priorities].	Two facilities open as per target.
		At least two stadiums available for hire 364 days per year [subject to maintenance schedules and rebuild priorities].	Graham Condon, Cowles and Pioneer open as per target.
		At least three paddling pools open seasonally: open Nov to March [subject to maintenance schedules and rebuild priorities].	Spencer Park, New Brighton and Botanic Gardens paddling pools open.
		At least three public outdoor pools open seasonally: Jellie Park, Halswell, open Nov- March, Templeton; open Jan to Feb [subject to maintenance schedules and rebuild priorities].	Three outdoor pools open.
		Jellie Park, Pioneer and Graham Condon: Monday to Friday - 5.30am - 9.30pm; Saturday and Sunday - 7.00am - 8.00pm (open 364 days/year) [opening hours subject to maintenance and public holiday schedules and rebuild priorities].	Jellie Park, Pioneer and Graham Condon all open as per target.
		Maintain and lease at least 13 sporting and recreation facilities (subject to maintenance schedules and rebuild priorities).	13 centres leased and maintained.
	Facility-based recreation and sporting activities and programmes are provided.	Greater than 4.46 visits to aquatic facilities per head of population.	5.45 visits to aquatic facilities per head of population achieved.
		Participants using recreation and sport centres, outdoor pools and stadiums: greater than 2.87 million.	3.56 million participation achieved.
	Provide advice and resources to community based organisations and networks to support their ability to develop, promote and deliver recreation and sport in Christchurch.	8,280 – 9,200 staff hours advice provided to greater than 550 organisations.	8,854 staff hours provided to 561 organisations.
	Community-based recreation and sport programmes/events are delivered.	745 - 825 programmes and events per annum.	More than 1,500 programmes and events delivered.
		95 – 100 per cent of programmes and events targeted on populations with accessibility challenges.	More than 95 per cent of programmes delivered to targeted populations.

Council activities and services

Recreation and leisure (continued)

Activity	Level of Service	Target	Result
Recreation and sports services (continued)	Deliver economic benefit to the city by supporting a range of regional, national and international sporting events consistent with Council Policy, in liaison with Council Events Team.	Spend Council allocation provided in support of a range of regional, national and international sporting events, in line with the Physical Recreation and Sports Strategy and the Events Strategy.	Budget allocation used by 30 June 2013.
	Provide facilities that have current PoolSafe accreditation.	PoolSafe accreditation maintained for all eligible pools.	Accreditation achieved in April 2013.
Events and Festivals	Manage and develop iconic events.	Two events in place. (NZ Cup and Show Week, Ellerslie International Flower Show).	Delivered.
	Provide and support year-round programme of events delivered.	90 per cent resident satisfaction with events (Annual Residents Survey).	90 per cent of residents satisfied.
	Produce top quality events - such as Summertimes, Kidsfest, Guy Fawkes Fireworks.	90 per cent attendee satisfaction across five Council-funded events.	86.5 per cent attendee satisfaction measured across four events; NZ IceFest, Classical Sparks, Lazy Sundays and NZ Cup and Show Week.

What assets do we use to deliver these activities?

The main assets used to deliver recreation and sports activities are the Pioneer, Jellie Park and Graham Condon recreation and sports centres. Throughout 2012/13 Council provided two community pools, four public outdoor pools, two stadia, three paddling pools and 13 leased sporting facilities. Porritt Park, Lyttelton Pool, Lyttelton Stadium, Waltham Pool and three paddling pools remain closed. Rugby League Park now houses AMI Stadium and Cowles Stadium re-opened in September 2012. QEII has been demolished and Centennial is de-commissioned.

Where are we heading?

The Council have made commitments towards the construction of a Metro Sports Facility, a Recreation and Sport Centre in the East and an athletics track. An established facilities rebuild process will guide the Council and the community through the repair or replacement of other damaged facilities. There will be a focus on assisting community organisations to forward-plan and succeed in the changed environment.

Christchurch will host a range of local and national sporting events including the NZ Women's Golf Open, the NZ Road Cycling Nationals, along with Le Race and Airport Marathon.

Above all the Council will continue working with our communities to ensure everyone has the opportunity to participate at whatever level they choose.

Service delivery in 2013/14

Events and festivals activity in 2013/14 will include planning and preparation for the second New Zealand IceFest festival, in September 2014. Together with the Ellerslie International Flower Show, the festival will provide content for the promotion of Christchurch to attract back international visitors to Christchurch. Other event activity will be used to engage our community with the central city as it re-opens. Recreation and sports services will continue to be impacted because of the closure of damaged facilities.

Council activities and services

Recreation and leisure (continued)

What did it cost?

Recreation and leisure					
Statement of cost of services for the year ending 30 June 2013					
				2013	2012
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Recreation and sports services	26,041	13,629	12,412	14,705	21,877
Events and festivals	10,838	4,036	6,802	6,195	6,507
Venue Management (Vbase)	4,365	3,988	377	(10)	-
Capital revenues	-	1,683	(1,683)	(1,781)	(29,915)
Cost of service	41,244	23,336	17,908	19,109	(1,531)
Capital expenditure					
Renewals and replacements			1,841	1,113	5,218
Infrastructure rebuild			954	2,800	-
Improved service levels			980	1,650	1,183
Increased demand			3	-	-
Total capital expenditure			3,778	5,563	6,401

Explanation of significant cost of service variances

Recreation and sports services

Recreation and sports services net cost of service differed from plan by a favourable variance of \$2.3 million. The variance was as a result of increased revenues in pool operations \$0.5 million, pool programmes \$0.4 million and fitness activities \$0.6 million. A Council resolution not to repair the Centennial facility resulted in further savings of \$0.4 million.

Recreation and sports services net cost of service differed from 2012 by a favourable amount of \$9.5 million. After deducting the write-off of the QEII assets of \$10.8 million in 2012 the Recreation and Support Unit is left with an unfavourable variance of \$1.3 million. In 2013 \$0.7 million of earthquake related expenditure was not covered by insurance recoveries and a grant of \$0.6 million was paid out to the Canterbury Hockey Association that was not included in 2012.

Events and festivals

Post Rugby World Cup the Geo-domes based in Hagley Park were retained as a temporary event village. This activity was unplanned. Iconic Events struggled to attract major sponsors post earthquake reducing income.

Capital revenues

Capital revenues for 2013 are on budget. In 2012, \$28.9 million of insurance recoveries were received, development contributions of \$0.2 million higher than planned were received and a \$0.4 million unplanned contribution to the Graham Condon facility was received.

Significant capital expenditure

There was \$1.0 million spent on facilities rebuild projects; \$1.0 million on the Hagley Oval test cricket venue and \$0.7 million on Sports Field renewals and replacements.

Explanation of significant capital expenditure variances

The development of Hagley Oval as a test cricket venue was on hold pending an Environment Court decision (which was approved after balance date), the remaining development costs of \$1.3 million has been requested to be carried forward to the next financial year.

The \$2.6 million variance on last year is a result of the renewals and replacements budget being severely reduced as part of the overall Council long term financial strategy.

Council activities and services

Refuse minimisation and disposal

What is refuse minimisation and disposal and what does the Council do?

We collect and dispose of the City's rubbish and work with the community to reduce the waste we send to landfill. Encouraging residents and businesses to recycle and reduce the amount of waste they create is increasingly important.

We monitor disused landfills around the City and are responsible for the capping and aftercare of the old Burwood landfill.

Why is the Council involved in refuse minimisation and disposal?

We provide solid waste collection, treatment and disposal services in order to protect the health of the community. Our involvement in waste reduction, reuse and recycling reflects the importance placed on the sustainable use of resources.

Refuse minimisation and disposal activities contribute to the environmental and economic well-beings of the community by ensuring the reliable removal of refuse, the recycling of any resources in that refuse, and the disposal of any residue in a cost effective and environmentally acceptable manner.

They also contribute toward the achievement of the City's Community Outcomes by helping to make Christchurch a city of people who value and protect the natural environment and a healthy city – two of the nine goals for our City that are included in our Community Outcomes. This contribution is made by enabling and encouraging waste minimisation and recycling, and by providing a safe collection and disposal of refuse.

How does it affect me?

Properly disposing of rubbish and reducing the amount we send to landfill helps to create a healthy, safe environment for us to live in.

What activities are included in refuse minimisation and disposal?

Recyclable materials collection and processing

We aim to reduce the amount of rubbish we send to landfill by collecting recycling from homes and public places, educating the public about the benefits of reusing and recycling materials, and by sorting and processing recyclable materials so they can be reused.

Organic material collection and composting

We collect kitchen and garden waste from homes and turn it into compost for resale. We also encourage people to set up their own compost bins at home to reduce the amount of waste we send to landfill.

Residual waste collection and disposal

Not everything can be recycled and we collect and transport this remaining waste to landfill. We also look after old landfills to make sure they do not harm the environment. At the old Burwood land fill site, methane gas is captured, piped underground and used to power city buildings and parts of the CWTP.

Commercial and industrial waste minimisation

Businesses are encouraged to limit the amount of waste they produce. We help them by offering programmes and services – such as the Target Sustainability project – that reduce waste and make businesses more energy and water efficient.

What did we achieve?

Council received its final payment for carbon credits for the extraction of gas from the Burwood Landfill. The gas continues to be used at the Civic Building, Art Gallery as required and the CWTP for drying biosolids.

The kerbside collection system continues to perform well. Diversion figures are in line with expectations. Nine of the eighteen tunnels at the Organics Processing Plant at Metro Place have been rebuilt and the final nine are due for re-commissioning by September 2013. This will restore the compost plant to its earthquake processing capability on a permanent basis.

Considerable effort has gone into the establishment of the Burwood Resource Recovery Park (BRRP) to handle construction and demolition waste. Consents for its operation and the handling of infrastructure waste were granted. Additional works were completed at BRRP and the CWTP to remove night time truck movements from Burwood and comply with the conditions of the consents granted.

Council consulted on a new draft Waste Management Plan. The plan is expected to be adopted early in the next financial year.

The Target Sustainability programme has continued to be very successful with the business community. A strong focus since the start of the earthquake sequence has been on helping businesses manage their waste streams and assisting business to save costs associated with energy use and waste disposal. The Programme Manager works closely with EECA staff and Christchurch Agency for Energy (CAfE) to provide a one stop shop for resource efficiency advice to the business and development community.

We committed \$0.1 million to the Canterbury Waste Joint Committee towards regional waste minimisation projects. These projects included the continuation of the compost trial in South Canterbury and at Lincoln, aimed at verifying the benefits of using compost in agriculture.

Council activities and services

Refuse minimisation and disposal (continued)

How did we measure up?

Activity	Level of Service	Target	Result
Recyclable Materials Collection and Processing	Recyclable materials collected and received by Council services for processing at the Materials Recovery Facility (MRF).	120 kg +/-10% recyclable materials / person / year.	112.2 kg per person.
	Kerbside wheelie bins for recyclables emptied by Council services.	≥99.5% kerbside wheelie bins for recyclable materials, that are free of contamination, emptied when correctly placed at the kerbside each fortnight.	99.79%
	Customer satisfaction with kerbside collection service for recyclable materials.	≥80% customers satisfied with Council's kerbside collection service for recyclable materials each year.	94% customer satisfaction rating.
	Proportion of incoming recyclable materials that are contaminated and sent to landfill.	<10% (by weight) contamination of incoming recyclable materials.	8.80%
Residual Waste Collection and Disposal	Residual waste sent to landfill from Christchurch.	≤ 950 kg total residual waste sent to landfill / person. This increase allows for 25% residual waste from Burwood Recovery Park going to Kate Valley Landfill, averaged over 4 years. (target confirmation required).	598.3 kg per person.
	Residual waste collected at the kerbside by Council services.	≤ 90 kg residual waste collected at the kerbside by Council service / person / year.	106.4 kg per person. There has been an overall reduction in waste to landfill since the introduction of wheelie bins, with more waste disposed of at kerbside and slightly less traffic through transfer stations.
	Kerbside wheelie bins for residual waste emptied by Council services.	≥99.5% kerbside wheelie bins for residual waste emptied when correctly placed at the kerbside each week.	99.90%
	Customer satisfaction with kerbside collection service for residual waste.	≥80% customers satisfied with Council's kerbside.	93% customer satisfaction rating.
Organic Material Collection and Composting	Amount of organic material composted at the Council composting plant.	>150kg -10% organic material composted at the Council composting facility.	184.5kg per person.
	Kerbside wheelie bins for organic material emptied by Council services.	≥99.5% kerbside wheelie bins for organic material, that are free of contamination, emptied when correctly placed at the kerbside, each year.	99.8% bins emptied.
	Customer satisfaction with kerbside collection service for organic material.	≥80% customers satisfied with Council's kerbside collection service for organic material each year.	83% customer satisfaction rating.
	Proportion of incoming organic material that is contaminated and sent to landfill.	<2.5% (by weight) contamination of incoming.	<2.5% by weight contamination of incoming organic material.

Council activities and services

Refuse minimisation and disposal (continued)

Activity	Level of Service	Target	Result
Commercial and Industrial Waste Minimisation	Businesses actively taking part in Target Sustainability.	Average of 100 businesses actively taking part in Target Sustainability each year.	A total of 114 businesses actively assisted. This included 101 Christchurch businesses and 13 Canterbury (non-Christchurch) businesses.
	Proportion of businesses actively taking part in Target Sustainability satisfied with the advice and support received.	≥85% customer satisfaction each year.	100% customer satisfaction rating.

What assets do we use to deliver these services?

The significant assets involved in refuse minimisation and disposal activities are the compost plant, the BRRP, and refuse transfer stations. The Council also relies on vehicles operated by its kerbside collection contractors and the materials recovery facility (recycling centre) owned and operated by the subsidiary company EcoCentral.

As mentioned above, the compost plant is currently under reconstruction with the plant expected to be back to full processing capability by September 2013.

Council is working with insurers to finalise minor repair works required to its three transfer stations.

Where are we heading?

We will continue to work with residents to maximise diversion through the kerbside system. Education programmes target the maximum diversion of organic waste from households and ensure we minimise contamination of the organic and recyclable streams. Removing kitchen waste from insinkerator systems and having this treated through the compost plant is beneficial in terms of cost and helps in managing the post earthquake sewerage network.

Reconstruction of the compost plant should be completed by September 2013.

We will continue to actively participate in the Canterbury Waste Joint Committee, with programmes for waste reduction and monitoring the reduction of waste to landfill from across the Canterbury region.

The BRRP commenced full sorting operations in May 2013 and will move into full production in the next financial year. The BRRP is expected to continue to receive construction and demolition waste throughout the next 4-5 years.

With the demolition of the QE II Recreation and Sport Centre the surplus landfill gas from this site will be used to run the biosolids drying facility thereby reducing operating costs at the CWTP. Gas supply will be restored to the Art Gallery once earthquake repairs are completed and as required to maintain heating requirements in storage areas.

We are continuing to work with Council business units and the business community to reduce and reuse valuable materials such as paper, plastics, metals and glass. We will help facilitate diversion of organic material from commercial and industrial premises to the compost plant to reduce organic material going to landfill.

The draft 2013 Waste Management Plan should be adopted by the Council early in the 2013/14 financial year.

Service delivery in 2013/14

Levels of service detailed in the Three Year Plan will be delivered in 2013/14 year.

Council activities and services

Refuse minimisation and disposal (continued)

What did it cost?

Refuse minimisation and disposal					
Statement of cost of services for the year ending 30 June 2013					
				2013	2012
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Recyclable materials collection and processing	7,497	1,005	6,492	6,874	6,360
Residual waste collection and disposal	16,554	4,843	11,711	13,650	17,587
Organic material collection and composting	17,534	4,807	12,727	13,474	12,039
Commercial and industrial waste minimisation	493	-	493	492	285
Capital revenues	-	646	(646)	-	2,076
Cost of service	42,078	11,301	30,777	34,490	38,347
Capital expenditure					
Renewals and replacements			381	376	1,304
Infrastructure rebuild			4,697	1,300	3,091
Improved service levels			256	625	-
Increased demand			-	-	-
Total capital expenditure			5,334	2,301	4,395

Explanation of significant cost of service variances

Lower than planned cost increases to service contracts that are based on CPI movement and fuel costs were a contributor to the favourable net cost result. Also impacting favourably were lower volumes of refuse collected and processed due to population shifts especially out of the Residential Red Zone. Residual Waste Collection and Disposal benefited from extra income for disposal of earthquake related waste at BRRP and from revenues from dumping fees at this facility including the disposal of tankered waste. Capital Revenues relates to a levy collected as part of waste disposal to fund roads and other asset development at BRRP.

The 2013 net cost is lower than last year because of increased volumes in 2013 of waste collected and processed, resulting in higher revenues from Residual waste collection of \$1.0 million. In 2012 there was a \$3 million reversal of 2011 earthquake recoveries, and an increase in the Landfill provision of \$4.3 million, partly off-set by recoveries in 2013 of \$0.7 million.

Significant capital expenditure

Nine out of eighteen tunnels at the organics processing plant were replaced at a cost of \$4.0 million and the development of roads and other infrastructure at the BRRP in order to meet consent requirements \$0.7 million.

Explanation of significant capital expenditure variances

The \$3.0 million variance to plan is the result of additional costs incurred in setting up the BRRP for which recoveries will be achieved from dumping charges.

The \$0.9 million variance to last year is the result of the set-up costs of the BRRP which were slightly offset by reduced renewal projects in 2013.

Council activities and services

Regulatory Services

What are regulatory services and what does the Council do?

Our regulatory services make sure we follow all the laws and rules that apply in the City to keep our residents healthy and safe. The aim is to protect the public from hazards and nuisances and educate people about their obligations.

Why is the Council involved in regulatory services?

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

Regulatory services are needed to administer the laws that govern building and development work, the health and safety of licensed activities, and the keeping of dogs. The Council staff enforce regulations, monitor individual licences and approvals, investigate complaints and non-compliance, and assess the potential effects of various activities while still enabling builders, developers and property owners to carry on their business.

Regulatory services activities contribute to the environmental and economic well-being of the community through the provision of building and resource consents, licensing approvals, inspections of construction work, and enforcement of health, noise, parking and other bylaws.

They contribute toward the achievement of the City's Community Outcomes by helping to make Christchurch a safe city, a city of people who value and protect the natural environment, a healthy city and an attractive and well-designed city – four of the nine goals for our City that are included in our Community Outcomes. This contribution is made by ensuring legislative requirements are enforced, nuisances are minimised and the consenting process minimises adverse effects and ensures a safe and attractive built environment.

How does it affect me?

You use the Council's regulatory services if you build a new home or commercial building, request a property report before buying a home, or express concern about noise. These services affect how you handle dogs and farm animals, and where you can buy liquor. They also ensure that the places you go to eat and drink are healthy and safe.

What activities are included in regulatory services?

Licensing and Enforcement

Our enforcement and inspections team protects the health and safety of the City by minimising potential hazards – this includes controlling dogs and wandering stock, controlling where alcohol can be sold, and carrying out health inspections at food outlets. The team ensures that residents and businesses comply with rules for building, parking, and the City Plan and bylaws. It also responds to complaints about noise. Educating the public about the rules is a key part of the inspections and enforcement team's work.

Building Consenting and Inspections

The processing and issuing of Building Consents and subsequent inspections and the issuing of Code Compliance Certificates and Compliance Schedules are fundamental to ensuring the ongoing development and rebuilding of the City. Collectively these functions are designed to ensure that new buildings fully meet the requirements of the Building Act 2004, Building Code and various Building Standards and Guidelines. The environment in post earthquake Christchurch is made more complex by the many hazards that must be taken account of, i.e. flooding, rockfall and other land instabilities, and the land damage meaning that buildings must have specific design. Provision of public advice is undertaken through web pages, duty phones and pre application meetings assist property owners, builders, developers and others find it easy to do business with the Council. Forums with architects, project management officers, licensed building practitioners and other professionals in the sector ensure a consistent approach from the industry.

Resource Consenting

Resource Consent Planners ensure that development and building in Christchurch complies with the Resource Management Act, City Plan and Banks Peninsula District Plan as well as national standards. Consents are processed to meet statutory time frames. The provision of public advice through web pages, duty phones and pre application meetings assist property owners, builders, developers and others find it easy to do business with the Council and ensure their work meets the relevant rules and standards.

Council activities and services

Regulatory Services (continued)

Building Policy

The Building Policy activity includes maintaining and administering Council's Earthquake Prone, Dangerous and Insanitary Buildings Policy, response to Weathertight Homes (including the Council contribution to the Governments Weathertight Homes Financial Assistance Package (FAP) program), and other building and development related claims. This activity includes Building Consent Authority registration and accreditation and the administration of Council's Development Contribution Policy. The sharing of advice, collected about buildings, with CERA is an essential part of maintaining earthquake prone building records and property information of commercial buildings in the City.

Land and Property Information Services

This service provides customers of Council with property specific information to ensure building or property development decisions are based on good information, this assists customers in making informed decisions in association with a regulatory related project. We provide this on a day to day basis through general public advice services, project specific advice via pre-application meetings, and upon request the provision of Land Information Memorandums (LIMs) and property file information.

What did we achieve?

There were a considerable number of pre-application meetings conducted with numbers averaging 100 per month in addition to the considerable demand for building and resource consents as the City entered a rebuild phase. During the year there were 7,200 building consents granted, 1,515 resource consents processed, 307 subdivisions processed and 172 temporary accommodation authorisations.

The total value of building works for the consents granted during the year was \$1.34 billion which was an increase of 46% on the previous year. This increase was mainly due to the increase in residential activity. 1,057 consents were received with a value of \$630 million, an increase in value of 77% over the previous year.

The Canterbury Earthquake (Resource Management Act Permitted Activities) Order 2011 was utilised to allow 154 affected businesses to temporarily relocate. The complexity of these applications has increased.

There were 10,000 LIMs issued, 29,500 building inspections for buildings under construction and 4,200 code compliance certificates issued at the completion of building works.

The Chief Executive MBIE and IANZ (International Accreditation New Zealand Council) initially extended the Council's Building Consent Authority status through 2012/13. The BCA continued to work through the year to meet the demand from the rebuild activities and the conditions of the Building Consent Authority Regulations.

However, on 1 July 2013 IANZ notified the Council that it intended to revoke the Council's BCA accreditation. As a result Council resolved to ask the Government to appoint a Crown Manager for the Council's building consent functions.

On 8 July 2013 the Minister for Canterbury Earthquake Recovery Gerry Brownlee and the Minister for Local Government Chris Tremain announced the appointment of Douglas Martin as the Crown Manager for the Council's building consent functions. Canterbury Earthquake Recovery Minister, Gerry Brownlee also agreed the Crown Manager's Terms of Reference, which were previously discussed with the Council.

"The Crown Manager's role will focus on oversight of the Council's building consenting functions and ensuring that the Council regains its accreditation. The Crown Manager will have the authority to direct the Council to take actions he considers necessary to resolve the Council's on-going issues with building consents."

There have been 11 weathertight claims settled this year and there are currently 77 weathertight homes claims active. The Council has continued to be a party to the new Government Weathertight Financial Package which is helping to resolve claims with a Government and Council contribution.

To assist the recovery effort a risk-based approach to enforcement was adopted placing priority on issues that pose a significant risk to public safety, including but not limited to, dangerous¹ buildings and un-consented works with significant adverse effects. There was less proactive enforcement around low risk regulatory matters such as signage, overhanging trees and general nuisance matters, whilst staff worked with customers to resolve complaints and to bring higher risk regulatory matters into compliance. New streams of enforcement activity have arisen in a post earthquake environment including:

- Monitoring compliance with the Temporary Accommodation approvals;
- Monitoring and investigating demolition waste storage/disposal.

¹ Insanitary building complaints are to be referred to the Environmental Health teams to be managed in line with the Health Act provisions and/or the Medical Officer of Health guidance.

Council activities and services

Regulatory Services (continued)

How did we measure up?

Activity	Level of Service	Target	Result
Enforcement and Inspections	Percent of priority 1 complaints (aggressive behaviour by dogs and wandering stock) responded to within 2 hours (rural).	95%	100% - 175 of 175 incidents responded to within 2 hours.
	Percent of priority 1 complaints (aggressive behaviour by dogs and wandering stock) responded to within 60 minutes (urban).	95%	100% - 31 of 31 incidents responded to within 60 minutes.
	Priority 1 dog complaints involving serious injury are referred to the Police call centre within 10 minutes.	100%	100% - 8 of 8 incidents responded to within 10 minutes.
	Percent of investigations into reports of matters that pose a serious risk to public health or safety are commenced within 24 hours of reporting.	100%	100%
	All high risk liquor premises (assessed using Council Liquor Licensing Team risk assessment methodology) are inspected at least twice a year.	100%	All high risk liquor premises inspected at least twice in the year.
	All food premises are inspected at least once each year.	100%	1,724 registered premises, 100%.
	Upon confirmation by Council staff of non-compliance, at least one written warning regarding corrective action is given within 30 days (for breaches of City Plan, Resource Management Act, Building Act, bylaws).	95%	95%
	A minimum percentage of swimming pools are inspected annually.	20%	52.5%
	Percent of complaints about excessive noise responded to within one hour.	90%	91%. 11,343 of 12,465 complaints responded to within 60 minutes.
	Court proceedings taken by the Council are fair and in the public interest.	100%	One prosecution was undertaken in 2012/13.
Building Consenting and Inspections	% of all building consent applications processed within statutory timeframes.	100% of all building consents granted within 20 working days.	89% for the year.
	% of all build consent applications processed within statutory timeframes.	100% of all commercial 3 consents granted within 20 working days.	89% for the year.
		80% of all commercial 1 and 2 consents granted within 15 working days.	58% for the year.
		85% of all residential building consents granted within 10 working days.	50% for the year.
	% satisfaction with building consenting public advice provided.	90% of build project customers satisfied with concept stage and pre-application advice services provided.	94%

Council activities and services

Regulatory Services (continued)

Activity	Level of Service	Target	Result
Building Consenting and Inspections (continued)	% satisfaction with building consents process.	65% of customers satisfied.	71% customer satisfaction.
	% of all building consent applications processed within statutory timeframes.	For value of build works: \$150,000 to \$499,999: Average processing time of 10 working days or less (exclude suspend time) and average total elapsed time of 20 calendar days.	15 working days average processing for the year and 36 total days elapsed.
		For value of build works: \$500,000 to \$999,999: Average processing time of 15 working days or less (exclude suspend time) and average total elapsed time of 25 calendar days.	16 working days average processing for the year and 50 total days elapsed.
		For value of build works: <\$150,000, average processing time of 5 working days or less (exclude suspend time) and average total elapsed time of 15 calendar days.	10 working days average processing for the year and 20 total days elapsed.
		For value of build works: >\$1,000,000: Average processing time of 20 working days or less (exclude suspend time) and average total elapsed time of 35 calendar days.	16 working days average processing for the year and 49 total days elapsed.
		Code Compliance Certificate (CCC) applications processed in a timely manner.	For value of build works; \$500,000 to \$999,999: Average processing time of 15 working days or less (exclude suspend time) and average total elapsed time of 25 calendar days.
	Provide public advice service to support building consenting customers.	For value of build works; <\$150,000: Average processing time of 5 working days or less (exclude suspend time) and average total elapsed time of 15 calendar days.	13 working days processing and 32 total elapsed days based on random sampling.
		For value of build works; >\$1,000,000: Average processing time of 20 working days or less (exclude suspend time) and average total elapsed time of 35 calendar days.	13 working days processing and 32 total elapsed days based on random sampling.
		For value of build works; \$150,000 to \$499,999: Average processing time of 10 working days or less (exclude suspend time) and average total elapsed time of 20 calendar days.	Average 10 working days processing and 39 total elapsed days based on random sampling.
		Processing of 100% Code Compliance Certificates completed within 20 working days.	No whole of population reporting available.
		Building compliance schedule audits undertaken.	200 commercial sites audited.

Council activities and services

Regulatory Services (continued)

Activity	Level of Service	Target	Result
Building Consenting and Inspections (continued)	Building Inspections carried out in a timely manner.	99% of inspections carried out within 3 working days.	100%
Resource Consenting	% of simple resource consents processed within statutory timeframes.	100% within 10 working days.	100%
	% of complex resource consents processed within statutory timeframes.	100% within the statutory timeframes.	98%
	% of Central City land use consents processed within timeframes.	100% in 14 days (10 working days).	73%
	% of Permitted Temporary Accommodation applications processed in timeframes.	100% within 3 working days.	72%
	% of Site Specific Temporary Accommodation applications processed within timeframes.	100% within 5 working days.	35% - very difficult target to achieve as applications typically require consultation with local community board and independent commissioner's to make a decision within 5 working days.
	Ensure resource consent decision-making is robust and legally defensible.	No applications for judicial review of decisions are upheld.	0 applications successfully reviewed.
	% satisfaction with resource consenting process.	75% satisfaction.	75% customer satisfaction.
	% of simple subdivision consents processed within statutory timeframes.	100% within 10 working days.	97%
	% of complex subdivision consents within statutory timeframes.	100% within statutory timeframes.	98%
	% Engineering sign-off of infrastructure subdivision certification (s223) issued.	100% within 10 working days.	100%
	% Subdivision completion certification (s224) issued.	100% within 20 working days.	99.6%
	% satisfaction with sub-division consenting process.	75% satisfaction.	74%
	% Development Contributions assessments completed.	98% within 10 working days.	100%
	Provide public advice service to support resource and sub-division consenting customers.	Counter service at Civic Offices between the hours of 8.30am 5.00pm, Monday to Friday (excluding public holidays).	No year-end actual supplied.
	Provide electronic portal for submission of resource consent and sub-division consent applications.	On-line portal available 24/7.	No year-end actual supplied.
	% satisfaction with resource and sub-division consenting public advice provided.	90% of customers satisfied with service provided.	95%

Council activities and services

Regulatory Services (continued)

Activity	Level of Service	Target	Result
Building Policy	Maintain Building Consent Authority status for all building works (except dams).	Maintain Building Consent Authority status for all building works (except dams).	Building Consent Authority accreditation status maintained as at year-end (withdrawn after year end, 8 July).
	Building-related claims for weathertight homes notified to insurer.	100%, within 10 working days.	No year-end actual supplied.
	Weathertight Homes Resolution Service (WHRS) Financial Assistance Package repair plans assessed.	100% assessed against performance standards in the Building Code, within 20 working days.	80%
Land and Property Information Services	Land Information Memorandum applications processed within statutory timeframes.	100% within 10 working days (excl Christmas period of closure).	100% of 9,944 LIMs issued within 10 working days.
	Residential property files provided to customers in electronic format.	100% within 3 working days of request.	87%
	Commercial property files are retrieved and provided in hard copy for customers.	100% of optional requests for scanning of records within 5 working days (charges apply).	94% - in the first two months of commencing this contract with our new supplier there were occasions where this target was not achieved. From October onwards this target was delivered to contract specifications.
		100% within 3 working days of request.	95% due to a combination of high volume customer requests, bulk service requests and a new service provider.
	Viewing services are provided to customers requesting to view Commercial property files.	Access to documents available between the hours of 8.30am - 5.00pm, Monday to Friday (excluding public holidays).	100%
	Provide counter service operations for Regulatory Services Customers.	Counter service at Civic Offices between the hours of 8.30am - 5.00pm, Monday to Friday (excluding public holidays).	100%
	Customers satisfied with Regulatory Services public advice provided at Civic Offices.	90% of customers satisfied with service provided.	94%
	Provide Consenting Customers with Pre-application meeting service.	% of Consenting customers utilising the pre-application service - set baseline.	There were a total 1,196 pre-application meetings held this financial year and a combined total of 10,719 building and resource consents issued this year, resulting in 11% of this customer grouping utilising the pre-application service.
		Meetings are held with 100% of prospective applicants who request a meeting.	100%
		Meetings held within 5 working days of receipt of meeting request (unless a later meeting date is specifically requested by the applicant).	100%

Council activities and services

Regulatory Services (continued)

Activity	Level of Service	Target	Result
Land and Property Information Services (continued)	Pre-application meeting records provided to all parties in attendance.	90% provided within 2 working days of meeting conclusion.	65%
	Pre-application customers are satisfied with meeting service provided.	2012/13 Establish baseline, within first quarter (Sept 2012).	91%

What assets do we use to deliver these activities?

No major assets are used in the delivery of these activities.

Where are we heading?

The City will experience a prolonged period of rebuild during the years ahead and we remain committed to delivering consenting, licensing and enforcement activities that will assist with the rebuild and support the normal ongoing needs of the Christchurch community. To assist in achieving this we will continue to promote pre-application meetings, electronic processing, streamlined building consent processes, allow temporary relocation of businesses in accordance with the Permitted Activities Order in Council and manage our enforcement activities in a sensitive and focussed manner.

Service delivery in 2013/14

These activities are expected to continue to have an earthquake recovery focus, particularly for resource consent and building consent processing. There will be associated increases in building inspections and applications for code compliance certificates. During 2013/14 it is forecast that there will continue to be strong demand for consents with a gradual doubling of demand from pre-earthquake levels.

The implementation of new alcohol licensing legislation over a 12 month period from December 2012 to 2013 will continue to significantly change the regulatory processes associated with licensing decision making. Focus will be put on the harm alcohol causes and there will be stronger local community decision making into the granting of alcohol licenses through District Licensing Committees. A new associated fee regime should also help long term to fully recover the Council's costs associated with alcohol licensing activities.

Also anticipated for 2013/14 is the introduction of new legislation governing food hygiene – moving from an inspectorate regime into a more risk based approach to assessing food safety in our communities. In addition pool monitoring compliance activities are focused on reducing compliance costs associated with pool ownership, particularly spa pool owners, whilst increasing levels of pool compliance with relevant legislation.

Council activities and services

Regulatory Services (continued)

What did it cost?

Regulatory services					
Statement of cost of services for the year ending 30 June 2013					
	2013		2012		
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Licensing and Enforcement	12,489	12,049	440	5,226	5,589
Building Consenting and Inspections	22,446	20,395	2,051	1,018	10,812
Resource Consenting	6,740	3,863	2,877	2,783	2,486
Building Policy	5,168	246	4,922	1,637	2,833
Land and Property Information Services	2,513	2,558	(45)	421	237
Cost of service	49,356	39,111	10,245	11,085	21,957
Capital expenditure					
Renewals and replacements			-	80	-
Infrastructure rebuild			-	-	-
Improved service levels			9	5	122
Increased demand			-	-	-
Total capital expenditure			9	85	122

Explanation of significant cost of service variances

Licensing and enforcement

The net cost of service was \$4.7 million under plan. This was primarily due to getting reimbursed by DIA at 100% for the demolition costs incurred rather than the 60% previously accrued, this accounted for \$4.3 million. The recovery from DIA for Cordons was the opposite and we received \$0.3 million less than anticipated. Parking revenue also exceeded plan by \$0.8 million.

The \$5.1 million reduction in net cost to prior year was largely the result of the \$4.3 million mentioned above for demolition costs reimbursed by DIA. Parking revenue was also \$1.2 million more than the prior year.

Building consenting and inspections

The net cost of service was \$1.0 million over plan. This was primarily due to less revenue than expected but also unbudgeted Rebuild Central public advice costs of around \$0.5 million.

The \$8.8 million reduction in net cost to prior year was largely the result of Port Hills rockfall costs and recoveries. The costs were \$6.3 million less and recoveries \$2.8 million more.

Resource consenting

The \$0.4 million increase in net cost to prior year was the result of more public advice and cost of administering development contributions.

Building policy

The net cost of service was \$3.3 million over plan. This was primarily due to weathertight homes where actual costs were \$3.9 million versus a plan of \$1.2 million. The Royal Commission and Coronial enquiry costs account for a further \$0.6 million.

The \$2.1 million increase in net cost to prior year was due to weathertight homes claims being \$2.8 million higher, offset by Royal Commission costs being \$0.8 million less.

Land and property information services

The net cost of service was \$0.5 million under plan. This was due to extra revenue for LIMs, issuing of property files and pre application meetings.

Significant capital expenditure

There was no significant capital expenditure.

Explanation of significant capital expenditure variances

There were no significant variances.

Council activities and services

Streets and transport

What is included in streets and transport services, and what does the Council do?

We plan, build, operate and maintain Christchurch's streets, parking and transport systems. We encourage sustainable travel alternatives such as walking and cycling.

Why does the Council provide streets and transport?

We provide streets and transport so that people have safe, easy and comfortable access to homes, shops, businesses and leisure activities.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

Streets and transport activities contribute to the social, environmental and economic well-being by planning, providing and maintaining a road network for the City, as well as cycle and pedestrian linkages, malls and parking.

They also contribute toward the achievement of the City's Community Outcomes by helping to make Christchurch a safe city, an attractive and well-designed city and a city for recreation, fun and creativity – three of the nine goals for our city that are included in our Community Outcomes. This contribution is made by providing a well-designed, safe and efficient transport system, attractive street landscapes, and enabling access to recreation facilities throughout the City.

How does it affect me?

A well-run transport system makes it easier for us to get around our city. Our promotion of active travel means that sustainable travel, like biking and walking, is being rediscovered as a pleasant and easy option for residents.

What activities are included in streets and transport?

Road network

We are responsible for the City's roading network, including the planning, building, and maintenance of roadways; providing drainage and landscaping; operating street lighting; and running the traffic safety programmes.

Active travel

We promote active travel including the provision of safe footpaths, pedestrian malls, open spaces for recreation, and on and off road cycle lanes.

Parking

We provide both on-street and off-street parking facilities that are safe, accessible and attractive, and allow easy access to work and leisure activities.

Public transport infrastructure

We provide the integrated bus infrastructure used by the City's bus companies to provide the public passenger transport services. This includes the central bus exchange, bus stops, shelters, bus priority systems and Passenger Real-Time Information Systems.

What did we achieve?

The 2010/11 earthquake events caused the deferral of a significant portion of the asset renewal programme. Resources were diverted to temporary asset repairs, the planning for the rebuild of damaged assets, and the full repair of some of these assets.

The City's road network suffered substantial earthquake damage, with 85 kilometres of roads identified with severe damage, 45 kilometres with major damage, and 210 kilometres with moderate damage. As well as roads, footpaths, kerb and channels, street lighting, and traffic signals all suffered extensive damage, as did the CBD amenity areas, tram tracks, bus exchange, and off-street parking facilities. 21 traffic and 12 foot bridges received moderate to major damage, and 400 retaining walls require strengthening and / or rebuilding.

The full repair of the remaining roading assets will be delivered by SCIRT over the next three to four years.

In September 2012 we formed CTOC. CTOC provides an integrated approach to moving people and goods and services safely, effectively and efficiently throughout the Christchurch region. The objective of the partnership is to enable customers to make smarter, more informed choices about the way they travel, achieving the most from Christchurch's transport services and infrastructure and keeping Christchurch moving.

Council activities and services

Streets and transport (continued)

How did we measure up?

Activity	Level of Service	Target	Result
Road Network	Congestion: Peak travel times for private motor vehicles (7.30am-9.30am, and 4pm-6pm).	Peak travel times: 19 min 40 sec.	17 minutes 45 seconds.
	Congestion: interpeak travel times for private motor vehicles (inter-peak 10.00 am-12 midday).	Interpeak travel times: 15 min 20 sec.	14 minutes 45 seconds.
	Total trip proportion by private motor vehicles.	Re-establish baseline.	77 per cent of trips made by private car.
	Resident satisfaction with road and footpath quality.	Footpaths - re-establish baseline.	45 per cent resident satisfaction.
		Roads - re-establish baseline.	35 per cent resident satisfaction.
	Repairs to road surface. Time taken to investigate/undertake repairs to carriageway surfaces, once problem is known or reported.	Collector / local roads: At least 95 per cent within 48 hours.	51%. This level of service is measuring an outcome against considerably changed circumstances. Council wishes to avoid resealing a road and then having SCIRT trench the new road for wastewater repairs shortly after. Council and SCIRT are programming their asset repairs to dovetail in with each other's forward plans. This means that the road resurfacing and resealing may be delayed until the road surface is well past its "use by date". Contractors are having to repair substantially more potholes than they normally would as we try to stretch the time before complete repairs take place.
		Rural roads: At least 95 per cent within 72 hours.	Contract specification met.
Safety Programmes (programmes designed around NZTA crash, fatality and injury statistics).	A maximum of nine Safety Programmes annually.	Six road safety programmes completed.	
Active Travel	Percent of total trips per person per year by active travel (walking).	Walking: Re-establish baseline.	Household travel survey results posted 15.8 per cent.
	Percent of total trips per person per year by active travel (cycling).	Cycling: Re-establish baseline.	4 per cent Household Travels Survey.
	Cyclesafe education programmes delivered.	81 per cent of primary schools in the Council area have a Cyclesafe programme.	86 per cent of schools.
	School Travel Plans.	Four school travel plans per year.	Five schools registered for travel plans, three schools completed their plans, seven additional schools are working on plans. Four schools are currently working on their plan.
Parking	Metered on-street parking spaces provided.	850 - 2,200 metered parking spaces available.	944 metered parking spaces.
		500,000 parking events per year.	610,000 parking events.

Council activities and services

Streets and transport (continued)

Activity	Level of Service	Target	Result
Parking (continued)	Off-street, short term parking provided.	Art Gallery = 0 spaces, Hospital Car Park Building = 0 spaces, Hospital Grounds Car Parking = 100 spaces, Rolleston Ave = 83 spaces, Re-start = 174 spaces. Total Available = 357 spaces.	687 spaces.
		Lichfield St car park is not operating, and not expected to be during 2012/13.	Lichfield Street car park did not open during 2012/13.
	Customer satisfaction with service levels provided by the Council off street parking service.	Establish new baseline.	80 per cent.
	Customer perceptions of motor vehicle safety in the Council off street parking sites.	90 per cent	61 per cent - with the inability of parking enforcement to work in off-street car parks, the perception of safety will not increase until this is resolved.
Public Transport Infrastructure	Total trips on public transport as a percentage of total travel trips, per person, per year.	Re-establish baseline.	2 per cent of all trips are made on public transport.
	Peak travel times for buses.	25 minutes 50 seconds.	25 minutes 4 seconds.
	Resident satisfaction with the number and quality of bus stops and bus shelters at bus stops.	60 per cent	67 per cent.

What assets do we use to deliver these activities?

The major assets used by Council to deliver streets and transport activities are the components of its roading network. The Council holds nearly \$1.8 billion of streets assets, with 35 per cent of that value being the value of carriageways (road sub-bases, bases and surfaces). Other major components of the network are the land underneath roads and footpaths (23 per cent), roading kerb and channel (gutters and drains – 15 per cent), and footpaths (13 per cent). The other assets essential to the network are traffic signs and markings, bridges, street lights, traffic signals, and bus shelters (8 per cent). Street furniture and plantings makes up the balance of the value of the roading network.

The roading network has suffered significant damage as a result of the Canterbury earthquakes, particularly in the eastern suburbs. The estimated cost of repairing the damage is over \$0.9 billion.

Council also has a significant investment in parking assets, in particular the parking buildings. The Rydges Hotel, Lichfield Street and Art Gallery car parks will be repaired. In the interim several open air sites have been established including the “restart” carpark adjacent the bus exchange.

Where are we heading?

During the 2012/13 year, the Streets and Transport team was reorganised into two separate functional areas being Road Asset Operations and Road Corridor Operations, which includes the CTOC operation. This arrangement was established to provide clearer focus for each of these operating teams and will be reported separately in future annual plans and LTPs.

We will continue to plan, build, and maintain the public road network to provide a safe, sustainable, integrated, attractive and affordable link for all users to all parts of the City.

SCIRT are responsible for rebuilding the City’s damaged infrastructure, which includes the road, water supply, wastewater, and land drainage network assets. As this work is undertaken over the forthcoming years the Council will continue to maintain the existing streets and transport assets to meet the immediate needs of the community.

SCIRT rebuild activities have taken precedence in the catchment areas they are operating in. This means that road maintenance work may sometimes be deferred until the underground services have been repaired. On rare occasions roads may be substantially resurfaced before SCIRT repairs take place, simply because the surface has degraded to a point where further delay would jeopardise the integrity of the road structure.

Council activities and services

Streets and transport (continued)

Along with the SCIRT rebuild, the Council continues to work on roading assets such as the replacement of the Ferrymead Bridge and the repair of a significant number of earthquake damaged bridges, the three-laning of the Causeway and Main Road, and the development of options to enable Sumner Road (Evans Pass) to be reopened at a future date. There will also be significant work to rebuild / repair retaining walls protecting parts of the road network.

The Christchurch Transport Strategic Plan has been adopted. This 30 year vision brings together all aspects of the transport system and guides its development across the City.

Service delivery in 2013/14

While the majority of roads are now open repair works to the roads means that travel times and congestion on some parts of roading network are causing road user inconvenience. This

will continue until repairs are complete. Traffic Management Plans are carefully coordinated to allow traffic to flow as fast as practically possible. Road resealing and renewal is planned and delivered in close consultation with SCIRT to minimise road user inconvenience and to promote the most effective use of resources.

Car parking was significantly affected by the earthquakes with the loss of both car parking buildings and 2,300 bays. These have been replaced with a total of 357 bays at the Re-Start car park and other at ground sites. The on-street parking capacity has been assessed following interruptions caused by roads having been repaired, markings and signs removed, buildings and meters demolished. This is currently subject to a major review of the parking requirements for the future – both in the short term, and for the longer term in conjunction with the central city rebuild.

What did it cost?

Streets and Transport					
Statement of cost of services for the year ending 30 June 2013					
	Costs (after internal recoveries)	Income	Net cost	2013 Plan net cost	2012 Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Road network	87,347	16,416	70,931	69,151	78,928
Active travel	14,279	413	13,866	15,599	12,750
Parking	10,354	2,705	7,649	1,026	1,449
Public transport infrastructure	2,480	523	1,957	2,079	2,285
Capital revenues	12	57,232	(57,220)	(110,574)	(18,554)
Cost of service	114,472	77,289	37,183	(22,719)	76,858
Capital expenditure					
Renewals and replacements			14,144	13,124	14,710
Infrastructure rebuild			41,370	150,585	12,387
Improved service levels			8,706	16,692	3,404
Increased demand			11,059	16,034	1,528
Total capital expenditure			75,279	196,435	32,029

Council activities and services

Streets and transport (continued)

Explanation of significant cost of service variances

There continues to be a reasonable amount of temporary maintenance works required as we moved heavily in to the rebuild phase of the Infrastructure Rebuild in 2013. These costs are being managed tightly within planned expenditure however we have had some additional spend in Lifelines and key routes on the Port Hills as we push to get those roads open. A delay in the CBD being opened meant there were savings in CBD maintenance which affects the Active Travel service. Across a number of parts this saving is about \$1.7 million. The first of the parking buildings was written off this year resulting in a \$7.1 million loss on sale post demolition of asset.

With the infrastructure rebuild only delivering 30 per cent of the roading rebuild budget this year the corresponding recoveries for that component are behind by the equivalent portion \$64 million. Off setting these reduced recoveries are additional recoveries from NZTA for some recovery projects not delivered as part of the infrastructure rebuild.

Significant capital expenditure

There was \$7.3 million spent on Ferrymead bridge, \$5.0 million on Carriageway sealing and surfacing; \$1.5 million on road pavement replacement; \$1.0 million on traffic signal renewals; \$1.0 million on the causeway culverts and wall; \$1.9 million on the Southern Motorway Cycleway and Auxiliaries; \$4.6 million on Wigram Magdala grade separation; \$2.4 million on the Aidenfield Drive overbridge; \$1.0 million on University Crossings and \$41.4 million on infrastructure rebuild projects.

Explanation of significant capital expenditure variances

Capital expenditure is \$121.1 million below plan, largely due to ongoing delays in the infrastructure rebuild programme \$109.2 million; Wigram Magdala grade separation \$6.0 million; Southern Motorway Cycleway and Auxiliaries \$3.9 million; Greers/Northcote/Sawyers Arms intersection \$1.2 million and kerb and channel renewals \$1.0 million.

While the infrastructure rebuild is behind the initial street repair plan it is significantly ahead of last year by \$43.3 million. 2013 also saw a significant amount of focus towards new growth projects to deal with the new subdivisions, along with the key projects mentioned above in improving the levels of service.

Council activities and services

Wastewater collection and treatment

What is wastewater collection and treatment and what does the Council do?

Wastewater includes both grey water and sewerage, collected from household drains and sewerage pipes. It is delivered through an underground network of pump stations and pipes to treatment plants, where contaminants are removed prior to discharge to the ocean.

Why does the Council provide wastewater collection, treatment and disposal?

We collect wastewater from Christchurch homes and businesses to protect the health of the City.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

Wastewater collection and treatment activities contribute to the environmental, economic and cultural well-being of the community by ensuring that wastewater is collected in a reliable and safe fashion that protects public health, and that wastewater is treated and disposed of in an efficient and environmentally acceptable manner.

They also contribute toward the achievement of the City's Community Outcomes by helping to make Christchurch a safe city, a city of people who value and protect the natural environment and a healthy city – three of the nine goals for our city that are included in our Community Outcomes. This contribution is made by providing a sanitary wastewater collection and treatment service.

How does it affect me?

The collection and treatment of our wastewater keeps our city healthy and protects our environment.

What activities are included in wastewater collection and treatment?

Wastewater collection

We provide for the continuous collection and transportation of the City's wastewater from properties, via an underground sewerage network, to treatment plants – the main Christchurch plant at Bromley, plus a number of smaller plants in Banks Peninsula.

Wastewater treatment and disposal

The City's wastewater is processed through treatment plants before being disposed of through outfalls to the sea and, at some small plants, to land. An accredited laboratory monitors and controls the treatment process to ensure that discharged treated effluent meets health and environmental standards.

What did we achieve?

Work on repairing and replacing the City's damaged sewer network continues with SCIRT having replaced 175 kms of sewer pipe to date. Alternate sewer technology in the form of pressure sewer systems and vacuum sewer technology are being installed in various areas of the City where the liquefaction risk and network damage necessitate replacement of the old gravity systems which suffered extensive damage in these areas. The new technology provides improved resilience over the old gravity systems in future seismic events.

Replacement wastewater pump stations are under construction on Pages Road and Beach Road. These large stations are replacing badly damaged stations at Hulverstone Drive and Pages Road. Both new stations will be commissioned in 2013/14. Additionally a new large diameter pressure main has been constructed from Pump Station 11 in Randolph Street to the CWTP. This new line will replace two smaller lines badly damaged in the February 2011 earthquake. The completion of these works will strengthen the City's critical sewer infrastructure.

The Western Interceptor and Fendalton Duplicator sewer mains were commissioned in 2012/13. These major pipe assets are designed to allow for growth in the South West of the city and reduce the frequency of overflows into the Avon River.

The CWTP received extensive damage after the February 2011 earthquake with major repair works required on the clarifiers and oxidation pond banks as well as general structural and mechanical repairs to all areas of the plant. The work on the oxidation ponds and clarifiers is now complete and these process units are back to full operational capacity. Extensive crack repair work has been completed on the facilities primary and secondary tanks. Other repairs around the plant are progressing. The plant continues to treat effluent in accordance with resource consent conditions.

Installation and commissioning of the new co-generation gas engine was completed at CWTP in 2012/13. Design work on a new gas flare for the site has been completed and construction commenced on its installation.

Construction of Pump Station 105 along Wigram Road and its associated pressure main has progressed well during 2012/13 with the facilities due for full commissioning in 2013/14. This provides trunk sewer capacity for new subdivisions in the south of the City.

Stage 1 of the Wainui wastewater scheme has been commissioned with the local discharge now removed from the Bay and the treated effluent irrigated onto a Council owned forestry block. Design of stage 2 of this project will commence in 2013/14.

The Council has purchased land for the new Akaroa Wastewater Treatment Plant. A resource consent extension for the current discharge has been sought to allow sufficient time to consent, design and construct the new plant at the new site.

Council activities and services

Wastewater collection and treatment (continued)

The tender for the construction of the Charteris Bay wastewater reticulation system has been awarded and construction began at the end of 2012/13. This system will connect houses currently on septic tanks to the treatment facility at Diamond Harbour via a new pump station.

Considerable work has been undertaken with Canterbury University and other organisations (SCIRT, CERA and overseas water authorities) looking at increasing resilience in the wastewater collection and treatment systems. This has resulted

in changes to the City’s technical standards associated with these services. Research work will continue over the next few years to ensure lessons learnt from the Canterbury earthquakes are integrated into the reconstructed infrastructure and shared with other New Zealand and international water authorities.

A new wastewater strategy was adopted by Council in 2012/13. This strategy incorporates the learnings from the Canterbury earthquakes.

How did we measure up?

Activity	Level of Service	Target	Result
Wastewater Collection	Customer satisfaction with wastewater services.	≥70% customer satisfaction with Councils wastewater services each year.	84% customer satisfaction.
	Odour complaints are minimised.	≤30 odour complaints / 10,000 properties (this includes complaints about chemical toilet storage tanks).	2 odour complaints per 10,000 properties.
	Properties served affected by service interruptions or maintenance activities.	≤1000 properties served affected / year.	1,140 properties served affected.
	Response time for blockages.	≥50% blockages responded to within 1 hr within urban areas.	86.6%
		≥50% blockages responded to within 2 hrs within rural areas.	100%
		≥70% blockages responded to within 2 hrs within urban areas.	93.7%
		≥99% blockages responded to within 4 hrs within rural areas.	100%
Wastewater Treatment and Disposal	Odour complaints from wastewater treatment plants are minimised.	≤1 odour events / 10,000 properties served / year.	0 complaints received per 10,000 properties served per year.
		Environment Canterbury conditions of air discharge consent are complied with.	Fully compliant as per quarterly compliance monitoring reports.
	Wastewater treatment plants comply with consents.	No major or persistent breaches of resource consent for wastewater treatment plants and associated discharges each year, except for disinfection standards, as reported by Environment Canterbury.	No major or persistent breaches as reported by Environment Canterbury.

What assets do we use to deliver these activities?

The Council’s wastewater collection activity uses the network of sewer pipes throughout the City along with the associated laterals (which connect Council pipes to individual properties), manholes, flush tanks, pump stations and other structures.

The wastewater treatment and disposal activity relies on the sewer treatment plant at Bromley, along with smaller treatment plants on the Banks Peninsula, and the ocean outfall.

With the exception of the ocean outfall all of Council’s wastewater assets have suffered considerable earthquake damage, particularly in the eastern parts of Christchurch, with permanent repairs potentially costing \$0.9 billion.

Council activities and services

Wastewater collection and treatment (continued)

Where are we heading?

Work to repair damaged city infrastructure will progress as SCIRT complete more redesign of sewer catchments and associated infrastructure services with the rebuild estimated to be complete at the end of 2016. Council and CERA continue to work very closely with SCIRT in the delivery of the infrastructure rebuild.

The jetting of pipes to flush sediment will continue as needed to maintain services whilst rebuild crews work to repair the damaged sewer catchments.

Detailed design of the sand and grit removal facilities at CWTP will be completed in 2013/14 and this project will move into construction. This project will improve the resilience of the CWTP to the effects of liquefaction in the event of future earthquakes.

Scenario modelling of wastewater catchments will continue in 2013/14 to support the efforts of SCIRT and CERA in the recovery of the City's networks and to deal with new subdivision growth in the north and south of the City.

The existing deep gravity systems in damaged land areas will continue to be replaced with low pressure sewer systems and vacuum sewer systems in the next year thereby increasing resilience. These technologies are installed at a shallower depth and are faster to install, less disruptive to the community during installation and more cost effective over their life than the badly damaged deep gravity sewers they replace.

Earthquake repairs will continue at CWTP during 2013/14. This will return the plant to its pre-earthquake capacity but with improved resilience to future seismic events.

Construction of new wastewater reticulation systems in Charteris Bay should be completed by the end of 2014.

Design of the second stage of the Wainui wastewater treatment scheme will commence in 2013/14. This stage sees a new treatment plant constructed on the Council forestry block and all areas of the Wainui township connected to this plant through new reticulation systems.

Service delivery in 2013/14

In parts of the City where the network is not performing as it should (remaining occupied properties in red zones) the Council will continue to provide temporary services until policy decisions are confirmed on the long term use of these areas. A full condition assessment of the wastewater network should be completed in 2013/14 which will allow the remaining design work to be completed for the rebuild of the sewer network.

What did it cost?

Wastewater collection and treatment					
Statement of cost of services for the year ending 30 June 2013					
				2013	2012
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Wastewater collection	121,245	3,863	117,382	36,455	55,070
Wastewater treatment and disposal	20,271	7,342	12,929	16,117	8,022
Capital revenues	301	167,714	(167,413)	(154,603)	(205,944)
Cost of service	141,817	178,919	(37,102)	(102,031)	(142,852)
Capital expenditure					
Renewals and replacements			2,779	4,177	14,046
Infrastructure rebuild			237,646	245,900	97,920
Improved service levels			11,802	14,253	14,901
Increased demand			27,598	36,615	1,064
Total capital expenditure			279,825	300,945	127,931

Council activities and services

Wastewater collection and treatment (continued)

Explanation of significant cost of service variances

The high wastewater collection costs, like last year, are entirely due to earthquake impacts of maintaining the reticulation and pumping network until permanently repaired or replaced. A significant factor has been sustaining the Residential Red Zone which has been occupied for longer than planned. Wastewater treatment has benefited from higher income from processing as a result of earthquake events and reduced maintenance expenditure because of capital work being undertaken.

Last year's high cost was due to earthquake emergency and response costs.

Significant capital expenditure

There was \$237.6 million spent on infrastructure rebuild projects; \$19.9 million on the Wigram Pressure Main and Pump Station; \$5.7 million on the Western Interceptor sewer; \$1.7 million on the Wainui sewer Reticulation and wastewater treatment plant; \$1.2 million on the extension to the Charteris Bay network; \$5.2 million on the Fendalton Duplication sewer; \$1.2 million on the South West Area Growth project and \$1.1 million on the primary sedimentation tanks at the CWTP.

Explanation of significant capital expenditure variances

Capital expenditure is \$21.1 million below plan largely due to the ongoing delays in the infrastructure rebuild programme \$8.2 million; the Wigram pressure main and pump station \$3.3 million; the extension to Charteris Bay network \$2.7 million and the Wairakei Diversion sewer \$7.6 million.

The \$151.9 million increase in capital expenditure compared to last year is largely due to increased spending on the infrastructure rebuild projects across the City of \$140 million as well as significant contribution towards growth of \$26 million. There has been a significant reduction in the renewals and replacement as resources are directed towards the rebuild at this stage.

Council activities and services

Water supply

What is the water supply service, and what does the Council do?

The water supply service is the network of treatment facilities, wells, pump stations, reservoirs and underground pipes used for the distribution of clean drinking water in the City.

Why is the Council involved in water supply?

We maintain it in order to protect the health of the community, to meet the needs of commercial users, to promote water conservation, and to ensure there is an adequate water supply for fighting fires.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

Water supply activities contribute to the environmental and economic well-being of the community by ensuring a reliable supply of drinking water to both the community and industry.

They also contribute toward the achievement of the City's Community Outcomes by helping to make Christchurch a safe city, a city of people who value and protect the natural environment, a prosperous city, a healthy city and an attractive and well-designed city – five of the nine goals for our city that are included in our Community Outcomes. This contribution is made by maintaining sufficient drinking water and encouraging water conservation.

How does it affect me?

Ideally when you turn on your tap at home the water that flows is fresh and clean. We make sure that the water supply is reliable, that water quality is maintained, and that any interruption to that service is as short as possible.

What activities are included in water supply?

Water conservation

We promote the efficient use of water to protect the resource for future generations. Staff work with the community to reduce the amount of water we use and to make sure the quality of our drinking water is maintained.

Water supply

We aim to provide a clean and reliable water supply. Council staff monitor and control water quality and maintain the network of assets used for supply.

What did we achieve?

Work continues on the repair of the water supply systems including laying of new water pipelines, drilling of new wells and repairs to reservoirs. The Keyes Road water pump station was commissioned this year replacing the water pump station lost after the September 2010 earthquake. Huntsbury and Victoria reservoirs were also completed during 2012/13. The former work replacing the original Huntsbury reservoir destroyed in the September 2010 earthquake.

The Wilmers Road water pumping station, well field and reservoir were commissioned in the 2012/13 financial year. This station reinforces the water supply in the south west of the City supporting growth in this area.

The Ferrymead water pump station was commissioned in 2012/13 strengthening the water supply to the Lyttelton harbour area.

The Council continues to test the drinking water to ensure supply meets the New Zealand Drinking Water Standards.

Since the earthquakes we have had to continuously inspect and repair wellhead security arrangements. Steady progress has been made in repairing and replacing water wells within the City. More than 100 commercial and industrial premises fitted backflow prevention to their supply mains in the year.

Significant leak detection resources have been deployed in the City since September 2010 to assist SCIRT in identifying leaking water reticulation pipes. These surveys are also detecting leaks on private property and Council is working with home owners to get these leaks on private property repaired. The aim is to restore the City to its pre-earthquake leakage rates.

Design work on upgrading the Akaroa Water Treatment Plant has progressed and the plant will go to tender for delivery in the 2013/14 financial year.

The design phase of the upgrade of the Little River reticulation system has been completed and the project has gone to tender for construction in 2013/14. This project includes the extension of the reticulation to Cooptown. The water treatment plant design for the project is undergoing technical peer review prior to going to tender and construction in 2013/14.

The tender for reticulating water to Charteris Bay was let and construction commenced in 2012/13.

Wainui Township water supply project progressed during the year. Construction will complete in 2013/14.

Council activities and services

Water supply (continued)

How did we measure up?

Activity	Level of Service	Target	Result
Water Supply	Continuous potable water is supplied to all customers.	≤1 unplanned interruption ≥4hrs on average per week each year.	1.42 unplanned interruptions. ≥4hrs on average per week.
		≤9 unplanned interruptions / 1000 properties served per year.	16.41 unplanned interruptions per 1000 properties served per year.
		≥50% medium leaks (in urban and rural areas) are repaired within one working day of being reported to Council.	89.4%
		≥50% minor leaks (in urban and rural areas) are repaired within three working days of being reported to Council.	74.8%
		≥60% serious leaks (in urban areas) have a Council representative on site to assess and confirm repair options within one hour of being reported to Council.	88.1%
		≥95% serious leaks (in rural areas) have a Council representative on site to assess and confirm repair options within two hours of being reported to Council.	97.0%
	Risk to potable water supply is managed (grading).	Cc or better risk grading from the Ministry of Health for all rural area water supplies by Dec 2013.	All plants on Peninsula will not be regraded by December 2013.
		Maintain Ba grading for all City supplies, excluding the Northwest supply zone (Da)- subject to no further aftershocks causing major damage to water supply system.	Ba
		Move Da to Ba grading for the Northwest supply zone by December 2013.	On target, four wells have been drilled in Burnside and Farrington Avenue.
	Risk to potable water supply is managed (backflow prevention).	≥100 backflow prevention devices installed (at owners cost) for highest risk premises each year.	151 installed.
Water Conservation	The amount of water abstracted each year for the public water supply is quantified and monitored, with a view to reducing consumption.	≤345 m3 +/-10% water abstracted per property served per year.	326m3 per property served.
		≤71% (+/-10%) of total cap of 75 million m3 potable water abstracted per year.	Actual abstraction 47.2 million m3 or 62.9% of total cap.
	The water supply network is inspected for leaks.	≥12.5% of the water supply network is inspected for leaks each year.	31% as part of the SCIRT water loss programme.
	The public is aware of water conservation.	≥70% public awareness / year.	50% public awareness as per the residents survey.
	Council runs water conservation campaigns.	The Waterwise campaign is run between October and February each year.	The Waterwise campaign was run between October 2012 and February 2013.

Council activities and services

Water supply (continued)

What assets do we use to deliver these activities?

The Council's water supply network is made up of wells and pump stations, water mains and sub-mains, and water meters and connections. The total value of the network is just under \$0.5 billion, with 75 per cent of that made up of mains and sub-mains, 14 per cent in wells, reservoirs and pump stations, and 11 per cent in service connections and meters.

Significant damage has occurred to the City's water main and sub main reticulation systems, with approximately 9 per cent suffering earthquake damage. Asbestos cement pipe and galvanised sub-mains have fared particularly poorly.

While the water supply network suffered interruption following the 2010/11 earthquake events, temporary repairs have ensured that there is a supply of water throughout the City.

Where are we heading?

The Council will continue to work with University of Canterbury and other research groups on improved resilience measures to be incorporated into the infrastructure rebuild. These measures are being integrated into new well designs, pump station connections to pipes and new underground pipe work.

The Council will continue to replace damaged water mains and sub-mains during the next 12 months as SCIRT progress the rebuild of the City's underground infrastructure. Leak detection surveys will be undertaken prior to and after reconstruction works to ensure leaks in the network are being reduced through the rebuild.

The well drilling programme put in place after the earthquake sequence to refurbish and/or replace damaged wells will continue. This programme also includes new wells for growth in the North West of the City and deepening of wells in the North West to improve the Ministry of Health risk grading for this supply zone.

The Health (Drinking Water) Act 2007 requires public water supplies to meet the Drinking Water Standards. This is the driver for the programme of water treatment plant upgrade works on Banks Peninsula (Little River and Akaroa plants).

Construction work will commence on upgrading the Akaroa water treatment plant to meet the New Zealand Drinking Water Standards in the next financial year. Options for strengthening the water sources feeding the Akaroa plant will be finalised for construction in future years.

Construction of an upgraded Little River Water Treatment Plant is programmed to start in 2013/14. Reticulation of Little River and Cooptown will be completed in 2013/14.

A new 90 m³ reservoir will be constructed in Wainui to increase storage capacity in the township.

Construction of a water reticulation system to Charteris Bay will continue in 2013/14. This work will be conducted at the same time as the wastewater reticulation works.

Review of the restricted water supply areas and upgrading of the water network automation and monitoring systems will continue in the 2013/14 year. This is to increase their reliability and provide consistency in the levels of service within Banks Peninsula.

Council will continue work on its water pressure management project including consultation with stakeholders moving towards a trial later in the year.

Service delivery in 2013/14

The Council anticipates that it will be able to provide continuous potable water to all customers throughout 2013/14. Working with the SCIRT rebuild team the Council expects to see leakage from the network reduce as more of the infrastructure rebuild is completed.

Council activities and services

Water supply (continued)

What did it cost?

Water supply					
Statement of cost of services for the year ended 30 June 2013					
				2013	2012
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Water supply	32,028	2,489	29,539	26,742	26,258
Water conservation	49	-	49	124	80
Capital revenues	71	12,089	(12,018)	(53,196)	(49,479)
Cost of service	32,148	14,578	17,570	(26,330)	(23,141)
Capital expenditure					
Renewals and replacements			4,326	2,611	4,707
Infrastructure rebuild			9,795	85,900	26,557
Improved service levels			2,724	6,110	1,008
Increased demand			6,227	10,752	554
Total capital expenditure			23,072	105,373	32,826

Explanation of significant cost of service variances

The extra net cost of service over both planned and 2011/12 net cost for Water Supply is from maintaining the pumping network in particular caused by earthquake impacts. Less promotion was required for water conservation due to non-drought conditions and a water network was able to meet demand that was not compromised by earthquake damage as existed in 2012.

Capital revenues relates to recoveries from the Crown and insurance for replacing assets damaged by earthquake events.

Significant capital expenditure

There was \$9.8 million spent on infrastructure rebuild projects, \$4.7 million on the Wilmers Road pump station; \$1.4 million on the Victoria Reservoir replacements and \$1.2 million on Burnside well replacements.

Explanation of significant capital expenditure variances

The variance of \$82.3 million to plan is due to the ongoing delays in the infrastructure rebuild programme \$76.1 million; Akaroa water upgrade \$1.0 million; Little River increased supply \$1.6 million and New Zealand Drinking Water Standards Compliance \$3.1 million. The variance from last year compared to 2013 is mainly due to a refocus of the rebuild towards wastewater supply thus not delivering all of the water supply repairs of \$17 million and an increase relating to a strong push towards accelerating growth projects \$5 million.

Council activities and services

Corporate activities

What are Council's corporate activities?

As with other organisations we have back office services such as human resources, finance, and information technology which provide support to other Council departments. We call these units Internal Service Providers (ISPs). The cost of providing these services is charged to the activity receiving the benefit of that service.

However, there are some Council wide costs and income which cannot be classified into part of an activity. These items are included within this Corporate Activities section.

What revenue and costs are included in corporate activities?

- revenues and costs relating to Council Controlled Organisations (CCOs):
 - dividend income received from CCOs
 - other payments from CCOs, for example donations made to Council for charitable purposes
 - interest income from funds lent to CCOs
 - interest costs relating to borrowing taken out to either:
 - on-lend to CCOs, or
 - invest in the equity (shares) of CCOs
- interest income from Council investment of general funds and special purpose reserves
- income from services provided by ISPs to organisations outside of Council
- costs incurred in providing the services above
- property costs
- other income, such as revenue from regional fuel tax.

Overall our corporate activities generate a significant surplus, largely from dividends and other payments from CCOs and interest income. This surplus is used to reduce the level of general rates collected from ratepayers.

What capital expenditure is included in corporate activities?

Corporate capital expenditure includes the budgets for strategic land purchases, costs relating to Council's office accommodation, information and communication technology, and investment in CCOs, as well as work in progress as part of the infrastructure rebuild.

Council activities and services

Corporate activities (continued)

What did it cost?

Corporate Activities					
Statement of cost of services for the year ending 30 June 2013					
				2013	2012
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Cost of service					
Interest - on lending, equity investments and earthquake funding	28,896	-	28,896	21,961	35,906
Internal service providers	7,121	-	7,121	11,448	13,410
Property costs and other expenses	2,058	-	2,058	1,021	13,045
	38,075	-	38,075	34,430	62,361
Revenue from services					
Rates	-	302,648	(302,648)	(309,173)	(293,001)
Dividends	-	39,008	(39,008)	(42,369)	(37,745)
Interest from on lending	-	8,265	(8,265)	(8,330)	(9,933)
General and special fund interest	-	10,077	(10,077)	(10,645)	(9,338)
Internal service providers	-	6,751	(6,751)	(11,448)	(11,409)
Earthquake cost recoveries	-	115,411	(115,411)	(31,842)	(69,916)
Other income	-	10,662	(10,662)	785,525	(14,921)
Subvention receipts (income tax)	-	4,425	(4,425)	(4,256)	(6,757)
	-	497,247	(497,247)	367,462	(453,020)
Net cost of services	38,075	497,247	(459,172)	401,892	(390,659)
Capital expenditure					
Renewals and replacements			6,441	11,416	15,978
Infrastructure rebuild			193,263	82,900	134,696
Improved service levels			9,528	6,116	12,985
Increased demand			(5,178)	922	(2,383)
Total capital expenditure			204,054	101,354	161,276

Explanation of significant cost of service variances

Interest costs are \$6.9 million higher than plan. This is caused by financial reporting standards which require the Council to treat the lease of the Civic Offices as a finance lease, showing the building as an asset in its financial statements, a corresponding debt to the building owner, and breaking down lease payments into notional interest plus repayment of that debt. This notional interest of \$7.4 million was budgeted for as a lease payment. The \$7 million variance to 2012 is due to an additional \$9 million of interest costs being allocated to activities in 2012. These reflect earthquake borrowing costs which in 2013 were not allocated to

activities, as they are borrowed for under the Council's financial strategy.

The reduction in property and other costs from 2012 reflects the drop off in earthquake emergency response costs that do not relate to any of Council's planned activities as we move further from the date of the events.

The \$6.5 million lower than planned rates revenue collected by the Council is largely the result of rates remissions. The remissions were budgeted for as other expenses.

Council activities and services

Corporate activities (continued)

ISP revenue was \$4.7 million less than plan; \$3.25 million was due to the Salvation Army Citadel purchase not proceeding, with the balance relating to earthquake response recoveries.

Earthquake cost recoveries reflect insurance and government subsidies relating to rebuild work in progress. Generally this is planned within the appropriate activities, but is not allocated until the work is complete.

Other income is higher than plan for 2013 reflecting interest revenue accrued on outstanding earthquake subsidy recoveries.

Significant capital expenditure

\$3.3 million was spent on strategic land acquisitions; \$15.6 million on IM&CT renewals, replacements and developments; \$2.5 million on fleet, plant, and miscellaneous property purchases and \$187.1 million on infrastructure rebuild projects in progress. This was offset by \$10.6 million of strategic land acquisitions being transferred to other activities.

Explanation of significant capital expenditure variances

Strategic land purchases were \$9.8 million lower than planned which was offset by a \$1.5 million lower allocation to other activity capital projects than planned. IM&CT was \$5.5 million higher than plan due to carry forward work from 2011/12. Infrastructure rebuild work in progress will be allocated to appropriate activities as projects are completed. \$73 million of the planned facilities rebuild programme was reprogrammed forward due to delays around building assessments, insurance, or cost sharing negotiations.

Council activities and services

Funding impact statements

The funding impact statements show the source and application of funds for activities of the Council and are a new requirement of the Local Government Act 2002. As a result of the earthquakes the Council received a number of legislative exemptions to the new requirements in the Local Government Act 2002. These exemptions included the preparation of a 2012-2022 Long Term Plan and the adoption of the new requirements of the Local Government Act 2002 in the 2012/13 Annual Plan. As a result the 2012/13 Annual Plan did not include funding impact statements. The 2012/13 Annual plan numbers included below were prepared as part of the Three Year Plan.

As the Crown did not require the Three Year Plan to be audited the plan numbers included have not been subject to audit.

The purpose of the funding impact statements is to present the capital and operating expenditure separately. The format is prescribed in the Local Government (Financial Reporting) Regulations 2011. As the format of the statements is prescribed in legislation it improves the ability to compare the results across different councils. While there is a prescribed format the Council has added an additional capital earthquake recoveries line as none of the prescribed lines were appropriate for this type of funding. To assist with the ability to compare results across councils footnotes have been added to each table to enable the reader to identify the impact of the earthquake and rebuild on the sources of and application of operating and capital funding.

Council activities and services

Funding impact statements (continued)

Council

	2012/13	
	Actual	Plan
	\$000	\$000
Sources of operating funding		
General rates, uniform annual general charges, rates penalties	199,132	188,023
Targeted rates excluding targeted rates for water supply	77,946	97,201
Subsidies and grants for operating purposes	23,011	20,781
Fees, charges and targeted rates for water supply	111,939	118,072
Interest and dividends from investments	62,861	61,343
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	59,065	38,911
Total operating funding (A)	533,954	524,331
Applications of operating funding		
Payments to staff and suppliers	411,900	398,100
Finance costs	44,211	36,384
Other operating funding applications	34,339	38,020
Total applications of operating funding (B)	490,450	472,504
Surplus (deficit) of operating funding (A-B)	43,504	51,827
Sources of capital funding		
Subsidies and grants for capital expenditure	14,928	9,032
Development and financial contributions	20,193	8,655
Earthquake recoveries	330,255	386,137
Increase (decrease) in debt	260,747	194,269
Gross proceeds from sale of assets	4,532	1,205
Lump sum contributions	-	-
Total sources of capital funding (C)	630,655	599,298
Applications of capital funding		
Capital expenditure		
- to replace existing assets (2)	544,433	688,718
- to improve the level of service	40,044	67,370
- to meet additional demand	46,284	88,574
Increase (decrease) in reserves	(97,815)	(193,537)
Increase (decrease) of investments	141,213	-
Total applications of capital funding (D)	674,159	651,125
Surplus (deficit) of capital funding (C-D)	(43,504)	(51,827)
Funding balance ((A-B) + (C-D))	-	-

Footnotes

1 Earthquake related operating recoveries

45,367 27,408

2 Earthquake rebuild application of capital funding

498,820 642,335

Council activities and services

Funding impact statements (continued)

City Planning and Development

	2012/13	
	Actual	Plan
	\$000	\$000
Sources of operating funding		
General rates, uniform annual general charges, rates penalties	22,316	21,072
Targeted rates excluding targeted rates for water supply	-	-
Subsidies and grants for operating purposes	(21)	-
Fees, charges and targeted rates for water supply	190	18
Internal charges and overheads recovered	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	7,443	1,380
Total operating funding (A)	29,928	22,470
Applications of operating funding		
Payments to staff and suppliers	25,165	18,764
Finance costs	90	-
Internal charges and overheads applied	1,190	1,082
Other operating funding applications	1,879	6,492
Total applications of operating funding (B)	28,324	26,338
Surplus (deficit) of operating funding (A-B)	1,604	(3,868)
Sources of capital funding		
Subsidies and grants for capital expenditure	-	-
Development and financial contributions	-	-
Earthquake recoveries	964	-
Increase (decrease) in debt	(1,462)	4,984
Gross proceeds from sale of assets	-	-
Lump sum contributions	-	-
Total sources of capital funding (C)	(498)	4,984
Applications of capital funding		
Capital expenditure		
- to replace existing assets (2)	1,101	852
- earthquake rebuild	-	-
- to improve the level of service	5	-
- to meet additional demand	-	264
Increase (decrease) in reserves	-	-
Increase (decrease) of investments	-	-
Total applications of capital funding (D)	1,106	1,116
Surplus (deficit) of capital funding (C-D)	(1,604)	3,868
Funding balance ((A-B) + (C-D))	-	-
Footnotes		
1 Earthquake related operating recoveries	6,410	-
2 Earthquake rebuild application of capital funding	841	-

Council activities and services

Funding impact statements (continued)

Community Services

	2012/13	
	Actual	Plan
	\$000	\$000
Sources of operating funding		
General rates, uniform annual general charges, rates penalties	21,579	20,375
Targeted rates excluding targeted rates for water supply	-	-
Subsidies and grants for operating purposes	1,045	882
Fees, charges and targeted rates for water supply	13,655	14,992
Internal charges and overheads recovered	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	6,012	-
Total operating funding (A)	42,291	36,249
Applications of operating funding		
Payments to staff and suppliers	25,415	23,942
Finance costs	114	114
Internal charges and overheads applied	2,090	2,090
Other operating funding applications	10,199	9,074
Total applications of operating funding (B)	37,818	35,220
Surplus (deficit) of operating funding (A-B)	4,473	1,029
Sources of capital funding		
Subsidies and grants for capital expenditure	-	3,250
Development and financial contributions	-	-
Earthquake recoveries	264	-
Increase (decrease) in debt	(5,620)	5,992
Gross proceeds from sale of assets	-	-
Lump sum contributions	-	-
Total sources of capital funding (C)	(5,356)	9,242
Applications of capital funding		
Capital expenditure		
- to replace existing assets (2)	1,303	1,341
- to improve the level of service	597	5,992
- to meet additional demand	499	3,250
Increase (decrease) in reserves	(3,282)	(312)
Increase (decrease) of investments	-	-
Total applications of capital funding (D)	(883)	10,271
Surplus (deficit) of capital funding (C-D)	(4,473)	(1,029)
Funding balance ((A-B) + (C-D))	-	-
Footnotes		
1 Earthquake related operating recoveries	5,998	-
2 Earthquake rebuild application of capital funding	800	-

Council activities and services

Funding impact statements (continued)

Cultural and learning services

	2012/13	
	Actual	Plan
	\$000	\$000
Sources of operating funding		
General rates, uniform annual general charges, rates penalties	44,060	41,602
Targeted rates excluding targeted rates for water supply	-	-
Subsidies and grants for operating purposes	243	1,108
Fees, charges and targeted rates for water supply	1,725	2,595
Internal charges and overheads recovered	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	2,165	406
Total operating funding (A)	48,193	45,711
Applications of operating funding		
Payments to staff and suppliers	29,276	30,797
Finance costs	1,276	1,276
Internal charges and overheads applied	2,297	2,387
Other operating funding applications	6,400	6,404
Total applications of operating funding (B)	39,249	40,864
Surplus (deficit) of operating funding (A-B)	8,944	4,847
Sources of capital funding		
Subsidies and grants for capital expenditure	-	-
Development and financial contributions	879	195
Earthquake recoveries	950	28,750
Increase (decrease) in debt	(160)	7,122
Gross proceeds from sale of assets	-	-
Lump sum contributions	-	-
Total sources of capital funding (C)	1,669	36,067
Applications of capital funding		
Capital expenditure		
- to replace existing assets (2)	6,399	36,097
- to improve the level of service	3,028	1,669
- to meet additional demand	307	5,648
Increase (decrease) in reserves	879	(2,500)
Increase (decrease) of investments	-	-
Total applications of capital funding (D)	10,613	40,914
Surplus (deficit) of capital funding (C-D)	(8,944)	(4,847)
Funding balance ((A-B) + (C-D))	-	-

Footnotes

1 Earthquake related operating recoveries

1,931 285

2 Earthquake rebuild application of capital funding

974 31,250

Council activities and services

Funding impact statements (continued)

Democracy and Governance

	2012/13	
	Actual \$000	Plan \$000
Sources of operating funding		
General rates, uniform annual general charges, rates penalties	13,257	12,517
Targeted rates excluding targeted rates for water supply	-	-
Subsidies and grants for operating purposes	-	-
Fees, charges and targeted rates for water supply	37	-
Internal charges and overheads recovered	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	-	-
Total operating funding (A)	13,294	12,517
Applications of operating funding		
Payments to staff and suppliers	11,582	11,846
Finance costs	-	-
Internal charges and overheads applied	627	627
Other operating funding applications	42	44
Total applications of operating funding (B)	12,251	12,517
Surplus (deficit) of operating funding (A-B)	1,043	-
Sources of capital funding		
Subsidies and grants for capital expenditure	-	-
Development and financial contributions	-	-
Earthquake recoveries	-	-
Increase (decrease) in debt	(1,043)	-
Gross proceeds from sale of assets	-	-
Lump sum contributions	-	-
Total sources of capital funding (C)	(1,043)	-
Applications of capital funding		
Capital expenditure		
- to replace existing assets (2)	-	-
- to improve the level of service	-	-
- to meet additional demand	-	-
Increase (decrease) in reserves	-	-
Increase (decrease) of investments	-	-
Total applications of capital funding (D)	-	-
Surplus (deficit) of capital funding (C-D)	(1,043)	-
Funding balance ((A-B) + (C-D))	-	-

Footnotes

1 Earthquake related operating recoveries

2 Earthquake rebuild application of capital funding

Council activities and services

Funding impact statements (continued)

Economic development

	2012/13	
	Actual \$000	Plan \$000
Sources of operating funding		
General rates, uniform annual general charges, rates penalties	8,725	8,238
Targeted rates excluding targeted rates for water supply	-	-
Subsidies and grants for operating purposes	29	20
Fees, charges and targeted rates for water supply	119	27
Internal charges and overheads recovered	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	-	-
Total operating funding (A)	8,873	8,285
Applications of operating funding		
Payments to staff and suppliers	1,453	1,545
Finance costs	-	-
Internal charges and overheads applied	475	475
Other operating funding applications	7,388	7,448
Total applications of operating funding (B)	9,316	9,468
Surplus (deficit) of operating funding (A-B)	(443)	(1,183)
Sources of capital funding		
Subsidies and grants for capital expenditure	-	-
Development and financial contributions	-	-
Earthquake recoveries	-	-
Increase (decrease) in debt	(743)	-
Gross proceeds from sale of assets	-	-
Lump sum contributions	-	-
Total sources of capital funding (C)	(743)	-
Applications of capital funding		
Capital expenditure		
- to replace existing assets (2)	164	167
- earthquake rebuild	-	-
- to improve the level of service	-	-
- to meet additional demand	-	-
Increase (decrease) in reserves	(1,350)	(1,350)
Increase (decrease) of investments	-	-
Total applications of capital funding (D)	(1,186)	(1,183)
Surplus (deficit) of capital funding (C-D)	443	1,183
Funding balance ((A-B) + (C-D))	-	-
Footnotes		
1 Earthquake related operating recoveries	-	-
2 Earthquake rebuild application of capital funding	-	-

Council activities and services

Funding impact statements (continued)

Parks, open spaces and waterways

	2012/13	
	Actual	Plan
	\$000	\$000
Sources of operating funding		
General rates, uniform annual general charges, rates penalties	26,423	24,949
Targeted rates excluding targeted rates for water supply	19,473	24,283
Subsidies and grants for operating purposes	25	9
Fees, charges and targeted rates for water supply	3,135	3,064
Internal charges and overheads recovered	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	11,750	436
Total operating funding (A)	60,806	52,741
Applications of operating funding		
Payments to staff and suppliers	50,875	50,042
Finance costs	1,805	1,871
Internal charges and overheads applied	2,799	2,849
Other operating funding applications	1,308	1,018
Total applications of operating funding (B)	56,787	55,780
Surplus (deficit) of operating funding (A-B)	4,019	(3,039)
Sources of capital funding		
Subsidies and grants for capital expenditure	50	-
Development and financial contributions	5,750	3,727
Earthquake recoveries	3,480	17,913
Increase (decrease) in debt	13,214	42,217
Gross proceeds from sale of assets	-	-
Lump sum contributions	-	-
Total sources of capital funding (C)	22,494	63,857
Applications of capital funding		
Capital expenditure		
- to replace existing assets (2)	17,828	47,979
- to improve the level of service	2,407	14,258
- to meet additional demand	5,769	15,089
Increase (decrease) in reserves	509	(16,508)
Increase (decrease) of investments	-	-
Total applications of capital funding (D)	26,513	60,818
Surplus (deficit) of capital funding (C-D)	(4,019)	3,039
Funding balance ((A-B) + (C-D))	-	-

Footnotes

1 Earthquake related operating recoveries

11,468 288

2 Earthquake rebuild application of capital funding

8,480 41,700

Council activities and services

Funding impact statements (continued)

Recreation and leisure

	2012/13	
	Actual \$000	Plan \$000
Sources of operating funding		
General rates, uniform annual general charges, rates penalties	16,720	15,787
Targeted rates excluding targeted rates for water supply	-	-
Subsidies and grants for operating purposes	2,597	1,654
Fees, charges and targeted rates for water supply	16,480	11,171
Internal charges and overheads recovered	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	2,576	110
Total operating funding (A)	38,373	28,722
Applications of operating funding		
Payments to staff and suppliers	32,674	24,777
Finance costs	563	563
Internal charges and overheads applied	1,744	1,602
Other operating funding applications	2,801	2,988
Total applications of operating funding (B)	37,782	29,930
Surplus (deficit) of operating funding (A-B)	591	(1,208)
Sources of capital funding		
Subsidies and grants for capital expenditure	(13)	-
Development and financial contributions	1,690	381
Earthquake recoveries	6	1,400
Increase (decrease) in debt	(271)	1,825
Gross proceeds from sale of assets	-	-
Lump sum contributions	-	-
Total sources of capital funding (C)	1,412	3,606
Applications of capital funding		
Capital expenditure		
- to replace existing assets (2)	2,795	3,913
- to improve the level of service	980	1,650
- to meet additional demand	3	-
Increase (decrease) in reserves	(1,775)	(3,165)
Increase (decrease) of investments	-	-
Total applications of capital funding (D)	2,003	2,398
Surplus (deficit) of capital funding (C-D)	(591)	1,208
Funding balance ((A-B) + (C-D))	-	-
Footnotes		
1 Earthquake related operating recoveries	2,035	-
2 Earthquake rebuild application of capital funding	954	2,800

Council activities and services

Funding impact statements (continued)

Refuse minimisation and disposal

	2012/13	
	Actual	Plan
	\$000	\$000
Sources of operating funding		
General rates, uniform annual general charges, rates penalties	14,005	13,223
Targeted rates excluding targeted rates for water supply	16,316	20,347
Subsidies and grants for operating purposes	1,084	1,000
Fees, charges and targeted rates for water supply	7,830	7,334
Internal charges and overheads recovered	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	1,007	-
Total operating funding (A)	40,242	41,904
Applications of operating funding		
Payments to staff and suppliers	36,928	39,057
Finance costs	304	304
Internal charges and overheads applied	2,152	2,167
Other operating funding applications	-	-
Total applications of operating funding (B)	39,384	41,528
Surplus (deficit) of operating funding (A-B)	858	376
Sources of capital funding		
Subsidies and grants for capital expenditure	-	-
Development and financial contributions	-	-
Earthquake recoveries	646	-
Increase (decrease) in debt	3,895	625
Gross proceeds from sale of assets	-	-
Lump sum contributions	-	-
Total sources of capital funding (C)	4,541	625
Applications of capital funding		
Capital expenditure		
- to replace existing assets (2)	5,078	1,676
- to improve the level of service	256	625
- to meet additional demand	-	-
Increase (decrease) in reserves	65	(1,300)
Increase (decrease) of investments	-	-
Total applications of capital funding (D)	5,399	1,001
Surplus (deficit) of capital funding (C-D)	(858)	(376)
Funding balance ((A-B) + (C-D))	-	-

Footnotes

1 Earthquake related operating recoveries

206 -

2 Earthquake rebuild application of capital funding

4,697 1,300

Council activities and services

Funding impact statements (continued)

Regulatory Services

	2012/13	
	Actual	Plan
	\$000	\$000
Sources of operating funding		
General rates, uniform annual general charges, rates penalties	9,434	8,908
Targeted rates excluding targeted rates for water supply	-	-
Subsidies and grants for operating purposes	(268)	-
Fees, charges and targeted rates for water supply	25,735	34,137
Internal charges and overheads recovered	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	13,645	4,167
Total operating funding (A)	48,546	47,212
Applications of operating funding		
Payments to staff and suppliers	46,164	46,746
Finance costs	-	-
Internal charges and overheads applied	2,298	2,298
Other operating funding applications	666	320
Total applications of operating funding (B)	49,128	49,364
Surplus (deficit) of operating funding (A-B)	(582)	(2,152)
Sources of capital funding		
Subsidies and grants for capital expenditure	-	-
Development and financial contributions	-	-
Earthquake recoveries	-	-
Increase (decrease) in debt	638	2,498
Gross proceeds from sale of assets	-	-
Lump sum contributions	-	-
Total sources of capital funding (C)	638	2,498
Applications of capital funding		
Capital expenditure		
- to replace existing assets (2)	-	80
- to improve the level of service	9	5
- to meet additional demand	-	-
Increase (decrease) in reserves	47	261
Increase (decrease) of investments	-	-
Total applications of capital funding (D)	56	346
Surplus (deficit) of capital funding (C-D)	582	2,152
Funding balance ((A-B) + (C-D))	-	-
Footnotes		
1 Earthquake related operating recoveries	9,144	88
2 Earthquake rebuild application of capital funding	-	-

Council activities and services

Funding impact statements (continued)

Streets and transport

	2012/13	
	Actual	Plan
	\$000	\$000
Sources of operating funding		
General rates, uniform annual general charges, rates penalties	52,842	49,894
Targeted rates excluding targeted rates for water supply	-	-
Subsidies and grants for operating purposes	12,376	9,897
Fees, charges and targeted rates for water supply	5,211	4,481
Internal charges and overheads recovered	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	2,471	6,489
Total operating funding (A)	72,900	70,761
Applications of operating funding		
Payments to staff and suppliers	54,807	55,934
Finance costs	5,909	5,932
Internal charges and overheads applied	4,684	4,618
Other operating funding applications	50	15
Total applications of operating funding (B)	65,450	66,499
Surplus (deficit) of operating funding (A-B)	7,450	4,262
Sources of capital funding		
Subsidies and grants for capital expenditure	13,964	5,006
Development and financial contributions	3,418	901
Earthquake recoveries	39,850	104,667
Increase (decrease) in debt	10,719	35,681
Gross proceeds from sale of assets	-	-
Lump sum contributions	-	-
Total sources of capital funding (C)	67,951	146,255
Applications of capital funding		
Capital expenditure		
- to replace existing assets (2)	55,514	163,709
- to improve the level of service	8,706	16,692
- to meet additional demand	11,059	16,034
Increase (decrease) in reserves	122	(45,918)
Increase (decrease) of investments	-	-
Total applications of capital funding (D)	75,401	150,517
Surplus (deficit) of capital funding (C-D)	(7,450)	(4,262)
Funding balance ((A-B) + (C-D))	-	-

Footnotes

1 Earthquake related operating recoveries

1,676

5,894

2 Earthquake rebuild application of capital funding

41,370

150,585

Council activities and services

Funding impact statements (continued)

Wastewater collection and treatment

	2012/13	
	Actual	Plan
	\$000	\$000
Sources of operating funding		
General rates, uniform annual general charges, rates penalties	(25,424)	(24,005)
Targeted rates excluding targeted rates for water supply	42,157	52,571
Subsidies and grants for operating purposes	-	-
Fees, charges and targeted rates for water supply	6,100	5,189
Internal charges and overheads recovered	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	5,106	16,111
Total operating funding (A)	27,939	49,866
Applications of operating funding		
Payments to staff and suppliers	61,601	50,089
Finance costs	2,776	2,776
Internal charges and overheads applied	2,240	2,296
Other operating funding applications	-	-
Total applications of operating funding (B)	66,617	55,161
Surplus (deficit) of operating funding (A-B)	(38,678)	(5,295)
Sources of capital funding		
Subsidies and grants for capital expenditure	54	-
Development and financial contributions	6,723	2,570
Earthquake recoveries	160,937	152,033
Increase (decrease) in debt	150,789	57,770
Gross proceeds from sale of assets	-	-
Lump sum contributions	-	-
Total sources of capital funding (C)	318,503	212,373
Applications of capital funding		
Capital expenditure		
- to replace existing assets (2)	240,425	250,077
- to improve the level of service	11,802	14,253
- to meet additional demand	27,598	36,615
Increase (decrease) in reserves	-	(93,867)
Increase (decrease) of investments	-	-
Total applications of capital funding (D)	279,825	207,078
Surplus (deficit) of capital funding (C-D)	38,678	5,295
Funding balance ((A-B) + (C-D))	-	-
Footnotes		
1 Earthquake related operating recoveries	4,868	15,803
2 Earthquake rebuild application of capital funding	237,646	245,900

Council activities and services

Funding impact statements (continued)

Water supply

	2012/13	
	Actual	Plan
	\$000	\$000
Sources of operating funding		
General rates, uniform annual general charges, rates penalties	(8,990)	(8,489)
Targeted rates excluding targeted rates for water supply	-	-
Subsidies and grants for operating purposes	-	-
Fees, charges and targeted rates for water supply	27,711	28,288
Internal charges and overheads recovered	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	350	2,375
Total operating funding (A)	19,071	22,174
Applications of operating funding		
Payments to staff and suppliers	19,102	17,829
Finance costs	1,585	1,585
Internal charges and overheads applied	1,245	1,325
Other operating funding applications	-	-
Total applications of operating funding (B)	21,932	20,739
Surplus (deficit) of operating funding (A-B)	(2,861)	1,435
Sources of capital funding		
Subsidies and grants for capital expenditure	873	776
Development and financial contributions	1,733	880
Earthquake recoveries	9,483	51,540
Increase (decrease) in debt	13,222	16,382
Gross proceeds from sale of assets	-	-
Lump sum contributions	-	-
Total sources of capital funding (C)	25,311	69,578
Applications of capital funding		
Capital expenditure		
- to replace existing assets (2)	14,122	88,511
- to improve the level of service	2,724	6,110
- to meet additional demand	6,227	10,752
Increase (decrease) in reserves	(623)	(34,360)
Increase (decrease) of investments	-	-
Total applications of capital funding (D)	22,450	71,013
Surplus (deficit) of capital funding (C-D)	2,861	(1,435)
Funding balance ((A-B) + (C-D))	-	-

Footnotes

1 Earthquake related operating recoveries

336 2,375

2 Earthquake rebuild application of capital funding

9,795 85,900

Council activities and services

Funding impact statements (continued)

Corporate

	2012/13	
	Actual	Plan
	\$000	\$000
Sources of operating funding		
General rates, uniform annual general charges, rates penalties	4,185	3,956
Targeted rates excluding targeted rates for water supply	-	-
Subsidies and grants for operating purposes	5,902	6,211
Fees, charges and targeted rates for water supply	4,010	6,776
Internal charges and overheads recovered	23,842	23,816
Local authorities fuel tax, fines, infringement fees, and other receipts (1), (2)	69,843	68,780
Total operating funding (A)	107,782	109,539
Applications of operating funding		
Payments to staff and suppliers	17,303	26,738
Finance costs	29,788	21,961
Internal charges and overheads applied	-	-
Other operating funding applications	3,606	4,217
Total applications of operating funding (B)	50,697	52,916
Surplus (deficit) of operating funding (A-B)	57,085	56,623
Sources of capital funding		
Subsidies and grants for capital expenditure	-	-
Development and financial contributions	-	-
Earthquake recoveries	113,675	29,835
Increase (decrease) in debt	77,568	19,173
Gross proceeds from sale of assets	4,532	1,205
Lump sum contributions	-	-
Total sources of capital funding (C)	195,775	50,213
Applications of capital funding		
Capital expenditure		
- to replace existing assets (3)	199,704	94,316
- to improve the level of service	9,528	6,116
- to meet additional demand	(5,178)	922
Increase (decrease) in reserves	(92,407)	5,482
Increase (decrease) of investments	141,213	-
Total applications of capital funding (D)	252,860	106,836
Surplus (deficit) of capital funding (C-D)	(57,085)	(56,623)
Funding balance ((A-B) + (C-D))	-	-
Footnotes		
1 Earthquake related operating recoveries	1,736	2,674
2 Interest and Dividends from investments	62,861	61,343
3 Earthquake rebuild application of capital funding	193,263	82,900



Entrance to NZ IceFest 2012, Hagley Park.



Financial statements

Annual Report 2013

Christchurch Ōtautahi

This section contains details about the Council's finances over the past year, how your rates dollars were spent, where additional funding came from and some of the year's financial highlights.

Financial statements

Financial Highlights

Financial result - Parent

The rebuild continues to have a significant impact on the Council's financial results. The Council as a whole had an operating surplus before asset contributions of \$227 million for the year compared to a planned surplus of \$338 million and prior year surplus of \$310 million. Without the financial effect of the earthquakes and rebuild, the Council had an operating surplus before asset contributions of \$12 million for the year compared to a planned deficit of \$11 million and a surplus of \$3 million in the prior year.

Core Operations

The major reasons for the \$23 million increase in the surplus before asset contributions were:

- \$14 million higher than planned development contributions and capital revenues.
- \$2 million lower than planned staff costs.
- \$6 million lower than planned grants paid for the year. These grants are expected to be paid in the 2013/14 year.

Earthquake and rebuild activities

The major reasons for the \$134 million variance in the surplus

before asset contributions were:

- \$57 million of wastewater asset impairment was recognised as depreciation expense as the asset revaluation reserves for that class had been exhausted. There was no planned impairment.
- \$45 million lower than expected cost recovery subsidies received during the year due to the rebuild proceeding at a slower pace than was expected.
- \$30 million higher than planned earthquake response costs.

Total Comprehensive Income

The total comprehensive income for the year was \$57 million, against a plan of \$346 million and a prior year figure of \$188 million. The equivalent results, excluding the earthquake effect are \$140 million, a planned deficit of \$3 million and a prior year surplus of \$72 million.

The Council's other comprehensive income for the period comprises of \$298 million of impairment to earthquake damaged assets offset by a \$90 million gain from the revaluation of subsidiaries and cashflow hedge gains.

The table below summarises the Council's performance for the year between core operations and earthquake and rebuild activities.

Summary Statement of Comprehensive Income Year to 30 June	2013						2012					
	\$ million						\$ million					
	Core operations		Earthquake		Total		Core operations		Earthquake		Total	
	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan
Total income	512	511	390	413	902	924	489	458	575	343	1,064	801
Total operating expenses	500	522	175	64	675	586	486	469	268	64	754	533
Surplus / (deficit) before asset contributions	12	(11)	215	349	227	338	3	(11)	307	279	310	268
Vested assets	36	4	-	-	36	4	19	4	-	-	19	4
Tax expense	(2)	(4)	-	-	(2)	(4)	1	(5)	-	-	1	(5)
Surplus for the period	50	(3)	215	349	265	346	21	(2)	307	279	328	277
Other comprehensive income for the period, net of tax	90	-	(298)	-	(208)	-	51	-	(191)	-	(140)	-
Total comprehensive income for the period, net of tax	140	(3)	(83)	349	57	346	72	(2)	116	279	188	277

Accounting standards require us to show all revenue, including capital revenue as income received for the year. Capital revenues include development contributions, some of which are used to fund future development, NZTA subsidies, and vested assets, (footpaths, water and drainage infrastructure and reserves land), which are vested to Council by developers. The surplus also

includes interest received on funds that are held in the balance sheet for special purposes.

Financial statements

Financial Highlights (continued)

The financial results still do not fully reflect the financial impact of earthquake damage to Council assets. Further progress was made during the year in establishing the damage to network assets and Council facilities. On this basis, the Council recognised a further \$326 million of impairment of its network and \$29 million of impairment on its Heritage and Social Housing facilities. Both impairments are reflected against the value of the assets and the revaluation reserve. The provisions will be reversed in future years and replaced with entries against individual assets as the information becomes available.

Offsetting the unrecognised damage to Council assets are the recoveries that we expect to receive from insurers and the Crown. While Council has recognised some recoveries, the high degree of uncertainty around the amount and timing of recoveries that may be possible as the full extent is determined, have not been recognised as an asset but disclosed as a contingent asset in Council's financial statements.

Over the next two to three years we will recognise all the damage to our assets and all the insurance recoveries within the financial statements. This means that there is the potential for the Council to continue to record significant earthquake rebuild related deficits as a result of timing mismatches between the write off of assets and the receipt of recoveries, or where the cost of reinstatement is not fully met by Crown and insurance funding.

More detail on the financial impact of the earthquakes is outlined in the *Impact of the 2010 and 2011 Canterbury earthquakes rebuild* later in the Annual Report.

Because the Council is still unable to fully reflect the financial impact of earthquake damage to its assets or to revalue its assets we remain unable to fully comply with accounting standards (as was the case in 2012 and 2011). This has resulted in the Council receiving a qualified audit opinion. This does not reflect on the Council's financial management or its ability to fund the rebuild of its infrastructure, it simply reflects the fundamental uncertainty around the actual value of earthquake damage.

Insurance

Progress has been made in negotiations with insurers and the Crown. Insurance proceeds and Crown contributions of \$357 million were received in 2012/13 for progress payments and settlements from the Local Authority Protection Programme (LAPP), CERA, NZTA and DIA. At year end the Council had an insurance and Crown contributions receivable of \$345 million relating to outstanding insurance and earthquake cost recovery claims.

Sources of operating income

Total income for the year ended 30 June 2013 is \$937.8 million being total income and vested assets. It was received from the following sources:

Sources of operating income	Actual \$million	Plan \$million
Rates revenue	277.1	285.1
Sale of goods / services	37.3	34.9
Rental revenue	29.3	28.6
Interest revenue	23.9	19.0
Dividends	39.0	42.4
Development contributions	20.2	9.0
NZ Transport Agency subsidies (excl earthquake)	29.3	18.9
Earthquake subsidies & revenue	373.5	326.6
Other revenue	72.2	160.7
Vested assets	36.1	3.5
Total	937.8	928.7

The \$302.6 million of rates collected (including targeted water supply rates) equates to \$33.96 per week for the average residential ratepayer. In 2013 the cost to ratepayers of Council activities and services is as shown below.

Group of Activity	Cents per dollar of Rates	Average Residential Rates/Week \$
City planning and development	9c	3.06
Community support	10.5c	3.57
Cultural and learning services	18.4c	6.25
Democracy and governance	5.4c	1.83
Economic development	4.1c	1.39
Parks, open spaces and waterways	19.8c	6.72
Recreation and leisure	7.7c	2.61
Refuse minimisation and disposal	13.2c	4.48
Regulatory services	4.4c	1.49
Streets and transport	16c	5.43
Wastewater collection and treatment	-15.9c	-5.40
Water supply	7.6c	2.58
	100c	33.96

Financial statements

Financial Highlights (continued)

Categories of operating expenditure

Our total operating expenditure for the year ended 30 June 2013 was \$675.1 million. Key components include:

Sources of operating expenditure	Actual \$million	Plan \$million
Depreciation and amortisation	171.3	113.6
Finance costs	44.2	36.4
Personnel costs	146.5	154.9
Grants / donations	29.6	38.0
Earthquake expenses	98.6	52.5
Other operating expenses	184.9	191.0
Total	675.1	586.5

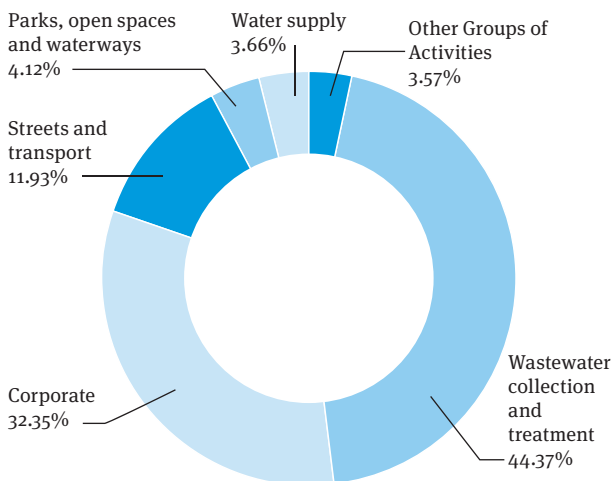
Achievements

Details of Council’s non-financial achievements for the year are included in the *Our Achievements* section of the Annual Report.

Investing in the assets of the city

The Council spent \$630.7 million, across a wide range of capital projects, compared to the budget of \$844.7 million. The under-spend is the result of delays in the infrastructure rebuild programme and the Council’s other capital projects. A large portion of the capital projects relate to the infrastructure rebuilding programme which is funded through insurance recoveries and Crown contributions. The wastewater activity has the largest share of infrastructure rebuild spend.

Highlights are below with more detail in the *Council activities and services* pages.



The Other Groups of Activities category comprises Cultural and Learning Services (1.54%), Refuse Minimisation and Disposal (0.85%), Recreation and Leisure (0.60%), Community Support (0.38%) and City Planning and Development (0.18%).

Capital projects

A total of \$493 million has been spent on infrastructure rebuild projects during the year; the majority is in relation to the wastewater and water supply networks.

Projects during the year included \$19.9 million on the Wigram Pressure Main and Pump Station; \$5.7 million on the Western Interceptor sewer; \$5.2 million on the Fendalton Duplication sewer; \$1.7 million on the Wainui sewer Reticulation and Wastewater Treatment Plant; \$1.2 million on the extension to the Charteris Bay network; \$1.2 million on the South West Area Growth project; and \$1.1 million on the primary sedimentation tanks at the CWTP.

Work continued on the Ferrymead Bridge \$7.3 million; \$5.0 million on Carriageway sealing and surfacing; \$4.6 million on Wigram Magdala Grade Separation; a further \$2.4 million on the Aidenfield Drive overbridge; \$1.9 million on the Southern Motorway Cycleway and Auxiliaries; and \$1.5 million on road pavement replacement.

Work also continued on the Botanic Gardens Entry Pavilion \$3.0 million, with completion aimed for 2013/14.

Major capital projects completed for the year within Recreation and Leisure included \$1.0 million for the Hagley Oval first-class cricket venue, \$0.9 million on heritage property rebuilds and \$0.7 million on sports field renewals and replacements.

Storm water network projects included \$4.7 million on the Wilmers road pump station; \$1.4 million on the Victoria Reservoir replacements; and \$1.2 million on Burnside well replacements.

Strategic land acquisitions totalling \$3.3 million were made during the year; \$13.6 million was spent on renewals, replacements and developments within the Council’s information management and computer technology unit; \$4.4 million was spent on library books; and \$1.9 million on the new Aranui Library.

More detail about the capital projects undertaken in the year are outlined in the *Council activities and services* section of the Annual Report.

Financial Position

The Council’s balance sheet shows a strong position with total assets of \$8.3 billion and net assets of \$7.1 billion.

The Council’s total assets of \$8.3 billion are higher than plan by \$0.8 billion. Current assets of \$682 million are higher than plan by \$362 million. This is mainly due to \$184 million of accrued recoveries relating to rebuild costs and cash and cash equivalents which were \$134 million higher than expected and the

Financial statements

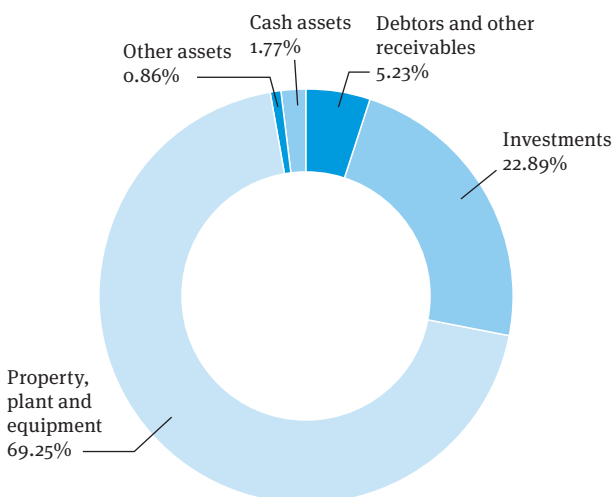
Financial Highlights (continued)

reclassification of \$37 million of property plant and equipment to assets classified as held for sale which was not planned for. Non current assets of \$7.6 billion are higher than plan by \$0.4 billion. The main reasons for the variance are:

- the annual plan in its opening balance included impairments of \$1.2 billion, whereas only \$0.6 billion of impairments had been identified to 30 June 2013.
- increase in valuation of the investment in CCHL of \$58.0 million.
- higher than anticipated software additions of \$22.0 million.

Total liabilities of \$1.1 billion are higher than plan by \$50 million primarily due to additional borrowings required and additional provisions made for weathertight homes.

Our asset breakdown is as shown:



Looking forward

The major focus of the Council in 2014 will be the continuing rebuild of our city. In conjunction with the SCIRT alliance, the infrastructure rebuild continues in line with SCIRT's published programme of works. While SCIRT has the responsibility for the rebuild and repair of the horizontal infrastructure networks over the forthcoming years, Council will continue to maintain existing assets to meet the immediate needs of the community.

Major capital works planned for the year to June 2014 include the following:

- The facilities rebuild.
- A comprehensive Social Housing repair and replacement programme has been initiated by the Facilities Rebuild Team. Three work streams will be delivered over a 5 year period.
- Work will continue on projects such as the replacement of the Ferrymead Bridge, the three-laning of the Causeway and Main

Road and the development of options to enable Sumner Road (Evans Pass) to be reopened.

- Commitments towards the construction of the Metro Sports Facility, a recreation and sport centre in the east and an athletics track.
- The Botanic Gardens Information Centre is planned to open during the year and will provide a new focus of learning and visitor experience.
- Work on restoring the Bridge of Remembrance and Triumphal Arch was commenced by SCIRT during 2012/13 and is due for completion in early 2015.
- The existing deep gravity systems in damaged land areas will continue to be replaced with low pressure sewer systems and vacuum sewer systems in the next year, thereby increasing resilience.
- Construction work will commence on upgrading the Akaroa and Little River water treatment plants to meet the New Zealand Drinking Water Standards in the next financial year.
- Preparation of master plans will continue with the aim of having all completed within the coming financial year. Implementation will begin on priority projects identified within the plans and funded via the Three Year Plan, and case management work will be targeted in response to requests for assistance.
- The City Plan and Banks Peninsula Plan which together make up the District Plan for Christchurch will be made operative (i.e. come fully into force).
- The Akaroa Museum partially reopened in July 2013. It continues to focus on collection-related activities, as well as presenting several local 'Keeping the museum in mind' presentations.

Christchurch will host a range of local and national sporting events including the NZ Women's Golf Open, the NZ Road Cycling Nationals, along with Le Race and Airport Marathon.

More detail about future projects is available in the *Council activities and services* section of the Annual Report.

Financial statements

Group results

The Group includes the Council and its trading operations. The financial results, after all inter-company transactions have been eliminated, reflect the financial strength and size of the organisation as a whole.

Group Results	2013	2012
	\$000	\$000
Revenue from operations	1,676,769	1,858,022
Operating surplus (before tax)	315,548	502,185
Total assets	9,342,115	9,001,370
Total liabilities	2,200,465	1,938,491
Total equity	7,141,650	7,062,879

The decrease in operating surplus in 2013 is due to a number of one-off items across the Group, in both years, making a direct comparison difficult. The increase in total assets in 2013 reflects the increasing value of the assets held by the City as the rebuild continues.

In December 2012, Standard and Poor's lowered the Council's and CCHL's long-term rating from AA to AA- and short-term rating from A to A-1+. In July 2013, Standard and Poor's further downgraded the Council's and CCHL's long-term rating from AA- to A+ and short-term rating from A-1+ to A-1 as a result of the Council losing its Building Accreditation and the employment issues surrounding the Chief Executive.

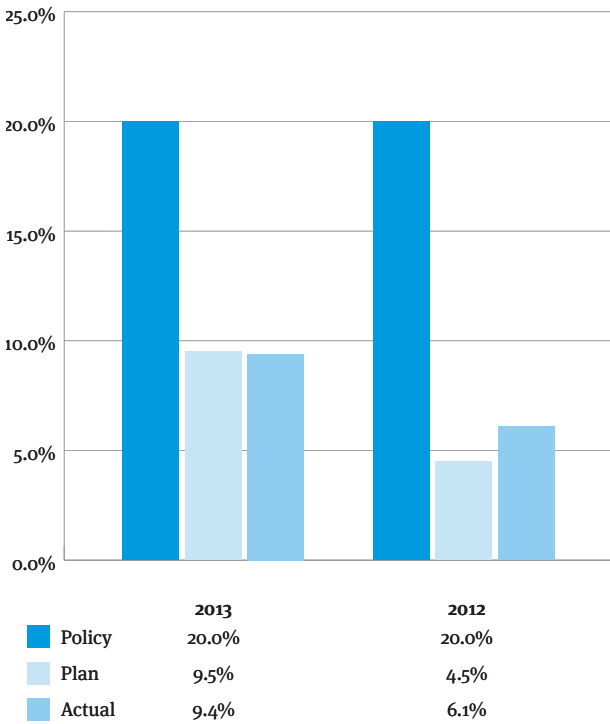
Financial statements

Financial ratios

The Council has five financial ratios which form a key part of its financial risk management strategy and they also form the key limits for the Council’s borrowing from the Local Government Funding Agency (LGFA). These ratios define the limits within which the Council must maintain its balance sheet and borrowing ratios. The actual ratios for the year are set out in detail below and in all cases fall well within policy limits.

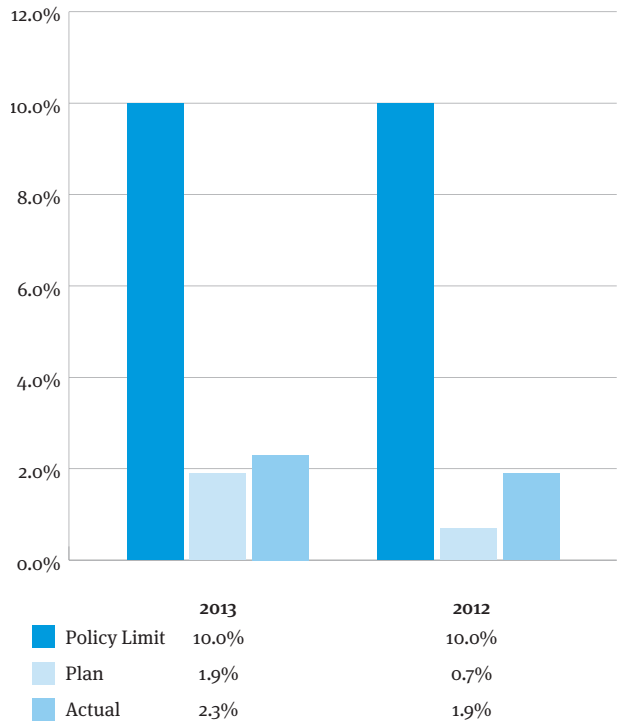
Net debt as a percentage of equity

Ratio policy <20%



Net interest as a percentage of total revenue

Ratio policy <10%

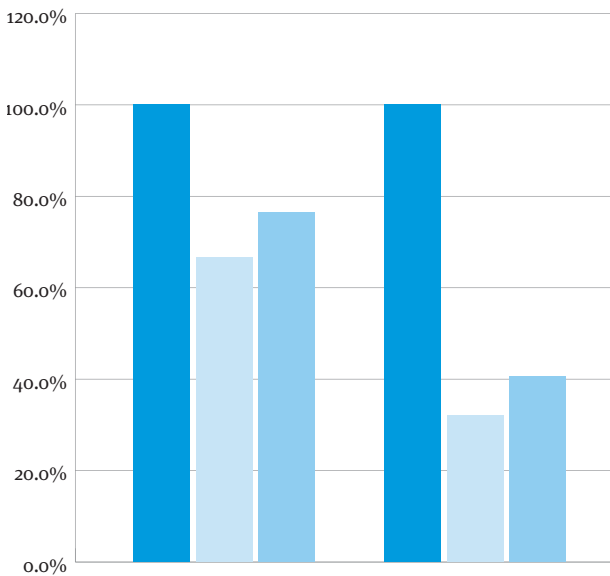


Financial statements

Financial ratios (continued)

Net debt as a percentage of total revenue

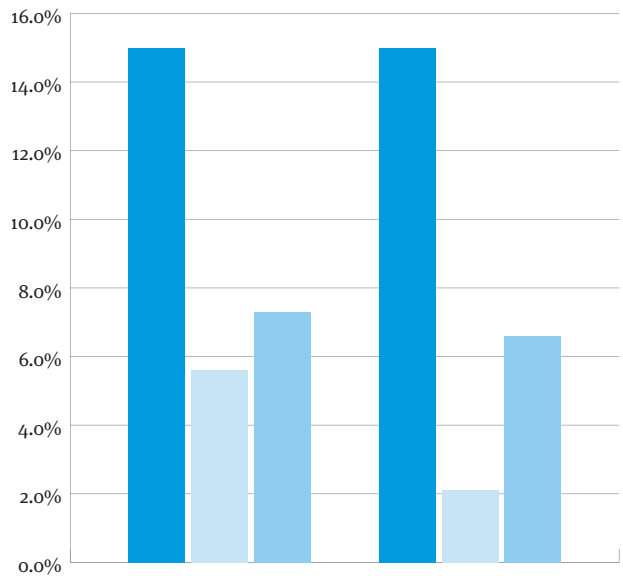
Ratio policy <100%



	2013	2012
Policy Limit	100.0%	100.0%
Plan	66.7%	32.0%
Actual	76.5%	40.6%

Net interest as a percentage of annual rates revenue

Ratio policy <15%



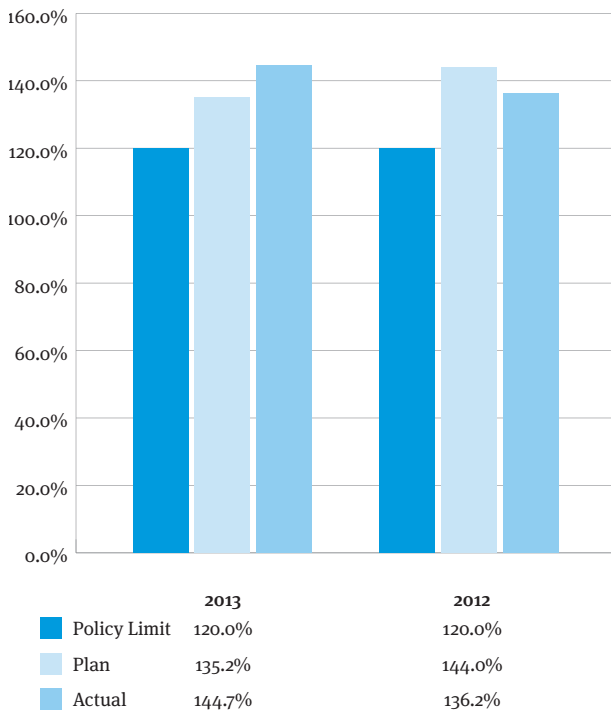
	2013	2012
Policy Limit	15.0%	15.0%
Plan	5.6%	2.1%
Actual	7.3%	6.6%

Financial statements

Financial ratios (continued)

Liquidity

Ratio policy >120%



Financial statements

Independent Auditor's Report

To the readers of Christchurch City Council and group's annual report for the year ended 30 June 2013

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

The Auditor-General is the auditor of Christchurch City Council (the City Council) and group. The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the City Council and group that comprise:
 - the balance sheet as at 30 June 2013 on pages 155 and 156;
 - the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended 30 June 2013 on pages 151 to 154 and pages 157 and 158; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 159 to 263;
- the statement of service provision (referred to as the statement of service performance) of the City Council on pages 39 to 112;
- the funding impact statement in relation to each group of activities of the City Council on pages 115 to 127;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 115 to 127; and
- the funding impact statement of the City Council on page 114.

In addition, the Auditor-General has appointed me to report on whether the City Council and group's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - council controlled organisations on pages 266 to 294;
 - reserve funds on pages 297 to 300;
 - each group of activities carried out by the City Council on pages 32 to 34;
 - remuneration paid to the elected members and certain employees of the City Council on pages 256 and 257;
 - employee staffing levels and remuneration on page 257; and
 - severance payments on page 256;
- a report on the activities undertaken by the City Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 31; and
- a statement of compliance signed by the mayor and chief executive of the City Council on page 9.

Disclaimer of opinion on the City Council and group's financial statements other than the cash flow statement, because of the effect of the Christchurch earthquakes on property, plant, and equipment

Reasons for our disclaimer of opinion

As a result of a series of earthquakes, the City Council's property, plant, and equipment assets have been significantly damaged. This damage has not been fully accounted for in the financial statements because the City Council is not yet able to estimate the costs to repair these assets with sufficient reliability. There is a high level of uncertainty about the cost estimates to repair the City Council's assets.

The City Council has disclosed on pages 145 to 150 information about the effects of the earthquakes on its assets and the reasons why the financial effect from that damage is not fully reflected in these financial statements. We consider that the City Council's approach to reporting these matters in the annual report is appropriate and that the note provides the best information currently available about the financial effects of the damage.

The City Council also carries certain property, plant, and equipment asset classes at fair value. New Zealand Equivalent to International Accounting Standard 16: *Property, Plant and Equipment* (NZ IAS 16) requires these asset classes to be revalued with sufficient regularity to ensure the carrying value is not materially different to fair value. For market-based valuations of land and buildings, revaluations have not been performed as the detailed effect of earthquake damage to the majority of Council properties is yet to be determined. For infrastructural assets valued using depreciated replacement cost, there is evidence that there is likely to have been a material movement in replacement costs requiring a revaluation to be performed. However, revaluations of infrastructural assets have not been performed, as the effect of the earthquake damage for infrastructural assets has not been determined with sufficient reliability.

The total carrying value of property, plant, and equipment included in the City Council's balance sheet is \$5.689 billion (2012: \$5.551 billion), which represents 69% of its total assets and 61% of total group assets as at 30 June 2013. Although the effects of the above matters cannot be reliably determined, it is clear that the carrying value of property, plant and equipment in the financial statements of the City Council and group is materially overstated. While some impairments have been accounted for relating to irreparable assets, the surplus for the year for the City

Financial statements

Independent Auditor's Report (continued)

Council and group does not reflect the total losses from the write off of irreparable assets, nor does other comprehensive income reflect the total impairment of damaged but reparable assets and revaluation movements for assets that should be revalued.

Because the City Council has not accounted for damage to its property, plant, and equipment assets and has not carried out a revaluation of property, plant, and equipment held at fair value, the scope of our audit was limited and we were unable to carry out adequate audit procedures to determine the amount of the required adjustments.

Attention is also drawn to the fact that we issued a disclaimer of opinion on the City Council and group's 30 June 2012 financial statements for the same reasons outlined above. As a consequence no assurance can be provided in relation to these matters on the comparative information presented in the 30 June 2013 financial statements.

Disclaimer of opinion on the City Council and group's financial statements other than the cash flow statement

Because of the significance of the matters described above in the "Reasons for our disclaimer of opinion" above, we have been unable to obtain sufficient appropriate audit evidence to form an opinion as to whether the financial statements as a whole, other than the cash flow statement, of the City Council and group on pages 151 to 263.

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the City Council and group's financial position as at 30 June 2013; and
 - the results of their operations for the year ended on that date.

Information for which sufficient appropriate audit evidence has been obtained

Notwithstanding our disclaimer of opinion on the financial statements as a whole, other than the cash flow statement, of the City Council and group, we have been able to obtain sufficient appropriate audit evidence for the information included in them, other than:

- the carrying amount of property, plant, and equipment, asset revaluation reserves, and retained earnings in the balance sheet;
- the related impairment losses, loss on disposals, and depreciation charged to the surplus/deficit in the statement of comprehensive income; and
- the related property, plant, and equipment valuation gains/losses and the impairment losses charged to other comprehensive income in the statement of comprehensive income.

Unmodified opinion on the City Council and group's cash flow statement

In our opinion, the cash flow statement on pages 157 and 158 complies with generally accepted accounting practice in New Zealand and fairly reflects the City Council and group's cash flows for the year ended 30 June 2013.

Qualified opinion on the City Council and group's statement of service performance

Reasons for our qualified opinion

Because of the matters described in the "Reasons for our disclaimer of opinion", we have been unable to obtain sufficient appropriate audit evidence to support the 'what did it cost' sections of the statement of service performance and the associated variance explanations set out on pages 39 to 112.

Attention is also drawn to the fact that we issued a qualified opinion on the City Council and group's 30 June 2012 'what did it cost' sections of the statement of service performance for the same reasons outlined above. As a consequence no assurance can be provided in relation to these matters on the comparative information presented in the 30 June 2013 'what did it cost' sections of the statement of service performance.

Qualified opinion on the City Council and group's statement of service performance

In our opinion, except for the possible effects of the matter described in the "Reasons for our qualified opinion" above, the statement of service performance of the City Council and group on pages 39 to 112:

- complies with generally accepted accounting practice in New Zealand; and
- fairly reflects the City Council and group's levels of service for the year ended 30 June 2013, including:
 - the levels of service as measured against the intended levels of service adopted in the annual plan; and
 - the reasons for any significant variances between the actual service and the expected service.

Deficiencies in rates setting resolutions

Without further modifying our opinion, we draw your attention to the disclosures in note 44 on page 259 about the Council becoming aware of deficiencies in its rates setting resolutions since 2004/05. The deficiencies relate to the setting of payment dates and the charging of rates penalties. The rates for 2013/14 have been reset, and the Council is in the process of preparing a draft local bill for Parliament to correct the deficiencies for the period from 2004/05 to 2012/13.

Unmodified opinion on the City Council's disclosures required by schedule 10 of the Local Government Act 2002

Financial statements

Independent Auditor's Report (continued)

Audited information

In our opinion:

- the funding impact statement of the City Council on page 114, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 115 to 127, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the City Council's annual plan.
- the funding impact statements in relation to each group of activities of the City Council on pages 115 to 127, fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan.

Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the City Council and group's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 3 October 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. We are unable to determine whether there are material misstatements because the scope of our work was limited, as we referred to in our disclaimer of opinion and our qualified opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the City Council and group's preparation of the information we audited that fairly reflect the matters to which they relate.

We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported statement of service performance within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720: *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result we do not express an audit opinion on the City Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on.

As explained above, we have not obtained all the information and explanations we have required to provide a basis for our opinion on the financial statements and the statement of service performance.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and a statement of service performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the City Council and group's financial position, financial performance and cash flows; and
 - fairly reflect its service performance, including achievements compared to forecast;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan;

Financial statements

Independent Auditor's Report (continued)

- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the City Council's annual plan; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

The Council's responsibilities arise under the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out this audit, which includes our report on the *Other Requirements*, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit we carried out other audit and assurance engagements for subsidiary companies in compliance with regulatory requirements. These audit and assurance engagements, as described in note 10 on page 182, are compatible with those independence requirements.

Other than the audit, which includes our report on the *Other Requirements*, and the other audit and assurance engagements, we have no relationship with or interests in the City Council or any of its subsidiaries.



Julian Tan

Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Financial statements

Summary of consolidating CCTOs and CCOs

The following pages report the financial results of Council and its subsidiaries and associates for the year ended 30 June 2013.

Council parent statements include:

- Christchurch City Council
- Various bequest and special funds
- Mayor's Welfare Fund
- The Christchurch Earthquake Mayoral Relief Fund

The Council Group in the financial statements comprises the Council parent plus the subsidiaries and associates listed below.

Subsidiaries and associates are:

- [Christchurch City Holdings Limited](#)

CCHL is a wholly owned company formed to hold Council's investments in subsidiaries and associates.

Major subsidiaries and associates of CCHL are:

- [Enable Services Limited](#)

ESL is a wholly owned company, established to make an investment in fibre-optic networks and ducting in the City. The financial statements consolidated are for the year ended 30 June 2013.

- [Christchurch International Airport Limited](#)

CIAL is 75 per cent owned by CCHL. CIAL owns the Christchurch International airport. The financial statements consolidated are for the year ended 30 June 2013.

- [City Care Limited](#)

City Care is a wholly owned company that provides construction and maintenance services for the Council and other organisations, and manufactures and supplies road paving material. The financial statements consolidated are for the year ended 30 June 2013.

- [EcoCentral Limited](#)

EcoCentral is a wholly owned company. EcoCentral oversees the processing of refuse and recycling collected from households throughout the Canterbury region. The financial statements consolidated are for the year ended 30 June 2013.

- [Lyttelton Port Company Limited](#)

LPC is 79.6 per cent owned by CCHL. LPC owns and operates the Lyttelton port. The financial statements consolidated are for the year ended 30 June 2013.

- [Orion New Zealand Limited](#)

Orion is 89.3 per cent owned by CCHL. Orion owns and operates the electricity distribution network between the Waimakariri and Rakaia rivers and from the Canterbury coast to Arthur's Pass. Orion also owns the electricity contracting business Connetics Limited. The financial statements consolidated are for the year ended 31 March 2013.

- [Red Bus Limited](#)

Red Bus is a public transport company and is wholly owned by CCHL. The financial statements consolidated are for the year ended 30 June 2013.

- [Selwyn Plantation Board Limited](#)

This associate company was 39.3 per cent owned by CCHL. During the year the company was liquidated.

- [Vbase Limited](#)

Vbase Limited (Vbase) is wholly owned by the Council. It owns CBS Canterbury Arena, Lancaster Park (formally AMI Stadium), Convention Centre and the Town Hall and manages AMI Stadium Addington and the conference and event facilities at the Air Force Museum at Wigram. The financial statements consolidated are for the year ended 30 June 2013.

Until 29 June 2012, Vbase owned 100 per cent of Jet Engine Facility Limited (JEFL), a company which was set up to construct, own and lease an aero engine testing facility. On 29 June 2012 Vbase sold 100 per cent of its shareholding in JEFL to Anzeng Engines Christchurch Limited and Pratt & Whitney Holdings SAS.

- [Tuam Limited](#)

Tuam Limited (Tuam) is wholly owned by Council. It owns and manages the former Tuam Street Civic Offices and related Tuam Street properties. The financial statements consolidated are for the year ended 30 June 2013.

- [Civic Building Limited](#)

Civic Building Limited (CBL) is wholly owned by Council. CBL owns the Council's 50 per cent interest in the joint venture with Ngāi Tahu Property Limited (NTPL) which owns and manages the new civic building on Worcester Boulevard. The financial statements consolidated are for the year ended 30 June 2013.

- [Riccarton Bush Trust](#)

The trust was established to administer and maintain Riccarton Bush, Riccarton House, Deans Cottage and the grounds. The financial statements consolidated are for the year ended 30 June 2013.

Financial statements

Summary of consolidating CCTOs and CCOs (continued)

- **The World Buskers' Festival Trust**

The trust was established by Council to organise and manage the annual World Buskers Festival in Christchurch. The financial statements consolidated are for the year ended 30 June 2013.

- **The Rod Donald Banks Peninsula Trust**

The trust was established by Council to promote sustainable management and conservation of the natural environment of Banks Peninsula together with supporting and facilitating projects that provide public access to the region. The financial statements consolidated are for the year ended 30 June 2013.

- **Christchurch Agency for Energy Trust Board**

Christchurch Agency for Energy Trust (CAfE) was established by Council to raise awareness in Christchurch and promote energy efficiency initiatives and the use of renewable energy. The financial statements consolidated are for the year ended 30 June 2013.

- **Canterbury Development Corporation Holdings Limited**

CDCH is 100 per cent owned by the Council. CDCH is the Council's holding company for CDC and its subsidiaries. CDC is the economic development agency for the City and its economic development planning interaction with the wider Canterbury economy. The financial statements consolidated are for the year ended 30 June 2013.

- **Transwaste Canterbury Limited**

Transwaste Canterbury Limited (Transwaste) is 39 per cent owned by the Council. Transwaste has the principal purpose of operating a non-hazardous landfill in Canterbury. The financial statements for the year ended 30 June 2013 are equity accounted.

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes rebuild

Parent

Progress continues to be made in assessing the condition of the Council's assets. While around 50% of the underground infrastructure has now been assessed, progress on the City's buildings and social housing continues to be slow. For major buildings such as the Town Hall, Art Gallery and Lancaster Park (formerly AMI Stadium), agreement is still to be reached between the Council's and insurer's engineers on the extent of the damage and the method of repair, if any. No major insurance settlements have been concluded under the Council's Material Damage policy, and \$12.4 million of the \$95.6 million claim for indemnity remains unpaid. On a positive note, the Cost Sharing Agreement was signed with the Crown in late June 2013 and \$249.0 million was received during the year. Buildings valued at \$2 million (2012: \$11 million) have been written off, and a further provision made of \$326 million (2012: \$191 million) for the estimated damage to underground assets and Heritage and social housing facilities.

Rebuilding the City

Central City Blueprint

The CCDU released its Central City Blue print in late July 2012 and the focus for the year was the transition from demolitions and red zones to the rebuild of the key central city anchor projects, and the creation of the Frame. The CCDU's Central City Blue print creates a green park-like frame around the CBD using the Avon to the north and land acquisitions to the east and south. The Frame will be a mix of new and existing green space together with commercial and residential developments. For the Council the focus was on those buildings which occupy the Frame and had to be sold to the CCDU. These buildings had not previously been a priority which required some reassessment of the priority list in order to establish their damage and likely insurance entitlement. Specifically this included the central library, Manchester St car park, Centennial pool, and the old Civic building and land, and associated buildings, which are owned by Tuam Limited.

Infrastructure Rebuild

The SCIRT alliance continued to deliver in line with its budget and target of completing the rebuild within five years.

Achievements to date

- 50% of assets assessed.
- Replacement of 200 kilometres of wastewater mains, 42 kilometres of water mains, 11 kilometres of storm water pipe and the repair and/or replacements of 279,576 square metres of roads.

Recovery of costs

During the year the Council incurred \$493 million (2012: \$298 million) of infrastructure rebuild costs for work completed by SCIRT. A provisional cost recovery methodology had been agreed for SCIRT costs to 30 June 2012. During the year the Council

concluded its negotiations with CERA on a funding proposal for infrastructure rebuild costs incurred after 30 June 2012, the outcome of which was included in the Crown Cost Sharing Agreement. As part of the agreement the Council has agreed to use its best endeavours to find a further \$398 million of savings within the rebuild programme. Should the savings prove to be unachievable this part of the Agreement will be revisited in December 2014.

\$218 million (2012: \$66 million) of SCIRT cost recoveries were received from NZTA and CERA and at 30 June 2013 the Council had a receivable of a further \$139 million (2012: \$114 million). Following the approval of the Crown Cost Sharing Agreement the Council received \$180 million from CERA. The Council expects to receive regular payments from NZTA and CERA going forward.

Facilities Rebuild

Progress to date in undertaking DEEs and Damage Assessments on all 1,600 Council owned buildings has been steady. While only 17.1% of DEEs have been fully completed the vast majority of DEEs are in progress or under review. A large number of Council owned buildings will not require a Damage Assessment, of those that do 30% have been started but none are yet to be completed.

The Council has been able to reopen some of its facilities including the Curators House in the Botanic Gardens (as pictured on the front cover of this Annual Report), Rolleston House Youth Hostel, South Library and Beckenham Service Centre, Cowles Stadium, Grubb Cottage, Lyttelton Visitor & Information Centre.

Cost of the Rebuild

The total cost of the earthquake response and recovery is estimated at \$4.4 billion, with \$1.0 billion covered by insurance and \$1.8 billion by the Crown's contribution. In addition to this the Crown will contribute a further \$1.1 billion to the jointly funded Anchor Projects.

The Council's contribution is estimated at \$1.6 billion including the contribution required for the Anchor Projects that involve Vbase owned assets (Town Hall, Lancaster Park (formerly AMI Stadium) and Convention Centre). The cost recoveries assume:

- **Underground Assets.** The Council has settled for \$201 million with the Local Authority Protection Programme (LAPP) for the repair of underground assets. The total amount paid by the LAPP programme is the maximum possible due to the reinsurance taken by the programme. NZTA subsidies for eligible roading have been assumed at 83% as approved by the NZTA Board. Crown Subsidies of 60% on underground assets are based on the Crown Cost Sharing Agreement.
- **Buildings, Facilities and Other Assets.** The forecasts assume the Council secures insurance settlements for the rebuild/repair of its facility assets on a like-for-like basis (less a 2.5% excess). Any improvements or strengthening of Council assets in excess of their pre-earthquake strength is assumed to be funded through a \$225 million "improvement allowance" in

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes rebuild (continued)

these estimates. This category of costs includes \$94 million of estimated costs for remediating assets that were not possible to insure such as parks, riverbanks and riverbeds (dredging). The Council share also includes \$11 million for repairs to the composting plant, which was not insured and the 2.5% excess on buildings claims.

- **Emergency & Response Costs.** Of the \$654 million expected to be incurred for emergency and response costs, \$335 million relates to maintaining temporary infrastructure (such as above-ground water supply lines and temporary stopbanks) until permanent repairs are completed and/or residential red zones are vacated. Crown subsidies are expected as follows:
 - NZTA subsidies for roading work of 75% for 2010/11 and thereafter 83%;
 - 100% for eligible Welfare costs;
 - 60% for ongoing maintenance of temporary works (100% for the February 2011 emergency period); and
 - 60% for Port Hills Slope Stability (PHSS) and demolition costs. The PHSS costs include a 50% Council contribution to the Crown's purchase of properties threatened by slope stability issues including rock roll or mitigation costs.

Council will fund its expected operating deficits and some of its portion of the response and recovery costs, through a combination of deferred renewals and a special earthquake charge on rates. This Charge was 1.76% of rates in 2011/12 and increased to 1.82% in 2012/13 and further increased to 1.93% for the three years 2013/14 to 2015/16.

In recognition that the infrastructure rebuild is partially replacing the Council's normal renewal programme the Council is taking part of the asset renewal budget to repay the debt needed to fund the rebuild. The financial strategy includes rates funded debt repayments totalling \$900 million to 2030/31. A partial reduction in the renewals programme over this period is reasonable as with a newer network the level of renewal required in the medium term should be lower.

The Council is also using a 1.84% major facilities rebuild charge to raise sufficient additional rates to repay the borrowing that will be necessary to fund the improvements planned for the repair or rebuild of 10 major community facilities. This charge will fund the costs not covered by insurance.

Further information on the Council's strategy for funding its share of the rebuild is set out in the Financial Strategy section of the Three Year Plan.

Insurance recoveries

The Council's financial statements include income relating to insurance recoveries of \$373 million (2012: \$575 million) and include an insurance receivable of \$345 million (2012: \$141 million). These amounts reflect the costs incurred and recoveries recognised based on information available to 30 June 2013. Insurance recoveries for the year reflect the value of claims for demolished and damaged buildings and facilities. No major insurance settlements have been concluded this year. Insurance recoveries can only be recognised as income when there is virtual certainty of receiving the recovery.

A progress payment of \$21 million was received in 2012 from the Earthquake Commission towards the repair and rebuild of Council's social housing units.

This insurance/recovery revenue is split in the following manner:

	30 Jun 13	30 Jun 12	30 Jun 11
	Actual	Actual	Actual
	\$000	\$000	\$000
Revenue			
Insurance proceeds recognised	75,989	249,858	93,421
Government grants or other assistance	295,419	317,196	182,298
Other revenue as result of earthquake	2,052	8,060	1,309
	373,460	575,114	277,028

The amount of future recoveries could not be reliably measured at 30 June 2013 and have been treated as contingent assets. A note to this effect has been included in Note 38 *Contingent liabilities and contingent assets* in the financial statements.

Earthquake response cost recoveries

Under the National CDEM Plan the Council can recover some of the costs incurred in the ongoing maintenance of temporary infrastructure from the Crown. At 30 June 2013 Council had accrued recoveries of \$230 million (2012: \$144 million) and had received payments of \$109 million (2012: \$164 million). The Council has worked through the claims process with each of the Crown agencies to progress the settlement of the claims. For the DIA and CERA this has included subjecting our processes to independent audit.

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes rebuild (continued)

Accounting Consequences

Capital commitments

Council has a number of additional capital commitments. The Council as a funding partner of the SCIRT alliance is committed over the next 4 years to funding its share of the infrastructure rebuild. The total cost of the infrastructure rebuild is estimated at \$2.3 billion of which \$708.2 million has been paid to 30 June 2013.

The Council through the 2012/13 Annual Plan, Three Year Plan and the Crown cost sharing agreement is also committed to the facilities rebuild. The Three Year Plan and Crown cost sharing agreement detail what projects will be the Council's focus over the period of the rebuild. These projects are not only limited to the blueprint facilities but also the other capital projects which the Council agreed to undertake in the Three Year Plan.

Contingent assets and liabilities

Insurance recoveries

Accounting standards require that insurance recoveries can only be recognised where there is virtual certainty of receiving the payment. For some recoveries the virtual certainty has been achieved and the revenue recognised. However, for others the standard has not been met although the Council is confident that it will receive a recovery and it is a contingent asset. The ultimate quantum of all the insurance recoveries cannot currently be reliably measured as there will continue to be uncertainty around the range of possible outcomes for a number of years.

Funding contributions

The Crown cost sharing agreement outlined the relative funding requirements of individual projects. This also identified the likely levels of Crown funding on each project. Accounting standards require revenue (including funding contributions) to be recognised as income where there is virtual certainty of receiving payment. Based on the Crown funding agreement there is a potential range of funding for each project. While the Council is confident that it will receive the Crown funding, at 30 June 2013 it cannot reliably measure what the quantum of this funding will be. As a result, the Council has a contingent asset.

Contingent liabilities

The earthquakes and their aftermath have increased the risk of potential litigation and claims against Council together with an increased risk of decisions being subject to judicial review.

Accounting for earthquake damage and impairment

Accounting standards require that when an asset has been destroyed it should be de-recognised, or written off, from the financial statements. Similarly, where there is an indication that the value of an asset as recorded in the financial statements is greater than its actual value, the value of that asset must be reduced (this is known as impairment). It is clear from the Council's work to date that:

- some of Council's infrastructural and building assets have been damaged beyond repair, and NZ IAS 16 – Property, Plant and Equipment requires Council to write off those assets. This write off is expensed in the Statement of Comprehensive Income and impacts the surplus or deficit for the year.
- much of Council's infrastructural and building assets have been impaired, and NZ IAS 36 - Accounting for Impairment requires Council to recognise an impairment loss on those assets. Impairment is recognised in other comprehensive income against revaluation reserves for each class of asset. Any excess of impairment above the revaluation reserve is expensed in the Statement of Comprehensive Income.

Based on the information available to date, Council has been able to identify a small number of individual assets that are damaged beyond repair and have been written off. These include QEII and a number of smaller buildings. However, in the main, it is still not possible to determine whether the assets are damaged beyond repair and should be written off, or can be repaired and therefore, should be impaired. This process may take several more years as in most cases final decisions about write off versus impairment of individual assets cannot be made until detailed engineering reports are available and a repair/replace decision has been agreed with the Council's insurers and/or Government agencies.

Recognition of assets written off in these financial statements

The book value prior to any earthquake related impairment of assets that had clearly been destroyed by the earthquakes to date is:

	2012/13	2011/12	2010/11	Total
	Book value	Book value	Book value	Book Value
	\$ million	\$ million	\$ million	\$ million
Buildings	0.50	43.01	4.87	48.38
Water pumping stations	-	0.02	0.38	0.40
Sewer pumping stations	1.06	-	4.04	5.10
Historic buildings	-	-	0.24	0.24
	1.56	43.03	9.53	54.12

For 2013 the majority of write offs have been sewer pumping stations. The significant write off in the 2012 financial year was QEII which was de-recognised when the CERA demolition order was agreed. QEII was impaired in 2010/11 but due to the decision to demolish the facility, the remaining book value was recognised in the Council's surplus for 2012.

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes rebuild (continued)

The value of assets written off to date is comparatively low at \$54.1 million (2012: \$52.5 million) however, this will increase as infrastructure rebuild projects are completed and the existing assets are written off and replaced by the new assets.

The impact on the Council's profit of these write offs has been a \$32 million reduction in the asset revaluation reserve for impairment of the specific assets and the recognition of a total of \$26 million loss (2013: \$3 million, 2012: \$11 million and 2011: \$12 million) in the Statement of Comprehensive Income when the assets were de-recognised.

Recognition of impaired assets in these financial statements Buildings / Facilities

In 2010/11 the Council recognised impairment of \$44 million being the indemnity payment received in relation to buildings where the insurer had confirmed that the building has been damaged beyond repair. The impairment of the affected buildings was recognised by reducing the value of the assets in the Council's financial statements and by reducing the value of the Council's asset revaluation reserves by an equal amount.

At 30 June 2013 it was considered appropriate to make a further impairment of buildings / facilities as there was sufficient information to form a reasonable estimate of value of the impairment. The estimate was based on the following information:

- DEE assessments where complete provide an estimate of damage incurred;
- Insurance recoveries received and/or agreed with insurers indicate the level of damage;
- Payments received from EQC; and
- Crown Cost Sharing Agreement regarding red zone residential housing complexes.

This information was assessed and used to form the basis of an estimate of earthquake related damage to facilities that had not been demolished. This process identified an estimate of \$37.8 million of impairment. This is considered a conservative estimate as there are a number of Council facilities where we do not have sufficient information to yet make a reasonable estimate of impairment.

The value of the land on which residential red zone, housing complexes stood has also been written down to \$0 as agreed in the Crown Cost Sharing Agreement.

As of 30 June 2013, the DEE programme for non-residential facilities is nearing completion with final or draft reports received for most facilities. The DEE programme for residential facilities is continuing; 233 have been completed, 198 are in progress and 238 are yet to begin. It is expected that all these DEEs will be completed by April 2014.

Infrastructure

As SCIRT and the Council continue their infrastructure inspection programme more information becomes available regarding the extent of the damage. For the 2011/12 annual report there was sufficient information to make an impairment estimate for the portion of the networks that needed to be replaced. Further information has become available during 2012/13 detailing the portions of the wastewater and roading networks which require repair. This has resulted in the Council making a further impairment estimate for the repair of the wastewater and roading networks.

The impairment estimates made for 2012 and 2013 are detailed below for each network.

	Pre-impairment book value of asset class			Impairment		Percentage of book value
	30 June 2013	2012 Replacement	2013 Repair			
	\$ million	\$ million	\$ million			
Roading network	1,781.19	19.41	243.44	15%		
Sewerage system	892.99	121.15	81.28	23%		
Water system	447.90	15.19	-	3%		
Storm water system	360.08	35.45	-	10%		
Footbridges	0.03	0.03	-	100%		
Facilities	426.40	-	29.97	7%		
	3,908.59	191.23	354.69			

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes rebuild (continued)

The impairment provision for network assets was initially calculated based on the 29 September 2011 estimate prepared by WT Partnerships Infrastructure in conjunction with Council and SCIRT. This estimate detailed the quantities of each network that need to be replaced. These quantities have been used to determine the percentage to be impaired using the optimised depreciated replacement cost as the value. There has been no change to the estimate for replacement in 2012/13.

The impairment of infrastructure assets has reduced the value of the assets in the Council's financial statements and has been recognised in other comprehensive income against the revaluation reserves for each class of asset. No impairment was expensed. As SCIRT replaces the infrastructure assets and delivers them to Council the impaired assets will be written off in the financial statements and the new assets added. The impairment estimate will continue to be revised annually in accordance with accounting standards.

The 2012/13 Annual Plan reflected a \$1.2 billion provision for impairment in its opening balance of fixed assets. This reflected the best information available at the time. The balance of \$0.7 billion will be recognised as more information is available and assets are replaced.

Revaluations

The Council revalues the following items of property, plant and equipment to fair value:

- Land (other than land under roads)
- Buildings
- Infrastructure assets
- Heritage assets
- Works of art

Fair value of infrastructure assets for a public benefit entity (PBE) like the Council is depreciated replacement cost. Other assets such as land, buildings and works of art the fair value is market value. Under NZ IAS 16, the Council needs to be able to demonstrate that the carrying value of its assets is recorded at fair value at balance date. However, the unit rates being proposed for replacement or repair of assets are significantly higher than the unit rates included in the current valuations. This suggests that the rates underpinning the asset valuations are no longer appropriate and that, the difference between the carrying values and the fair value (even ignoring the impact of impairment and disposals) could be substantial. In these circumstances, Council would need to revalue its assets to comply with the standard.

The Council's asset revaluation programme was suspended in 2010/11 and 2011/12 as it was considered that there was insufficient market activity to provide reliable market valuations or that assumptions required to provide a valuation would not be appropriate. In 2011/12 the valuation of public art assets only was undertaken. In 2012/13 the Council was due to revalue roading and water supply. These valuations were not done for the

following reasons:

- there was considered still to be insufficient market activity to provide reliable market valuations;
- the assumptions required to provide market valuations were not appropriate;
- there was insufficient asset condition information;
- there was insufficient information regarding the extent of the damage to infrastructure networks and the effect of the earthquakes on estimated useful lives; or
- there are uncertainties around the appropriate unit rates to be applied to assets.

Council expects to reinstate its revaluation programme in the 2013/14 financial year as it is anticipated that there will be evidence that a market exists for an asset class and there is sufficient condition information available to allow a valuation to be prepared.

Group

Impact on assets held by Council's subsidiaries

Several of the Council's subsidiaries have significant physical asset holdings which have been impacted by the series of earthquakes. Specifically:

Lyttelton Port Company Limited

On 2 November 2011, LPC elected to evacuate its administration building due to the risks highlighted in an engineering report. Further engineering assessments were commissioned to determine if remediation was possible and economically feasible. As at 30 June 2013, no decision has been reached whether this building will be repaired. LPC is currently unable to assess whether the building had suffered any impairment. The building had a net book value of \$1.1 million as at 30 June 2013.

There is an insurance receivable of \$28 million at 30 June 2012 (2011: \$29 million) representing amounts due from insurers for both business interruption and material damage, which LPC was able to reliably measure based on costs incurred and revenue lost to date. LPC has received \$53.1 million of material damage progress payments, including \$17.4 million in the current year.

LPC has a material damage claim with its insurer in relation to the reinstatement of its assets. LPC has generally elected to reinstate its damaged or destroyed assets, though significant physical works are yet to commence.

LPC is entitled to lodge claims for payments under the policy when:

- Indemnity values have been established and/or
- Reinstatement costs have been incurred.

Following independent expert advice LPC is now liaising with its insurers on establishing the indemnity values. This will form the basis of a further indemnity progress payment to be made by the insurers.

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes rebuild (continued)

It will take a number of years to complete the reinstatement of its damaged and destroyed assets. The ultimate quantum of the material damage claim cannot currently be reliably measured on the basis that there is significant uncertainty around the range of possible outcomes and insufficient information to form a reasonable judgement.

The claim process is highly complex and over the next financial year LPC will continue to collate the necessary engineering and financial information for the insurers and their assessors.

Civic Building Limited

CBL owns 50 per cent interest of the Christchurch Civic Building unincorporated joint venture (CCBJV) with NTPL that owns the Civic Building in Hereford Street. The damage suffered to the building has been fully repaired. The repairs were substantially funded by insurance the majority of which has been received by the joint venture.

Tuam Limited

The major asset of Tuam is the former civic building in Tuam Street. The building has suffered significant damage from the Canterbury earthquakes.

Tuam is in the process of selling its assets to the CCDU and as part of the sale process will be seeking to reach an insurance settlement. The assets are classified as held for sale and have been valued at the estimated sale price excluding any insurance recoveries.

Vbase Limited

The February 2011 earthquake caused significant damage to the Christchurch Convention Centre, the Christchurch Town Hall for Performing Arts, and Lancaster Park (formerly AMI Stadium). The Convention Centre and Hadlee stand at Lancaster Park have been demolished. Lancaster Park and the Christchurch Town Hall for Performing Arts suffered significant damage and to return these assets to pre-earthquake condition, it is estimated to cost more than their insured value. Vbase's other major asset, the CBS Canterbury Arena, has not suffered significant earthquake damage and is operational.

Vbase has recognised \$2 million (2012: \$167 million) in insurance recoveries in its financial statements. It has an insurance recoveries receivable as at 30 June 2013 of \$181 million (2012: \$178 million).

Vbase received a qualified audit opinion as it has been unable to obtain sufficient market evidence to support the value of the CBS Canterbury Arena. This qualification has not impacted the overall group audit opinion as the Council has also not been able to value its buildings.

Orion New Zealand Limited

The Canterbury earthquakes, particularly the 22 February 2011 earthquake, caused significant damage to Orion's electricity distribution network and to its office buildings.

Repair work on the electricity distribution network is ongoing and is expected to take up to another five years before all underground cable damage is found and repaired. Orion is still working with CERA and the Council to re-establish power and network resiliency to the CBD according to agreed priorities and time frames. \$2 million of insurance recoveries have been recognised in the year to 31 March 2013 (2012: \$22 million) with no further insurance recoveries receivable (2012: \$10 million).

Christchurch International Airport Limited

CIAL incurred minimal damage from the Canterbury earthquakes, and they did not cause major disruptions to the day-to-day operations.

No impairment has been determined on CIAL assets as at 30 June 2013. An impairment test on the completed Integrated Terminal Project (ITP) as at 30 June 2013 determined no impairment was necessary (2012: NIL for ITP work in progress).

Costs associated with earthquake damage to date are \$0.03 million (2012: \$4 million). In the current year no further insurance recoveries were received (2012: \$2 million) and no insurance claims are outstanding.

Red Bus Limited

The Canterbury earthquakes have had a major impact on public transport. In the 2012 financial year Red Bus recorded \$1.2 million of insurance proceeds in relation to loss of rental income, workshop plant and equipment, loss of profits and balance of workshop buildings recovery. No further insurance proceeds were received or receivable in the 2013 financial year.

Financial statements

Statement of comprehensive income

For the year ended 30 June 2013		Parent			Group	
		Note	30 Jun 13 Actual \$000	30 Jun 13 Plan \$000	30 Jun 12 Actual * \$000	30 Jun 13 Actual \$000
Rates revenue excluding targeted water supply rates	2(a)	277,076	285,139	261,802	270,763	255,781
Fees, charges and targeted water supply rates		62,846	120,476	59,651	58,879	59,126
Development and financial contributions		20,563	9,000	8,741	24,804	12,840
Subsidies and grants	2(b)	326,449	449,238	327,557	327,677	334,030
Other revenue	2(c)	189,760	42,369	373,418	964,908	1,174,459
Finance income	3	23,853	18,974	20,166	19,725	15,963
Other gains	4	1,125	-	392	10,013	5,823
Total income		901,672	925,196	1,051,727	1,676,769	1,858,022
Depreciation, amortisation and impairment	5	171,332	113,579	116,196	269,907	206,581
Finance costs	6	44,211	36,384	39,942	80,291	74,142
Personnel costs	7	146,471	154,949	124,179	373,116	315,578
Other expenses	8	302,812	281,543	447,092	668,584	695,876
Other losses	4	10,316	-	14,899	11,512	83,641
Total operating expenses		675,142	586,455	742,308	1,403,410	1,375,818
Share of associate's surplus	20	-	-	-	1,213	850
Surplus before asset contributions		226,530	338,741	309,419	274,572	483,054
Vested assets	9	36,114	3,500	19,131	40,976	19,131
Surplus before income tax expense		262,644	342,241	328,550	315,548	502,185
Income tax expense/(credit)	11	(2,360)	(4,256)	91	23,180	39,275
Surplus from continuing operations		265,004	346,497	328,459	292,368	462,910
Surplus for the period		265,004	346,497	328,459	292,368	462,910
Other comprehensive income						
Property, plant and equipment valuation gain/(loss)		665	-	(1,452)	31,394	8,187
Gains/losses from:						
Investment revaluation gain/(loss)		61,320	-	81,061	(87)	329
Cash flow hedges gain/(loss)		28,419	-	(28,538)	46,485	(43,392)
Share of other comprehensive income (after tax) of associates		-	-	-	-	71
Income tax relating to components of other comprehensive income		-	-	-	3,448	940
Property, plant and equipment impairment loss		(298,357)	-	(191,242)	(298,357)	(188,135)
Other comprehensive income for the period, net of tax		(207,953)	-	(140,171)	(217,117)	(222,000)
Total comprehensive income for the period, net of tax		57,051	346,497	188,288	75,251	240,910

* Amounts reclassified as outlined in Note 45.

The accompanying notes form part of and are to be read in conjunction with these financial statements.

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Statement of comprehensive income (continued)

For the year ended 30 June 2013		Parent			Group	
		Note	30 Jun 13 Actual \$000	30 Jun 13 Plan \$000	30 Jun 12 Actual * \$000	30 Jun 13 Actual \$000
Surplus for the period attributable to:						
Parent entity		265,004	346,497	328,459	279,049	448,652
Non controlling interests		-	-	-	13,319	14,258
		<u>265,004</u>	<u>346,497</u>	<u>328,459</u>	<u>292,368</u>	<u>462,910</u>
Total comprehensive income attributable to:						
Equity holders of the parent		57,051	346,497	188,288	51,470	223,096
Non controlling interests	35	-	-	-	23,781	17,814
		<u>57,051</u>	<u>346,497</u>	<u>188,288</u>	<u>75,251</u>	<u>240,910</u>

* Amounts reclassified as outlined in Note 45.

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Financial statements

Statement of changes in equity

For the year ended 30 June 2013									Parent
	Asset revaluation reserve	Fair value through equity reserve	Hedging reserve	Reserve Fund	Capital reserve	Retained earnings	Attributable to equity holders of parent	Non Controlling interests	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 July 2011	1,742,737	1,224,199	(10,237)	247,448	1,733,853	1,954,747	6,892,747	-	6,892,747
Surplus for period	-	-	-	-	-	328,459	328,459	-	328,459
Other comprehensive income for year (net of tax)	(192,694)	81,061	(28,538)	-	-	-	(140,171)	-	(140,171)
Transfer to/from retained earnings	(6,346)	-	-	159,639	-	-	153,293	-	153,293
Transfer to/from reserves	-	-	-	-	-	(153,293)	(153,293)	-	(153,293)
Balance as at 30 June 2012	1,543,697	1,305,260	(38,775)	407,087	1,733,853	2,129,913	7,081,035	-	7,081,035
Surplus for period	-	-	-	-	-	265,004	265,004	-	265,004
Other comprehensive income for year (net of tax)	(297,692)	61,320	28,419	-	-	-	(207,953)	-	(207,953)
Transfer to/from retained earnings	(2,379)	-	-	(105,183)	-	-	(107,562)	-	(107,562)
Transfer to/from reserves	-	-	-	-	-	107,562	107,562	-	107,562
Balance as at 30 June 2013	1,243,626	1,366,580	(10,356)	301,904	1,733,853	2,502,479	7,138,086	-	7,138,086

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Financial statements

Statement of changes in equity (continued)

	Group								
	Asset revaluation reserve	Fair value through equity reserve	Hedging reserve	Reserve Fund	Capital reserve	Retained earnings	Attributable to equity holders of parent	Non Controlling interests	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 July 2011	2,065,338	(882)	(24,179)	247,448	1,733,853	2,545,922	6,567,500	247,217	6,814,717
Surplus for period	-	-	-	-	-	448,652	448,652	14,258	462,910
Other comprehensive income for year (net of tax)	(191,470)	329	(37,787)	-	-	3,372	(225,556)	3,556	(222,000)
Transfer to/from retained earnings	(6,438)	-	-	159,639	-	-	153,201	-	153,201
Transfer to/from reserves	-	-	-	-	-	(153,201)	(153,201)	-	(153,201)
Adjustment to controlling interests on purchase of shares	-	-	-	-	-	4,139	4,139	(527)	3,612
Consolidation of CCOs	4,046	-	-	60	1,081	6,393	11,580	-	11,580
Dividends paid or provided for	-	-	-	-	-	-	-	(7,940)	(7,940)
Balance as at 30 June 2012	1,871,476	(553)	(61,966)	407,147	1,734,934	2,855,277	6,806,315	256,564	7,062,879
Surplus for period	-	-	-	-	-	279,049	279,049	13,319	292,368
Other comprehensive income for year (net of tax)	(266,804)	(87)	39,312	-	-	-	(227,579)	10,462	(217,117)
Transfer to/from retained earnings	(2,399)	-	-	(104,733)	-	-	(107,132)	-	(107,132)
Transfer to/from reserves	-	-	-	-	-	107,132	107,132	-	107,132
Other items	-	-	-	-	-	6,806	6,806	(110)	6,696
Consolidation of CCOs	-	-	-	-	-	2,468	2,468	-	2,468
Dividends paid or provided for	-	-	-	-	-	-	-	(5,644)	(5,644)
Balance as at 30 June 2013	1,602,273	(640)	(22,654)	302,414	1,734,934	3,250,732	6,867,059	274,591	7,141,650

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Financial statements

Balance sheet

As at 30 June 2013		Parent			Group	
	Note	30 Jun 13 Actual \$000	30 Jun 13 Plan \$000	30 Jun 12 Actual * \$000	30 Jun 13 Actual \$000	30 Jun 12 Actual * \$000
Current assets						
Cash and cash equivalents	12	146,598	12,751	118,267	161,646	151,237
Debtors and other receivables	13(a)	87,539	248,483	55,765	189,429	126,903
Derivative financial instruments	15(a)	-	-	415	34	667
Other financial assets	16(a)	59,409	55,534	90,929	111,465	104,669
Prepayments		4,534	-	4,998	14,033	12,080
Inventories	17(a)	6,024	2,248	3,916	23,120	21,347
Current tax assets	11(b)	-	-	21	4,399	-
Assets classified as held for sale	18	37,227	-	446	58,511	446
Other	19(a)	344,848	-	345,222	554,841	567,900
Total current assets		686,179	319,016	619,979	1,117,478	985,249
Non-current assets						
Debtors and other receivables	13(b)	-	-	-	222	275
Investments in associates	20	6,196	-	6,196	43,601	58,929
Derivative financial instruments	15(b)	9,865	-	1,976	11,827	1,976
Other financial assets:	16(b)					
- Investment in CCOs and other similar entities		1,757,352	1,634,225	1,701,317	3,607	3,829
- Other financial assets		69,591	108,473	82,807	81,223	84,568
Prepayments		-	-	-	8,200	9,128
Property, plant and equipment	23	5,689,849	5,384,124	5,551,914	7,808,340	7,620,488
Investment property	24	-	-	-	169,382	145,431
Intangible assets	25	48,341	13,751	39,084	62,511	51,328
Deferred tax assets	11(c)	2,426	-	-	14,247	18,918
Goodwill	26	-	-	-	21,477	21,227
Other	19(b)	-	-	-	-	24
Total non-current assets		7,583,620	7,140,573	7,383,294	8,224,637	8,016,121
Total assets		8,269,799	7,459,589	8,003,273	9,342,115	9,001,370
Current liabilities						
Creditors and other payables	27	110,078	124,981	116,203	177,118	174,879
Borrowings	28(a)	252,303	24,651	87,239	350,128	254,049
Derivative financial instruments	15(c)	382	-	-	1,659	1,384
Employee entitlements	30(a)	14,551	13,989	14,310	40,005	39,452
Current tax liabilities	11(b)	-	-	-	-	18,113
Provisions	31(a)	6,169	519	3,063	6,169	3,063
Other	32(a)	5,807	-	31,485	6,553	5,053
Total current liabilities		389,290	164,140	252,300	581,632	495,993

* Amounts reclassified as outlined in Note 45.

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Financial statements

Balance sheet (continued)

As at 30 June 2013		Parent			Group	
	Note	30 Jun 13 Actual \$000	30 Jun 13 Plan \$000	30 Jun 12 Actual * \$000	30 Jun 13 Actual \$000	30 Jun 12 Actual * \$000
Non-current liabilities						
Borrowings	28(b)	680,105	760,204	584,422	1,203,441	1,006,370
Derivative financial instruments	15(d)	22,933	-	43,911	48,015	82,493
Employee entitlements	30(b)	5,884	5,970	5,801	7,884	7,362
Deferred tax liabilities	11 (c)	3,931	3,729	3,865	335,463	319,776
Provisions	31(b)	19,759	147,148	21,182	19,759	21,182
Other	32(b)	9,811	-	10,757	4,271	5,315
Total non-current liabilities		742,423	917,051	669,938	1,618,833	1,442,498
Total liabilities		1,131,713	1,081,191	922,238	2,200,465	1,938,491
Net assets		7,138,086	6,378,398	7,081,035	7,141,650	7,062,879
Equity						
Reserves	33	4,635,607	3,672,344	4,951,122	3,616,327	3,951,038
Retained earnings	34	2,502,479	2,706,054	2,129,913	3,250,732	2,855,277
Parent entity interest		7,138,086	6,378,398	7,081,035	6,867,059	6,806,315
Non controlling interest	35	-	-	-	274,591	256,564
Total equity		7,138,086	6,378,398	7,081,035	7,141,650	7,062,879

* Amounts reclassified as outlined in Note 45.

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Financial statements

Cash flow statement

For the year ended 30 June 2013		Parent			Group	
		Note	30 Jun 13 Actual \$000	30 Jun 13 Plan \$000	30 Jun 12 Actual* \$000	30 Jun 13 Actual \$000
Cash flows from operating activities						
		304,069	311,173	309,598	297,756	303,052
		150,247	555,991	123,064	911,810	758,290
		24,670	18,974	19,964	19,385	13,597
		39,008	42,369	55,199	-	-
		3,711	-	5,846	-	-
		87,937	-	163,863	87,937	176,486
		(440,122)	(436,700)	(608,785)	(1,019,446)	(1,080,818)
		(44,323)	(36,384)	(37,294)	(83,869)	(75,156)
		-	-	-	(17,827)	(8,125)
		(14,320)	-	18,758	(14,493)	18,758
	36	110,877	455,423	50,213	181,253	106,084
Cash flows from investing activities						
		49,553	183,414	-	120,017	30,180
		469	-	17,060	469	-
		-	-	73	-	73
		223	1,205	392	1,770	1,264
		-	-	-	20,793	-
		263,412	-	265,681	296,167	282,254
		-	-	(59,132)	(108,837)	(89,582)
		-	-	(9,000)	-	(2,300)
		(631,181)	(844,087)	(390,449)	(776,904)	(537,233)
		-	-	-	(6,814)	-
		-	-	-	(5,997)	(3,473)
		-	-	-	(250)	(3,391)
		-	-	-	(3,735)	(14,025)
		(27,171)	-	27,171	-	27,171
		(344,695)	(659,468)	(148,204)	(463,321)	(309,062)
Cash flows from financing activities						
		340,000	201,382	211,250	476,350	297,864
		(77,851)	(7,157)	(43,409)	(179,034)	(18,244)
		-	-	-	(338)	(298)
		-	-	-	(5,644)	(7,940)
		262,149	194,225	167,841	291,334	271,382

* Amounts reclassified as outlined in Note 45.

The accompanying notes form part of and are to be read in conjunction with these financial statements

Financial statements

Cash flow statement (continued)

For the year ended 30 June 2013	Note	Parent			Group	
		30 Jun 13	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
		Actual	Plan	Actual*	Actual	Actual*
		\$000	\$000	\$000	\$000	\$000
Net increase in cash and cash equivalents		28,331	(9,820)	69,850	9,266	68,404
Cash introduced due to consolidation of CCOs		-	-	-	1,143	2,057
Cash and cash equivalents at beginning of year		118,267	22,571	48,417	151,237	80,776
Cash and cash equivalents at end of year		146,598	12,751	118,267	161,646	151,237

* Amounts reclassified as outlined in Note 45.

The accompanying notes form part of and are to be read in conjunction with these financial statements

Notes to the financial statements.

1. Statement of accounting policies

Reporting entity

The Council is a territorial authority under the Local Government Act 2002. The consolidated entity consists of the entities listed in the Group structure section.

The primary objective of the Council is to provide goods or services for the community or for social benefit rather than to make a financial return. Accordingly, the Council has designated itself a PBE for the purposes of NZ IFRS. Council is therefore subject to policies and exemptions that may not apply to other entities in the Group. Where PBE treatment of specific issues differs from the usual treatment, this fact is noted in each policy.

The financial statements of the Council are for the year ended 30 June 2013. The financial statements were approved by the Council on 03 October 2013. The Council does not have the authority to amend the financial statements after this date.

Basis of preparation

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 Section 111, and Part 3 of Schedule 10, which includes the requirement to comply with General Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable financial reporting standards, as appropriate for PBEs with the following exceptions related to 2013:

- NZ IAS 36 – Impairment of Assets
 - Assets with earthquake damage have been written off only when it is certain that they have been destroyed. Where Council and its insurers have agreed that a building has been damaged beyond economic repair and insurers have agreed to pay out the indemnity value of the building, the Council has recognised the indemnity amount as an impairment to the building.
 - An impairment provision was recognised in 2012 for damage to certain classes of infrastructure assets. In 2013 a further provision has been made in respect of infrastructure assets and facilities. These provisions will be reversed and replaced with the final impairments/write offs as more information becomes available.
 - Further information about this matter is set out in the introductory note to the financial statements and in note 23.
- NZ IAS 16 – Property, Plant and Equipment
 - Assets due for valuation in 2013 were roading and water supply infrastructure assets. These assets were not revalued during 2013 and therefore their carrying value represents their 2010 fair value less depreciation. Further information about this is set out in note 23 to the financial statements.
 - NZ IAS 16 requires the Council to review the useful lives and

residual values of its assets annually. Because of the scale of earthquake damage, the Council has not complied with this requirement for 2013.

All of the above have flow on effects to depreciation, impairment of assets carrying values, revaluation reserves, and retained earnings.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Council is New Zealand dollars.

Except where specified, the accounting policies set out below have been applied consistently to all periods presented in these financial statements. Further information about these exceptions is set out in the *Impact of the 2010 and 2011 Canterbury earthquakes rebuild* note set out in pages 145 to 150.

New accounting standards and interpretations

Changes in accounting policy and disclosures

New standards, interpretations and amendments have been adopted for 2013. These are discussed in further detail below.

Principles of consolidation

i) Subsidiaries

Subsidiaries include special purpose entities and those over which the Council has the power to govern financial and operating policies, generally accompanying a shareholding of at least half of the voting rights. Potential exercisable or convertible voting rights are considered when assessing whether the Council controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Council and de-consolidated from the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries.

Intercompany transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Council.

Non controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and balance sheet.

Notes to the financial statements.

1. Statement of accounting policies (continued)

ii) Associates

Associates are entities over which the Council has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights.

Investments in associates are accounted for in the parent's financial statements using the cost method and in the consolidated financial statements using the equity method, after initially being recognised at cost. The Council's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Council's share of its associates' post acquisition profits or losses is recognised in the profit and loss, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent's profit and loss, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Council's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Council does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Council and its associates are eliminated to the extent of the Council's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Council.

iii) Joint Ventures

Joint ventures are those over whose activities the Group has joint control and established by contractual agreement. The Group's share of the assets, liabilities, revenues and expenses of any joint venture is incorporated into the Group's financial statements on a line-by-line basis using the proportionate method.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction.

Foreign currency monetary assets and liabilities at the balance date are translated to NZ dollars at the rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to NZ dollars at rates ruling at the dates the fair value was determined.

Translation differences on equities held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

Derivative financial instruments

The Council uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operational, financing and investment activities. In accordance with the treasury policies of the respective Group entities, the Council does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see Hedging Policy).

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Hedging

Derivatives are first recognised at fair value on the date a contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Council designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Council documents the relationship between hedging instruments and hedged items at the inception of the transaction, as well as its risk management objective and strategy for undertaking various hedge transactions.

The Council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Notes to the financial statements.

1. Statement of accounting policies (continued)

i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss.

Amounts accumulated in equity are recycled through profit or loss in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or cancelled, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised through profit and loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income.

iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit and loss.

Property, plant and equipment

Normally the following assets (except for investment properties) are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation:

- Land (other than land under roads)
- Buildings
- Electricity distribution network
- Airport sealed surfaces
- Infrastructure assets
- Heritage assets
- Works of art

Those asset classes that are revalued are normally valued on a three-yearly valuation cycle. Assets due for valuation in 2013 were roading and water supply infrastructure assets. These assets were not revalued during 2013 and therefore their carrying value

represents their depreciated 2010 fair value. Further information on property plant and equipment valuations is set out in note 23 to these financial statements.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Valuations are performed with sufficient regularity to ensure revalued assets are carried at a value that is not materially different from fair value.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Where the Council has elected to account for revaluations of property, plant and equipment on a class of asset basis, increases in the carrying amounts arising on revaluation of a class of assets are credited directly to equity under the heading revaluation reserve. However, the net revaluation increase shall be recognised in profit or loss to the extent it reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

Assets to be depreciated include:

Operational Assets:

Buildings	1-100 yrs
Office and computer equipment	1-10 yrs
Mobile plant including vehicles	2-30 yrs
Buses	17-26 yrs
Sealed surfaces (other than roads)	9-100 yrs
Container cranes	30 yrs
Harbour structures	3-50 yrs
Seawalls	100 yrs
Telecommunications infrastructure	12-50 yrs
Electricity distribution system	60 yrs
Electricity load control equipment	60 yrs
Leasehold land improvements	5-100 yrs

Notes to the financial statements.

1. Statement of accounting policies (continued)

Library books	3-8 yrs
Vessels	5-25 yrs
Resource consents and easements	5-10 yrs

Infrastructure Assets:

Formation	Not depreciated
Pavement sub-base	Not depreciated
Basecourse	40-120 yrs
Footpaths and cycleways	20-80 yrs
Surface	1-25 yrs
Streetlights and signs	15-40 yrs
Kerb, channel, sumps and berms	80 yrs
Landscape/medians	8-80 yrs
Drain pipes/culverts/retaining walls	20-100 yrs
Bridges	70-100 yrs
Bus shelters and furniture	15-30 yrs
Water supply	55-130 yrs
Water meters	20-25 yrs
Storm water	20-150 yrs
Waterways	15-120 yrs
Sewer	50-150 yrs
Treatment plant	15-100 yrs
Pump stations	10-100 yrs

Restricted Assets:

Planted areas	5-110 yrs
Reserves – sealed areas	10-40 yrs
Reserves – structures	25-150 yrs
Historic buildings	100 yrs
Art works	1000 yrs
Heritage assets	1000 yrs

Normally the assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date in accordance with the requirements of NZ IAS 16 – Property, Plant and Equipment. Because of the scale of earthquake damage the Council has not complied with this requirement for 2013.

Normally an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount in accordance with the requirements of NZ IAS 36 – Impairment of Assets. However, for

2013, 2012 and 2011, assets with earthquake damage have been written off only when it is certain that they have been destroyed. Where the Council and its insurers have agreed that a building has been damaged beyond economic repair, and insurers have agreed to pay out the indemnity value of the building the Council has recognised the indemnity amount as an impairment to the building. For 2013 and 2012, an impairment has been recognised for earthquake damage to certain infrastructure assets. In 2013 a further provision has been made in respect of infrastructure assets and facilities. These provisions will be reversed and replaced with the final impairments/write offs as more information becomes available. Further information about this matter is set out in the introductory note to the financial statements and in note 23.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

Distinction between capital and revenue expenditure

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the Group.

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Notes to the financial statements.

1. Statement of accounting policies (continued)

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. Further, the liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet. Those assets and liabilities shall not be offset and presented as a single amount.

Intangible assets

i) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures.

In respect of acquisitions prior to the transition to NZ IFRS on 1 July 2005, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see Impairment Policy). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit and loss.

ii) Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Council, and that will generate economic benefits exceeding costs beyond one year, are capitalised and recognised as intangible assets. Capitalised costs include the software development employee direct costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

iii) Other intangible assets

Other intangible assets that are acquired by the Council are stated at cost less accumulated amortisation (see below) and impairment losses (see Impairment Policy).

iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates, and it meets the definition of, and recognition criteria for, an intangible asset. All other expenditure is expensed as incurred.

v) Amortisation

An intangible asset with a finite useful life is amortised on

a straight-line basis over the period of that life. The asset is reviewed annually for indicators of impairment, and tested for impairment if these indicators exist. The asset is carried at cost less accumulated amortisation and accumulated impairment losses.

Estimated useful lives are:

Software	1-10 yrs
Resource consents and easements	5-10 yrs
Patents, trademarks and licenses	10-20 yrs

An intangible asset with an indefinite useful life is not amortised, but is tested for impairment annually, and is carried at cost less accumulated impairment losses.

Investments

The Council classifies its investments in the following categories:

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

Financial assets at fair value through equity

Financial assets at fair value through equity are non-derivatives that are either designated in this category or not classified in any of the other categories. This category also includes available-for-sale assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

i) Parent company investment in subsidiaries

For the purposes of the parent company financial statements, the Council's equity investments in its subsidiaries are designated as financial assets at fair value through equity. They are measured at fair value, with valuations performed by an independent, external valuer with sufficient regularity to ensure no investments are included at a valuation that is

Notes to the financial statements.

1. Statement of accounting policies (continued)

materially different from fair value. The valuation changes are held in a revaluation reserve until the subsidiary is sold.

ii) Investments in debt and equity securities

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised through profit and loss.

General and community loans are designated as loans and receivables. They are measured at initial recognition at fair value, and subsequently carried at amortised cost less impairment losses.

Financial instruments classified as held-for-trading or fair value through equity investments are recognised/derecognised by the Council on the date it commits to purchase/sell the investments. Securities held-to-maturity are recognised/derecognised on the day they are transferred to/by the Council.

iii) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties generate cash flow largely independent of other assets held by the entity.

Properties leased to third parties under operating leases are generally classified as investment property unless:

- the occupants provide services that are integral to the operation of the Group's business and/or these services could not be provided efficiently and effectively by the lessee in another location.
- the property is being held for future delivery of services.
- the lessee uses services of the Group and those services are integral to the reasons for the lessee's occupancy of the property.

Properties that are held for a currently undetermined future use, or that are vacant but held to be leased out under one or more operating leases, are classified as investment properties.

The classification of properties is done at the lowest possible level. Thus, where part of a property is occupied by a party other than the Group, consideration is given to whether that portion of the building could be classified as an investment property. Classification as an investment property will be indicated if the section of the building could be separately sold or leased under a finance lease. If the section of the property occupied by a party other than the Group is unable to be sold or leased separately from the rest of the building, the building is assessed as a whole and will usually only be classified as investment property if the Group occupies an insignificant portion.

Investment properties are stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged

on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Any gain or loss arising from a change in fair value is recognised through profit and loss.

Rental income from investment property is accounted for as described in the Revenue Policy below.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately before transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal, the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in profit and loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for subsequent recording. When the Council begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on the fair value model, and is not reclassified as property, plant and equipment during the re-development.

Trade and other receivables

i) Construction work in progress

Construction work in progress is stated at cost plus profit recognised to date (see Revenue Policy) less a provision for foreseeable losses and less progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in contract activities based on normal operating capacity.

ii) Other trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment (see Impairment Policy).

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventories held for distribution at no charge, or for a nominal amount, are stated at the lower of cost and current replacement cost.

The cost of other inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Notes to the financial statements.

1. Statement of accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of Council's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and in current liabilities on the balance sheet.

Impairment

Normally the carrying amounts of the Council's assets, other than investment property (see Investments Policy) and deferred tax assets (see Income Tax Policy), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. However, for 2013, 2012 and 2011, assets with earthquake damage have been written off only when it is certain that they have been destroyed. Where Council and its insurers have agreed that a building has been damaged beyond economic repair, and insurers have agreed to pay out the indemnity value of the building, Council has recognised the indemnity amount as an impairment to the building. For 2013 an impairment estimate has been made for earthquake damage to facilities. For 2013 and 2012 impairment has been recognised for earthquake damage to certain infrastructure network assets. Further information about this matter is set out in the introductory note to the financial statements and in note 23.

Impairment losses on property, plant and equipment are recognised through profit and loss. Impairment losses on revalued assets offset any balance in the asset revaluation reserve for that class of assets, with any remaining impairment loss being posted to profit and loss.

For goodwill, other intangible assets that have an indefinite useful life, and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

i) Calculation of recoverable amount

The recoverable amount of the Council's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their market value less cost to sell and value in use.

As a PBE, Council uses depreciated replacement cost to assess value in use 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 Council would, if deprived of the asset, replace its remaining future economic benefits or service potential. For the Group, where an asset does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

The value in use for cash-generating assets is the present value of expected future cash flows. The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset.

ii) Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised through profit and loss over the period of the borrowings on an effective interest basis.

Notes to the financial statements.

1. Statement of accounting policies (continued)

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

i) Landfill aftercare provision

As operator of several closed landfill sites, including Burwood, the Council has a legal obligation to provide ongoing maintenance and monitoring services at these sites after closure.

The provision is calculated based on:

- the estimated amount required by the Council to meet its obligations for all equipment, facilities and services. The estimated amounts are based on costs of closure of similar landfills by other local authorities with an allowance for inflation.
- the estimated costs have been discounted to their present value using a discount rate of 4.6%.
- the estimated length of time needed for post-closure care is 35 years.
- the Council also has a legal obligation to provide ongoing maintenance and monitoring services for the closed landfill sites of the former amalgamating authorities.

The estimated future costs of meeting this obligation have been accrued and charged. The calculations assume no change in the legislative requirements for closure and post-closure treatment.

ii) Weathertight homes

The Council through its insurers is processing a number of weathertight home claims.

The provision is calculated based on:

- the number of known claims.
- the average actual settlement costs.
- the average actual claims settled per year.
- costs in future years have been adjusted for inflation and discounted to their present value using a discount rate of 4.6%.

This method of calculation is consistent with previous years. However, other metropolitan local authorities, including

Wellington City Council and Auckland Council, are using independent actuarial calculations of their weathertight homes liability, particularly in relation to claims not yet lodged. Council has chosen not to follow this approach for these financial statements due to earthquake related uncertainty regarding the number of properties that have existing or potential future claims that:

- will be repaired or demolished and rebuilt by insurers, or
- are in government Red Zones and will be abandoned.

Employee entitlements

The Group's employee compensation policy is based on total cash remuneration: a single cash payment in compensation for work, where the employee is responsible for and able to individually decide how best to use their remuneration to meet their needs over time in the mix and type of benefits purchased. Provision is made in respect of Council's liability for the following short and long-term employee entitlements.

i) Short-term entitlements

Liabilities for annual leave and time off in lieu are accrued at the full amount owing at the pay period ending immediately before the balance sheet date.

Liabilities for accumulating short-term compensated absences (e.g. sick leave) are measured as the amount of unused entitlement accumulated at the pay period ending immediately before the balance sheet date, that the entity anticipates employees will use in future periods, in excess of the days that they will be entitled to in each of those periods.

ii) Long-term entitlements

The retiring gratuity and long-service leave liabilities are assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement.

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

These estimated amounts are discounted to their present value using an interpolated 10-year government bond rate.

Superannuation is provided as a percentage of remuneration.

iii) National Provident Fund's Defined Benefit Plan Scheme ("the Scheme")

The Group participates in the Scheme, which is a multi-employer defined benefit plan. However, because it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers, the Group's participation in the Scheme is accounted for as if the Scheme were a defined contribution plan.

Notes to the financial statements.

1. Statement of accounting policies (continued)

Leases

i) As lessee

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the balance sheet at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lessee are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

ii) As lessor

Leases in which substantially all of the risks and rewards of ownership transfer to the lessor are classified as finance leases. Amounts due from lessees under finance leases are recorded as receivables. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components: (Further information can be found in Note 33)

- Asset revaluation reserve.
- Fair value through equity reserve.
- Hedging reserve.
- Reserve funds.
- Capital reserves.
- Retained earnings.

Revenue

i) Rates, goods sold and services rendered

Rates are set annually by a resolution from Council and revenue is recognised through profit and loss at the time of invoicing. Revenue from the sale of goods is recognised through profit and loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised through profit and loss in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods.

ii) Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised through profit and loss in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed.

An expected loss on a contract is recognised immediately through profit and loss.

iii) Finance income

Finance income comprises interest receivable on funds invested and on loans advanced. Finance income, is recognised through profit and loss as it accrues, using the effective interest method.

iv) Rental income

Rental income from investment and other property is recognised through profit and loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

v) Government grants

Grants from the Government are recognised as income at their fair value where there is a reasonable assurance that the grant will be received and Council will comply with all attached conditions.

vi) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

vii) Finance lease income

Finance lease income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on Council's net investment in the finance lease.

viii) Development contributions

Development contributions are recognised through profit and loss in the year in which they are received.

ix) Other gains

Other gains include revaluations of investment properties (see Investment Property Policy), gains from the sale of property, plant and equipment and investments and gains arising from derivative financial instruments (see Hedging Policy).

x) Earthquake subsidies and recoveries

Earthquake subsidies and recoveries include payments from Government agencies, Ministries and Departments as well as payments from Council's insurers. Earthquake subsidies and recoveries are recognised in the financial statements when received or when it is probable or virtually certain that they will be received under the insurance contracts in place.

xi) Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in Council are recognised as income when control over the asset is obtained.

Notes to the financial statements.

1. Statement of accounting policies (continued)

Expenses

i) Operating lease payments

Payments made under operating leases are recognised through profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised through profit and loss as an integral part of the total lease expense.

ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

iii) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method. The interest expense component of finance lease payments is recognised through profit and loss using the effective interest rate method. Interest payable on borrowings is recognised as an expense through profit and loss as it accrues.

iv) Other losses

Other losses include revaluation decrements relating to investment properties (see Investment Property Policy), losses on the sale of property, plant and equipment and investments and losses arising from derivative financial instruments (see Hedging Policy).

v) 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 approved by the Council and the approval has been communicated to the applicant and any grant criteria are met.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised through profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences that are not provided for include goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding 10 years.

Third party transfer payment agencies

Council collects monies for many organisations. Where collections are processed through Council's books, any monies held are shown as accounts payable in the balance sheet. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

Goods and Services Tax

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Donated goods and services

Council receives the benefit of many services provided by volunteers. These services are greatly valued. They are, however, difficult to measure in monetary terms and for this reason, are not included in the financial statements, as their value from an accounting point of view is considered immaterial in relation to total expenditure.

Notes to the financial statements.

1. Statement of accounting policies (continued)

Cost allocations

The costs of all internal service activities are allocated or charged directly to external service type activities. External service activities refer to activities which provide a service direct to the public. Internal service activities provide support for the external service activities.

Where the recipient of an internal service can be identified, the cost recovery is made by way of a direct charge. Where this is not practical or the linkage is indirect, the costs are allocated by way of corporate overhead.

Two primary drivers for allocating corporate overhead are used. Services related to people are reallocated based on employee costs, and those related to finance are reallocated based on external service activity gross cost.

Plan values disclosed

The plan values shown in the financial statements represent the 2012/13 budget included in the 2012/13 Annual Plan.

Critical judgements, estimates and assumptions in applying Council's accounting policies

Preparing financial statements to conform 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 have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or into future periods if it also affects future periods.

In the process of applying these accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognised in these financial statements:

- The valuation of the Council's investments in subsidiary and associated companies at fair value has a material impact on the amounts recognised in these financial statements and involves a significant amount of judgement. Independent valuers are commissioned to perform these valuations on a periodic basis, at intervals sufficient to ensure that the fair value of these investments does not differ materially from their carrying value.
- The determination of the impairment of network assets required the Council to estimate the proportion of the networks that need replacing and to exercise judgement when considering the uncertainty in the estimate of damage and the impairment determination.
- The determination of the impairment of facilities required the Council to estimate the expected repair cost of earthquake damage for those facilities.
- Management are required to exercise judgement when determining whether earthquake related expenditure to assets is repairs and maintenance and should be expensed in the current year or capital expenditure. In making this assessment they make judgements about the expected length of service potential of the asset and the likelihood of it becoming obsolete as a result of other more permanent repairs.
- Management are required to exercise judgement when determining whether insurance payments and recoveries from Government agencies and insurers are probable or virtually certain and should be recognised as revenue in the current year. In making this assessment they make judgements about the likelihood of payment by insurers or Government agencies based on the agreements in place.
- The non-current provisions note discloses an analysis of Council's exposure in relation to estimates and uncertainties surrounding the landfill aftercare and weathertight homes provisions.
- Management are required to exercise judgement in calculating provisions for doubtful debts, assessing the level of unrecoverable work in progress and calculating provisions for employee benefits.
- Management of subsidiary companies determine useful lives for particular assets. In making this assessment, they make judgements about the expected length of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances and the likelihood of the company ceasing to use the asset in its business operations.
- Management of the subsidiary companies assess whether individual assets or groupings of related assets (which generate cash flows co-dependently) are impaired by estimating the future cash flows that those assets are expected to generate. Assumptions such as rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for discounting future cash flows are required.
- Management of the subsidiary companies have had to estimate the adjustments to the deferred tax provision and the tax expense for the year as a result of the changes in the 2010 Government Budget which removed the ability to claim tax depreciation on buildings with useful lives of 50 years or more. Judgement is required to determine those parts of a building that are separately depreciable as plant or fixtures and fittings, and which parts are integral to the building and hence not depreciable.

In addition to the above factors, the following areas specific to individual companies within the Group require critical judgement estimates and assumptions.

Notes to the financial statements.

1. Statement of accounting policies (continued)

- Orion has included the estimated impacts of the Canterbury earthquakes on its estimates of the future cash flows of the business. These estimates contain some uncertainty because Orion is still assessing the impacts of the earthquakes and not all data is to hand. These estimates have been relied upon in the review of the carrying value of Orion's electricity distribution network.
- On initial recognition of items of property, plant and equipment and intangible assets with finite lives, Orion makes judgements about whether costs incurred relate to bringing an asset to working condition for its intended use, and therefore are appropriate for capitalisation as part of the asset cost, or whether they should be expensed as incurred. Thereafter, management's judgement is required to assess whether subsequent expenditure increases the future economic benefits to be obtained from that asset and is therefore also appropriate for capitalisation or whether such expenditure should be treated as maintenance and expensed.
- Orion assesses whether individual assets or a grouping of related assets (which generate cash flows independently) are impaired by estimating the future cash flows that those assets are expected to generate. Assumptions such as rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for discounting future cash flow are required. Following the Canterbury earthquakes these assumptions are of a higher degree of sensitivity than would normally be the case.
- In February 2013 Orion applied to the Commerce Commission (Commission) for a customised price-quality path (CPP). The Orion's CPP application proposes that, in light of the impacts of the earthquakes on Orion's operations and cash flows, the Commission:
 - resets Orion's distribution network reliability targets, and
 - allows Orion to increase its electricity distribution network prices above its current default price-quality path levels, starting 1 April 2014.
- The Commission will not make its decisions on Orion's CPP proposals until late 2013 at the earliest. Due to the considerable uncertainty around the Commission's decisions, Orion has not assumed that any future revenue uplifts will arise from Orion's CPP application.
- Management of CIAL use judgement in identifying which components of property, plant and equipment are to be reclassified as investment property. The main deciding factor for this classification is that the property is not used for aircraft-related activities. The classification has implications as to whether revaluation gains and losses are recognised through profit or loss or through other comprehensive income.
- LPC has identified areas of estimation uncertainty in relation to the carrying value of land, building and harbour structures; depreciation rates and the estimation of useful lives; amortisation of intangible assets such as resource consents, easement and software, and the quantification of contingent liabilities.
- ESL is contracted to build the UFB network for Enable Networks Ltd (ENL) over a build programme concluding by December 2019. A project of this nature has a number of up-front costs, including initial design, resourcing of staff, and investment in total project infrastructure. These costs are required to be recovered throughout the build programme. ESL has exercised its judgement as to whether these costs will be recoverable through the life of the project.
- EcoCentral determines whether goodwill is impaired on at least an annual basis. This requires an estimation of the recoverable amount of its CGUs, using a value in use discounted cash flow methodology. This value is then compared with the existing book value of the assets combined with the goodwill allocated to those assets. If the value in use is higher, then there has been no impairment of goodwill.
- CCHL values its investments in subsidiary and associated companies at fair value. This has a material impact on the amounts recognised in these financial statements and involves a significant amount of judgement. Independent valuers are commissioned to perform these valuations on a periodic basis, at intervals sufficient to ensure that the fair value of these investments does not differ materially from their carrying value. In intervening years, valuations are reviewed to determine whether there are any factors present that would indicate the possibility of a significant value change. If such factors are present, a full valuation is performed and reflected in the financial statements.

Notes to the financial statements.

1. Statement of accounting policies (continued)

New standards and interpretations

The following new standards, interpretations and amendments have been adopted for the year ended 30 June 2013:

- Amendments to NZ IAS 12 Income Taxes effective for accounting periods beginning on or after 1 January 2012
 - The amendments introduce an exception to the general measurement requirements of IAS 12 Income Taxes in respect of investment properties measured at fair value. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset.
- Amendments to NZ IAS 1 Presentation of Financial Statements effective for accounting periods beginning on or after 1 July 2012:
 - An entity must present separately the items of other comprehensive income that would be reclassified to profit or loss in the future (if certain conditions are met) from those that would never be reclassified to profit or loss.
 - Change of title from 'Statement of Comprehensive Income' to 'Statement of Profit or Loss and Other Comprehensive Income' to emphasise the two components. However, an entity is still allowed to use other titles.

The following new standards, interpretations and amendments have been issued but are not yet effective for the year ended 30 June 2013, and have not been applied in preparing these consolidated financial statements:

- NZ IFRS 9 Financial Instruments – replacing NZ IAS 39 Financial Instruments: Recognition and Measurement – effective for accounting periods beginning on or after 1 January 2015. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value. Entities are required to classify financial assets based on the objectives of the entity's business model for managing the financial assets. Where the financial assets are eligible to be measured at amortised cost due to the business model, the entity shall use the characteristics of the contractual cash flows to measure cost. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by PBEs.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). The framework provides for different accounting standards for 'for-profit' and 'public benefit' entities. Under this framework the Council and Group will apply Tier 1 of the PBE Accounting standards. PBE accounting

standards are currently broadly similar to NZ IFRS. The effective date for the new standards is for reporting periods beginning on or after 1 July 2014. Therefore, the Council and Group will transition to the new standards in preparing the 30 June 2015 financial statements. The Council and Group have not assessed the implications of the new framework at this time.

Due to the change in the Accounting Standards Framework for PBEs, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to PBEs. Therefore, the XRB has effectively frozen the financial reporting requirements for PBEs up until the new accounting standards framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude PBEs from their scope.

Notes to the financial statements.

2. Operating and other revenue

(a) Rates excluding targeted water supply rates

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
General rates	184,173	200,030	180,071	195,630
Targeted rates attributable to activities:				
- land drainage	24,122	15,912	23,585	15,562
- sewerage	52,123	35,138	50,962	34,365
- waste minimisation	19,704	17,969	19,265	17,574
- fire service	86	82	84	80
- targeted loan servicing	41	41	40	40
Rates penalties	3,191	4,613	3,120	4,513
Total gross rates	283,440	273,785	277,127	267,764
Less remissions:				
Churches & community service	(421)	(478)	(421)	(478)
Cultural	(178)	(223)	(178)	(223)
Social housing	(1,654)	(1,697)	(1,654)	(1,697)
Earthquake	(3,156)	(8,759)	(3,156)	(8,759)
Māori land	(1)	(2)	(1)	(2)
Recreation and sport	(954)	(824)	(954)	(824)
Total remissions	(6,364)	(11,983)	(6,364)	(11,983)
Rates revenue net of remissions	277,076	261,802	270,763	255,781

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the council from other local authorities for services provided by that council for which those other Local Authorities rate. The annual rates income of the Council for the year ended 30 June 2013 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Parent	
	30 Jun 13	30 Jun 12
	Actual	Actual
	\$000	\$000
Rates, excluding targeted water supply rates	277,076	261,802
Targeted water supply rates	25,572	23,829
Total annual rates income	302,648	285,631

Notes to the financial statements.

2. Operating and other revenue (continued)

(b) Subsidies and grants

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Government grants received	880	2,094	880	2,094
NZ Transport Agency	29,279	23,887	29,279	23,887
Subsidies (excl NZTA)	871	1,312	2,099	1,312
Earthquake subsidies - NZTA	39,318	102,984	39,318	102,984
Earthquake subsidies (excl NZTA)	256,101	197,280	256,101	203,753
Total subsidies and grants	326,449	327,557	327,677	334,030

Government grants

Grants received by Council in 2013 were as follows:

- Ministry of Education ECE and 20 Hours Free funding of \$0.45 million were received and spent on wages.
- Ministry of Economic Development in partnership with New Zealand Major Events provided \$0.4 million towards NZ IceFest.
- Ministry of Social Development supported the Council's School Holiday Programmes with \$0.02 million of grants.
- Ministry of Internal Affairs through New Zealand Rural Fire Authority provided \$0.01 million towards new fire fighting equipment.

Grants received by Council in 2012 were as follows:

- The New Zealand Lottery fund provided \$0.67 million of support towards the Rugby World Cup festivities in Christchurch.
- Ministry of Economic Development in partnership with New Zealand Major Events provided \$0.79 million towards the Christchurch Events Village.
- Ministry of Social Development supported the Council's School Holiday Programmes with \$0.06 million of grants.
- Ministry of Education ECE and 20 Hours Free funding of \$0.53 million were received and spent on wages.
- The Department of Internal Affairs provided \$0.03 million towards Earthquake Memorial Services.
- Creative NZ towards supporting artists to create new work for an exhibition - \$0.02 million.
- Ministry of Education support grants for Provisionally Registered Teachers of \$2,000.

Group

No additional Government grants were received by the Group.

Notes to the financial statements.

2. Operating and other revenue (continued)

(c) Other revenue

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Sale of goods	-	-	30,739	32,701
Rendering of services	-	-	498,592	391,756
Construction contract revenue	-	-	175,491	121,336
Donated and subsidised assets	-	-	4,406	6,353
Electricity transmission rental rebates	-	-	7,081	5,605
Rental income from investment properties	-	-	16,355	9,774
Other rental revenue	29,316	29,726	82,546	84,835
Dividends from subsidiaries	36,324	35,449	-	-
Dividends from associates	2,684	2,424	-	-
Subvention receipts	4,425	6,757	714	6,867
Petroleum tax	3,548	3,347	3,548	3,347
Insurance receipts	78,041	267,312	98,981	484,427
Sundry income	35,422	28,403	46,455	27,458
Total operating and other income	189,760	373,418	964,908	1,174,459

(d) Disclosure of council activities and services results

	Parent	
	30 Jun 13	30 Jun 12
	Actual	Actual
	\$000	\$000
Council activities and services revenue, excluding Corporate activities *	404,425	634,519
Rates revenue, excluding targeted water supply rates	277,076	261,802
Other revenue (primarily interest and dividends)	220,171	155,406
Total revenue	901,672	1,051,727
Council activities and services expenditure, excluding Corporate activities *	637,067	679,947
Other expenditure	38,075	62,361
Total expenditure	675,142	742,308

* Includes \$373 million of earthquake related subsidies and recoveries (2012: \$568 million) and \$98 million of earthquake related expenditure (2012: \$248 million).

Notes to the financial statements.

3. Finance income

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Interest income - bank deposits	10,019	9,300	13,923	10,614
Interest income - related party loans	8,265	9,933	(343)	1,156
Interest income - finance lease	-	-	2	2,354
Interest income - other	5,569	933	6,143	1,839
Total finance income	23,853	20,166	19,725	15,963

Notes to the financial statements.

4. Other gains and losses

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Other gains				
Non-financial instruments				
Gains on disposal of property, plant and equipment	233	396	244	396
Gains on disposal of investments	-	-	1,788	10
Gains on sale of business	-	(4)	-	(4)
Gains on revaluation of investment property or held for sale assets	-	-	7,089	5,421
	233	392	9,121	5,823
Financial instruments				
Gains through ineffectiveness of cash flow hedges	892	-	892	-
	892	-	892	-
Total other gains	1,125	392	10,013	5,823
Other losses				
Non-financial instruments				
Losses on disposal of property, plant and equipment	7,538	-	7,683	153
Losses on disposal of investments	-	-	-	1,586
Losses on assets written off	2,550	11,348	3,046	77,055
	10,088	11,348	10,729	78,794
Financial instruments				
Losses through ineffectiveness of fair value hedges	-	-	4	1,222
Losses through ineffectiveness of cash flow hedges	-	1,389	533	1,389
Fair value through income statement financial assets fair value change	-	-	18	74
Losses on investments held at fair value through profit and loss	228	2,162	228	2,162
	228	3,551	783	4,847
Total other losses	10,316	14,899	11,512	83,641

Notes to the financial statements.

5. Depreciation, amortisation and impairment

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Depreciation of non-current assets	109,286	107,852	203,254	192,526
Amortisation of intangible assets	5,336	3,652	9,233	6,809
Amortisation of other assets	-	-	210	210
Impairment of property, plant and equipment	56,710	4,874	57,210	5,035
Impairment of goodwill	-	-	-	3,200
Impairment of other assets	-	68	-	1,291
Reversals of impairment losses	-	(250)	-	(2,490)
Total depreciation, amortisation and impairment	171,332	116,196	269,907	206,581

Depreciation and amortisation by group of activity

	Parent	
	2013	2012
	Actual	Actual
	\$000	\$000
City planning and development	583	586
Community support	6,605	6,485
Cultural and learning services	8,267	8,165
Economic development	132	139
Parks, open spaces and waterways	12,289	11,889
Recreation and leisure	3,078	3,130
Refuse minimisation and disposal	2,001	1,993
Regulatory services	12	12
Streets and transport	39,098	40,376
Wastewater collection and treatment	18,551	18,651
Water supply	10,368	10,370
Corporate activities	13,638	9,708
	114,622	111,504
Impairment of property, plant and equipment	56,710	4,692
Total depreciation, amortisation and impairment	171,332	116,196

Notes to the financial statements.

6. Finance costs

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Interest expense				
Interest on bank borrowings	36,792	32,495	59,982	69,176
Interest on debt instruments	-	-	19,010	-
Interest on finance leases	7,411	7,419	4,087	4,451
Other interest expense	15	19	(2,781)	506
	44,218	39,933	80,298	74,133
Fair value (gains)/losses on hedging instruments				
Fair value hedging instruments	(7)	9	(7)	9
	(7)	9	(7)	9
Net finance costs	44,211	39,942	80,291	74,142

Notes to the financial statements.

7. Personnel costs

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Salaries and wages	144,015	122,461	364,269	308,679
Defined contribution plan employer contributions	2,132	1,563	4,523	3,671
Defined benefit plan employer contributions	-	-	109	344
Increase in employee entitlements/liabilities	324	155	2,342	997
Other personnel costs	-	-	1,873	1,887
Total personnel costs	146,471	124,179	373,116	315,578

Notes to the financial statements.

8. Other expenses

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Audit fees	317	320	1,611	1,241
Directors' fees	-	-	2,278	1,977
Donations and grants	29,581	25,715	30,297	25,777
Net foreign exchange losses	-	-	(58)	85
Provision expenses	1,922	5,046	1,922	4,972
Minimum lease payments under operating leases	2,317	2,527	12,079	10,543
Orion network maintenance and transmission expenses	-	-	84,863	70,554
Rental expenses	-	-	3,760	155
Raw materials and consumables used	-	-	57,717	43,678
Other operating expenses	170,055	165,970	365,786	269,531
Earthquake expenses	98,620	247,514	108,329	267,363
Total other expenses	302,812	447,092	668,584	695,876

Earthquake expenses do not include internal costs such as salaries and wages for employees.

Notes to the financial statements.

9. Vested assets

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Restricted land and buildings	7,318	5,568	7,318	5,568
Infrastructure assets	28,732	13,300	28,732	13,300
Other vested assets	64	263	4,926	263
Total vested asset income	36,114	19,131	40,976	19,131

Notes to the financial statements.

10. Remuneration of auditors

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Audit of the financial statements	292	285	1,084	1,032
Additional fee for earthquake matters prior year	-	35	-	40
<i>Other services:</i>				
Assurance-related	20	-	374	-
Special audits required by regulators	-	-	-	56
Other services	5	-	24	-
Total	317	320	1,482	1,128
Other auditor				
Other audit services	-	-	129	113
Total	-	-	129	113

The auditor of the Council and the rest of the Group, excluding LPC and Canterbury Development Corporation Holdings Limited (CDCH) is Audit New Zealand. LPC is audited by KPMG and CDCH is audited by Grant Thornton. All are appointed by the Auditor-General.

Audit New Zealand

Other Services, assurance-related principally comprised:

Parent

Other services performed by Audit New Zealand for Council are for costs incurred with the Audit of the LTP, prior to the Government determining that it will be a Three Year Plan, not subject to audit.

Group

Orion New Zealand Limited

- review of the schedules of required information prepared in accordance with Commerce Commission requirements issued by notice in writing under section 53ZD of the Commerce Act 1986;
- reporting on the extent to which a Customised Price-Quality Path Proposal prepared by the company complied with the Electricity Distribution Services Input Methodologies Determination 2012;
- issuing a report on the company's disclosure information prepared under the Electricity Distribution Information Disclosure Requirements 2008; and
- issuing a report on the Annual Compliance Statement prepared under the Electricity Distribution Services Default Price-Quality Path Determination 2010.

Christchurch International Airport Limited

- audit of the company's disclosures pursuant to the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010; and
- audit of the company's bond prospectus.

KPMG

Other non-audit related services provided to LPC comprised:

- a review assignment; and
- providing the company with general accounting services.

Notes to the financial statements.

11. Income taxes

(a) Components of tax expense

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Current tax expense	-	-	17,470	35,059
Adjustments to current tax of prior years	-	-	(18,102)	44
Deferred tax expense	66	91	11,543	4,264
Impairment of deferred tax asset	-	-	-	(33)
Benefit arising from previously unrecognised tax losses	(2,426)	-	(4,677)	8
Adjustments to deferred tax of prior years	-	-	16,527	-
Deferred tax expense/(income) from change in tax rates	-	-	-	(307)
Deferred tax expense relating to use of prior year losses	-	-	419	240
Total tax expense/(income)	(2,360)	91	23,180	39,275
Reconciliation of prima facie income tax:				
Surplus before tax	262,644	328,550	315,548	502,185
Income tax expense calculated at standard tax rate	73,540	91,994	88,353	140,612
Non-deductible expenses	-	-	4,812	1,861
Non-assessable income and non-deductible items	(61,774)	(78,117)	(68,319)	(123,153)
Effect on deferred tax balances of change in tax rate	-	-	-	(212)
Effect on deferred tax balances re assets no longer depreciable	-	-	(1,095)	(1,835)
(Over)/under provision of income tax in previous year	-	-	(87)	604
Imputation adjustment	(14,126)	(13,786)	-	-
Deferred tax on removal of building depreciation	-	-	(484)	21,398
Total tax expense/(income)	(2,360)	91	23,180	39,275
Income tax recognised in other comprehensive income				
<i>Deferred tax</i>				
Asset revaluations	-	-	8,538	2,305
Revaluations of financial instruments treated as cash flow hedges	-	-	(5,084)	4,176
	-	-	3,454	6,481

The tax rate in the above reconciliation is the corporate tax rate of 28% payable by New Zealand companies on taxable profits under New Zealand tax law.

Council's tax losses for the current financial year amount to \$27.8 million (2012: \$26.3 million). It is expected that these losses will be transferred to other entities in the Group by way of loss offset and subvention payment. A subvention receipt of \$5.3 million (2012: \$4.6 million) has been accrued.

Notes to the financial statements.

11. Income taxes (continued)**(b) Current tax assets and liabilities**

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Current tax assets				
Tax refund receivable	-	21	4,399	-
Total current tax assets	-	21	4,399	-
Current tax payables				
Income tax payable	-	-	-	18,113
Total current tax liabilities	-	-	-	18,113

(c) Deferred tax balance

	Parent			Closing balance
	Opening balance	Charged to:		
		Income	Other Comprehensive Income	
	\$000	\$000	\$000	\$000
30 June 2013				
Deferred tax liabilities:				
Property, plant and equipment	3,865	66	-	3,931
	3,865	66	-	3,931
Deferred tax assets:				
Tax losses	-	2,426	-	2,426
	-	2,426	-	2,426
Net deferred tax liability/(asset)	3,865	(2,360)	-	1,505
30 June 2012				
Deferred tax liabilities:				
Property, plant and equipment	3,774	91	-	3,865
	3,774	91	-	3,865
Net deferred tax liability/(asset)	3,774	91	-	3,865

Notes to the financial statements.

11. Income taxes (continued)**(c) Deferred tax balance** (continued)

	Charged to:			Group
	Opening balance	Income	Other Comprehensive Income	Closing balance
	\$000	\$000	\$000	\$000
30 June 2013				
Deferred tax liabilities:				
Fair value hedges	91	(35)	-	56
Property, plant and equipment	302,172	(1,492)	(8,538)	292,142
Intangible assets	691	(89)	-	602
Other	16,822	25,841	-	42,663
	319,776	24,225	(8,538)	335,463
Deferred tax assets:				
Cashflow hedges	10,296	194	(4,627)	5,863
Fair value hedges	888	(431)	(457)	-
Provisions and employee entitlements	5,034	317	-	5,351
Doubtful debts and impairment losses	72	103	-	175
Tax losses	2,302	175	-	2,477
Other	326	55	-	381
	18,918	413	(5,084)	14,247
Net deferred tax liability/(asset)	300,858	23,812	(3,454)	321,216
30 June 2012				
Deferred tax liabilities:				
Fair value hedges	91	-	-	91
Property, plant and equipment	296,163	8,286	(2,277)	302,172
Intangible assets	724	(33)	-	691
Other	19,003	(2,181)	-	16,822
	315,981	6,072	(2,277)	319,776
Deferred tax assets:				
Cashflow hedges	6,226	(15)	4,085	10,296
Fair value hedges	385	342	161	888
Provisions and employee entitlements	4,981	53	-	5,034
Doubtful debts and impairment losses	62	10	-	72
Tax losses	895	1,407	-	2,302
Other	258	68	-	326
	12,807	1,865	4,246	18,918
Net deferred tax liability/(asset)	303,174	4,207	(6,523)	300,858

The 2012 property, plant and equipment related deferred tax charged to other comprehensive income is the tax effect of gains on the revaluation of assets for CIAL and clearing of JEFL's balance on sale by Vbase.

Notes to the financial statements.

11. Income taxes (continued)

(d) Unrecognised tax losses

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
<i>The following tax losses have not been brought to account as assets:</i>				
Tax losses	-	-	181	148
Tax effect	-	-	51	41

(e) Imputation credit balances

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Imputation credits available for use in subsequent reporting periods	-	-	43,332	42,189

Notes to the financial statements.

12. Cash and cash equivalents

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Cash and cash equivalents	146,598	118,267	161,646	151,236
Cash and cash equivalents (EUR)	-	-	-	1
Total cash and cash equivalents	146,598	118,267	161,646	151,237

Notes to the financial statements.

13. Debtors and other receivables

(a) Current debtors and other receivables

	Note	Parent		Group	
		30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
		Actual	Actual	Actual	Actual
		\$000	\$000	\$000	\$000
Current asset portion					
Trade receivables (before impairment)		62,904	41,563	110,428	74,581
Related party receivables:					
Subsidiaries		4,508	-	-	-
Associates		-	606	6,698	-
Other related parties		-	-	-	8,140
Chargeable work in progress		-	-	53,850	28,703
Interest receivable		1,486	2,290	1,660	2,596
Contract retentions		-	-	2,267	753
Finance lease receivable - current portion	14	-	-	50	46
GST receivable		7,200	-	2,257	-
Rates debtors		12,647	14,068	12,647	14,068
Other		-	-	1,194	1,273
		88,745	58,527	191,051	130,160
Provision for impairment - trade receivables		(1,206)	(2,762)	(1,622)	(3,257)
Total debtors and other receivables		87,539	55,765	189,429	126,903

As debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, the carrying value of debtors and other receivables approximates their fair value.

No impairment is provided on rates receivables as the Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

An allowance has been made for estimated irrecoverable amounts from trade debtors, determined by reference to past default experience. The balance of the movement was recognised through profit and loss for the current financial year.

Notes to the financial statements.

13. Debtors and other receivables (continued)

(b) Non-current debtors and other receivables

	Note	Parent		Group	
		30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
		Actual	Actual	Actual	Actual
		\$000	\$000	\$000	\$000
Finance lease receivable - non current portion	14	-	-	222	275
		-	-	222	275
Total debtors and other receivables		87,539	55,765	189,651	127,178

(c) Credit risk aging of trade receivables

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Gross receivables				
Not past due	58,966	37,681	102,667	65,110
Past due 0-30 days	6,285	2,936	10,910	11,254
Past due 31-60 days	2,439	4,162	5,865	6,624
Past due more than 60 days	7,861	10,852	10,331	13,801
	75,551	55,631	129,773	96,789
Impairment				
Not past due	-	(4)	-	(4)
Past due 0-30 days	(159)	(1,696)	(159)	(1,696)
Past due 31-60 days	-	(9)	(2)	(9)
Past due more than 60 days	(1,047)	(1,053)	(1,461)	(1,548)
	(1,206)	(2,762)	(1,622)	(3,257)
Gross trade receivables	75,551	55,631	129,773	96,789
Individual impairment	(1,001)	(2,461)	(1,417)	(2,956)
Collective impairment	(205)	(301)	(205)	(301)
Trade receivables (net)	74,345	52,869	128,151	93,532
Movements in provision for impairment of receivables				
Balance at start of year	(2,762)	(1,682)	(3,257)	(2,373)
Provisions made during year	(594)	(1,689)	(615)	(1,782)
Provisions reversed during year	2,150	609	2,201	638
Receivables written off during year	-	-	49	349
Other	-	-	-	(89)
Balance at end of year	(1,206)	(2,762)	(1,622)	(3,257)

Notes to the financial statements.

14. Finance lease receivables

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
No later than one year	-	-	206	192
Later than one year and not later than five years	-	-	740	757
Later than five years	-	-	1,713	1,926
Minimum lease receivables	-	-	2,659	2,875
Less future finance charges	-	-	(2,387)	(2,554)
Present value of minimum lease receivables	-	-	272	321
Present value of future minimum lease receivables				
No later than one year	-	-	50	46
Later than one year and not later than five years	-	-	(2,847)	106
Later than five years	-	-	3,069	169
Present value of future minimum lease receivables	-	-	272	321
Represented by				
Current portion	-	-	50	46
Non-current portion	-	-	222	275
Total	-	-	272	321

Notes to the financial statements.

15. Derivative financial instruments

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Current assets				
Interest rate swaps - fair value hedges	-	415	-	415
Forward foreign exchange contracts	-	-	34	252
	-	415	34	667
(b) Non-current assets				
Interest rate swaps - fair value hedges	1,105	1,976	1,105	1,976
Interest rate swaps - cash flow hedges	8,760	-	10,722	-
	9,865	1,976	11,827	1,976
Total derivative financial instrument assets	9,865	2,391	11,861	2,643
(c) Current liabilities				
Interest rate swaps - fair value hedges	-	-	-	151
Interest rate swaps - cash flow hedges	382	-	1,642	928
Forward foreign exchange contracts	-	-	17	305
	382	-	1,659	1,384
(d) Non-current liabilities				
Interest rate swaps - fair value hedges	-	-	5,388	2,283
Interest rate swaps - cash flow hedges	22,933	43,911	42,627	80,210
	22,933	43,911	48,015	82,493
Total derivative financial instrument liabilities	23,315	43,911	49,674	83,877
Net interest rate swap fair value	(13,450)	(41,520)	(37,830)	(81,181)
Net forward foreign contract fair value	-	-	17	(53)
Net derivative financial instruments fair value	(13,450)	(41,520)	(37,813)	(81,234)

On 20 April 2010 Council acquired an interest rate swap which was novated from CCHL. At the time of the transfer, the interest rate swap had a value of \$2.1 million; it has since been revalued at 30 June 2013 to a fair value of \$3.9 million (\$5.7 million at 30 June 2012). The changes in the fair value of this interest rate swap, including the initial transfer amount flow through the profit and loss. The impact is included in the gains and losses note 4.

Notes to the financial statements.

16. Other financial assets

(a) Current financial assets

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Tuam Ltd	4,750	-	-	-
Total advances to subsidiaries	4,750	-	-	-
Other advances	-	-	86	57
Total current loans and advances	4,750	-	86	57
Local authority stock	15,000	15,000	15,000	15,000
Stocks and bonds with less than one year to maturity	3,000	5,606	3,000	5,606
Bank deposits with maturities of 4 to 12 months	36,659	70,323	93,364	84,006
Investment in Enertech Capital Partners II LP	-	-	15	-
Total current financial assets	59,409	90,929	111,465	104,669

Notes to the financial statements.

16. Other financial assets (continued)

(b) Non-current financial assets

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Investment in CCOs and similar entities				
<i>Interest-bearing loans advanced to subsidiaries:</i>				
Vbase Ltd	46,416	45,442	-	-
Tuam Ltd	-	4,750	-	-
Civic Building Ltd	58,888	59,288	-	-
Total advances to subsidiaries	105,304	109,480	-	-
<i>Council investment in subsidiaries:</i>				
CCHL	1,446,337	1,387,300	-	-
Vbase Ltd	190,169	191,143	-	-
Tuam Ltd	5,417	5,417	-	-
Civic Building Ltd	4,148	4,148	-	-
Canterbury Development Corporation Holdings Ltd	2,370	-	-	-
Total shares in subsidiaries	1,648,441	1,588,008	-	-
Investment in unlisted shares	3,607	3,829	3,607	3,829
Total investment in CCOs and similar entities	1,757,352	1,701,317	3,607	3,829
Other financial investments				
<i>Loans and advances</i>				
Advance to Theatre Royal	2,300	2,300	2,300	2,300
Community, special and other loans	2,486	2,956	2,486	2,956
Other advances	-	-	526	566
Less provision for fair value and impairment	(943)	(753)	(943)	(753)
Other loans and advances	6,240	800	12,728	800
Total non-current loans and advances	10,083	5,303	17,097	5,869
<i>Other investments:</i>				
Local authority stock	10,000	25,000	10,000	25,000
Stocks and bonds with over one year to maturity	36,375	39,050	36,375	39,050
Bank deposits with over one year to maturity	11,000	11,000	12,750	12,150
Investment in unlisted shares	2,133	2,454	5,001	2,454
Investment in Enertech Capital Partners II LP	-	-	-	45
Total other investments	59,508	77,504	64,126	78,699
Total other financial investments	69,591	82,807	81,223	84,568
Total non-current financial assets	1,826,943	1,784,124	84,830	88,397
Total other financial assets (current and non-current)	1,886,352	1,875,053	196,295	193,066

Notes to the financial statements.

16. Other financial assets (continued)

Fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

Local authority stock

The fair value of local authority and Government stock is \$25.7 million (2012: \$41.7 million). Fair value has been determined by discounting cash flows from the instruments using a discount rate derived from relevant market inputs. The discount rates range between 2.66%-6.73% (2012: 2.71%-6.36%).

The face value of local authority stock is \$25.0 million (2012: \$40.0 million).

Stocks and bonds

The fair value of stocks and bonds is \$40.1 million (2012: \$46.7 million). Fair value has been determined by discounting cash flows from the instruments using a discount rate derived from relevant market inputs. The discount rates range between 2.65%-7.25% (2012: 2.71%-6.36%).

The face value of stocks and bonds is \$38.7 million (2012: \$44.7 million).

Loans to related parties

The fair value of loans to related parties is \$134.3 million (2012: \$126.6 million). Fair value has been determined using cash flows discounted at a rate based on the borrowing rates ranging from 2.66%-9.22% (2012: 2.71%-6.36%). The average effective interest rate on the loan to related parties is 7.87% (2012: 8.43%).

The face value of the loans to related parties is \$110.1 million (2012: \$109.4 million). Loans advanced to subsidiaries at balance date are shown in the table to note 16.

During 2012 JEFL repaid their loan of \$12.6 million.

Unlisted shares – CCO and similar entities

Unlisted shares in CCOs and similar entities include \$1.8 million in New Zealand Local Government Insurance Corporation (NZLGIC) and \$1.9 million in the LGFA.

Due to the size and nature of the Council's investment in LGFA, the Council has estimated the fair value of this investment based on LGFA's net asset backing as at 30 June.

The fair value of unlisted shares of NZLGIC has been determined by using the asset valuation as per their latest published accounts.

Unlisted shares – Other

Unlisted shares – other includes the \$2.1 million investment in Endeavour I-cap. This investment was for the purposes of enabling a portion of Council's investment portfolio to be applied to new economic development initiatives which would benefit the local economy while ultimately providing a return to Council. The fair value of the fund has been determined by using value of the funds investments as at 30 June 2013.

Shares in subsidiary companies

The fair value of the Council's investments in its subsidiary companies was assessed by independent valuers, Ernst and Young, as at 30 June 2013.

The Council's investment in CCHL increased in the year by \$59.0 million (2012: \$80.7 million), as a result of the Ernst and Young review which was on a sum of the parts approach.

The value of the Council's investment in CDCH was reviewed after its acquisition of the CDC Group. This acquisition resulted in a \$2.4 million increase in the net asset value of CDCH. The net asset value was considered an appropriate basis for fair value.

The remaining Council subsidiaries were reviewed as at 30 June 2013 by Ernst and Young to determine whether there were any significant indicators of value change since their last full valuation. It was concluded there were no significant indicators.

During 2012 the Council's investment in Vbase Limited increased by \$9.0 million. This increase relates to the purchase of additional shares.

CBL is a joint venture between CBL and NTPL - see note 21. Although the current net book value of CBL is negative, the Council has decided not to impair this because CBL's major source of income is rental on the Civic Building, and since the Council is the tenant, there is no reason to consider this to be in doubt. Based on modelling carried out for the Council, it is believed that when the loan is due for repayment, CBL will be able to repay the loan.

The value of the investment in Tuam is \$5.4 million. Tuam has agreed the sale of its land on the southern side of Tuam Street to the CCDU and is continuing to negotiate a sale of the properties on the northern side of Tuam Street. Tuam is yet to settle either property sale.

Notes to the financial statements.

17. Inventories

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Current inventories				
Inventory - raw materials and maintenance items	-	-	14,046	14,384
Inventory - work in progress	-	-	-	912
Inventory - finished goods	6,024	3,916	9,099	6,137
	6,024	3,916	23,145	21,433
Inventory - allowance for impairment	-	-	(25)	(86)
Total current inventories	6,024	3,916	23,120	21,347

Certain inventories are subject to security interests created by retention of title clauses.

Notes to the financial statements.

18. Assets held for sale

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Land and buildings held for sale	37,196	415	58,480	415
Plant and equipment held for sale	31	31	31	31
Total amounts held for sale	37,227	446	58,511	446

Parent

During 2013 a number of properties were transferred from property, plant and equipment to current assets held for sale, due to acquisitions either completed or under negotiations by CERA for the central city rebuild \$37.2 million (2012: \$0.45 million).

Group

Tuam Limited

During 2013 Tuam agreed the sale of its land on the southern side of Tuam Street to CCDU for \$4.9 million and is currently in negotiations with the CCDU for the sale of the land and buildings on the north side of Tuam street. The fair value of all of Tuam's land and buildings was \$9.2 million at 30 June 2013.

Orion New Zealand Limited

The Crown is negotiating to purchase the CBD site (previously classified as Investment Property) as part of the planned CBD eastern frame. The terms and conditions of the sale (including sale price) have not yet been agreed, however Orion believes that the sale will be agreed and occur before 31 March 2014. Orion will retain ownership of the Armagh zone substation land and buildings, but the rest of the CBD site will be sold to the Crown.

Mr Marius Ogg, a director of CBRE Limited, revalued the Orion investment property to fair value as at 31 March 2013 in accordance with NZ IAS 40 – Investment Property. Mr Ogg prepared the equivalent valuation in 2012.

Notes to the financial statements.

19. Other assets

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Other current assets				
Capitalised contract set-up costs	-	-	24	24
Earthquake recoveries	344,848	345,222	554,119	567,876
Other	-	-	698	-
Total current other assets	344,848	345,222	554,841	567,900
(b) Other non-current assets				
Capitalised contract set-up costs	-	-	-	24
Total current other assets	-	-	-	24
Total other assets	344,848	345,222	554,841	567,924

Included in earthquake recoveries is an amount of \$176.2 million (2012: \$140.5 million) for the Council and \$357.4 million (2012: \$319.0 million) for the Group, due from the Council's insurers. A portion of the insurance recoveries receivable due from the Council's insurers, is dependent on their re-insurers agreeing to settle the claims with them.

Notes to the financial statements.

20. Investments in associates

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Balance at start of year	6,196	6,196	58,929	28,312
Acquisitions	-	-	6,726	32,246
Share of total recognised revenues and expenses	-	-	1,213	850
Dividends from associates	-	-	(2,684)	(2,424)
Share of revaluations	-	-	(106)	(55)
Disposal	-	-	(20,477)	-
	6,196	6,196	43,601	58,929

There is no goodwill included in the carrying value of associates (2012: Nil).

The following entities are equity accounted by the Group:

Name of entity	Country of Incorporation	Ownership Interest	
		30 Jun 13	30 Jun 12
Transwaste Canterbury Ltd - Parent	NZ	39%	39%
Selwyn Plantation Board Ltd - Group	NZ	N/A	39%
Enable Networks Ltd	NZ	33%	33%

No public price quotations exist for these investments.

Selwyn Plantation Board Ltd

Following the completion of its programme of asset realisations in the 2013 financial year, Selwyn Plantation Board Ltd was placed into liquidation by its two shareholders. All funds were distributed to the shareholders prior to 30 June 2013. CCHL's share of these distributions was \$20.8 million. (An earlier distribution of \$10.3 million was received by CCHL in the 2011 financial year).

In the 2013 financial year, the value of CCHL's investment in Selwyn Plantation Board Ltd was increased to the expected level of the capital distributions via a credit of \$4.6 million to the fair value through equity reserve. The resulting balance in the reserve of \$13.1 million was recycled to profit and loss as the asset has effectively been de-recognised. The proceeds of the capital distribution were then credited against the carrying value of the investment to write it down to nil value.

Enable Services Ltd

CCHL's 100% owned subsidiary ESL entered into an agreement with CFH and ENL on 31 May 2011 relating to the construction, deployment and operation of the UFB network for the Christchurch (which includes Kaiapoi and Rolleston areas) and Rangiora candidate areas.

Although ESL holds the substantial majority of total shares issued in ENL, it only holds approximately 33% of the voting shares and does not control ENL. It is deemed to hold significant influence over ENL through its holding of A and B shares and therefore accounts for ENL as an associate.

Summarised financial statements of associates

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Assets	80,850	66,858	190,032	156,593
Liabilities	55,366	45,839	77,189	53,270
Revenue	37,499	29,682	45,960	35,325
Net surplus	9,197	4,550	7,878	4,642

Notes to the financial statements.

21. Joint venture

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Current assets	-	-	8,307	10,982
Non-current assets	-	-	54,675	51,634
Current liabilities	-	-	42,941	47,390
Revenue	-	-	109,402	67,356
Expenses	-	-	93,239	50,913

CBL is in a joint venture partnership with NTPL.

Notes to the financial statements.

22. Construction contracts

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Contract costs incurred	-	-	238,220	73,586
Progress billings	-	-	195,472	57,095
Gross amounts due from customers	-	-	14,094	8,612
Advances received	-	-	420	-
Retentions included in progress billings	-	-	1,836	358

Notes to the financial statements.

23. Property, plant & equipment

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Operational assets	1,040,839	1,122,955	3,159,730	3,191,929
Infrastructural assets	3,835,602	3,626,602	3,835,602	3,626,602
Restricted assets	813,408	802,357	813,008	801,957
Balance at end of financial year	5,689,849	5,551,914	7,808,340	7,620,488

Notes to the financial statements.

23. Property, plant & equipment (continued)

Reconciliation of movement in property plant and equipment

Operational assets	Parent						
	Freehold land	Buildings	Plant & equipment	Work in progress	Landfill at cost	Library books at cost	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount							
Cost/valuation at 1 July 2011	523,021	615,471	133,797	26,516	8,217	95,696	1,402,718
Additions	4,492	22,887	8,904	-	-	3,984	40,267
Disposals	(29)	(18,913)	(414)	-	-	-	(19,356)
Net movements in work in progress	-	-	-	(20,617)	-	-	(20,617)
Re-classified as held for sale	(190)	(20)	-	-	-	-	(210)
Transfers and other	-	-	(52)	-	-	-	(52)
Cost/valuation at 30 June 2012	527,294	619,425	142,235	5,899	8,217	99,680	1,402,750
Additions	4,209	7,160	6,112	-	-	4,375	21,856
Disposals	(8,430)	(4,979)	(2,037)	-	-	-	(15,446)
Net movements in work in progress	-	-	-	2,385	-	-	2,385
Re-classified as held for sale	(30,914)	(9,737)	-	-	-	-	(40,651)
Transfers and other	(4,710)	-	-	-	-	-	(4,710)
Cost/valuation at 30 June 2013	487,449	611,869	146,310	8,284	8,217	104,055	1,366,184
Accumulated depreciation							
Accumulated depreciation and impairment at 1 July 2011	(5,845)	(78,325)	(87,074)	-	(8,217)	(78,932)	(258,393)
Disposals	-	8,442	351	-	-	-	8,793
Re-classified as held for sale	-	8	-	-	-	-	8
Depreciation expense	(2,567)	(14,124)	(8,896)	-	-	(4,616)	(30,203)
Accumulated depreciation and impairment at 30 June 2012	(8,412)	(83,999)	(95,619)	-	(8,217)	(83,548)	(279,795)
Disposals	-	1,014	1,586	-	-	-	2,600
Re-classified as held for sale	31	5,546	-	-	-	-	5,577
Impairment losses charged to income statement	(5,271)	(16,110)	(66)	-	-	-	(21,447)
Depreciation expense	(2,605)	(16,067)	(8,983)	-	-	(4,625)	(32,280)
Accumulated depreciation and impairment at 30 June 2013	(16,257)	(109,616)	(103,082)	-	(8,217)	(88,173)	(325,345)
Carrying amount at 30 June 2012	518,882	535,426	46,616	5,899	-	16,132	1,122,955
Carrying amount at 30 June 2013	471,192	502,253	43,228	8,284	-	15,882	1,040,839

Notes to the financial statements.

23. Property, plant & equipment (continued)

Operational assets	Group								
	Freehold land	Buildings	Plant & equipment	Electricity distribution system	Specialised assets *	Work in progress	Landfill at cost	Library books at cost	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount									
Cost/valuation at 1 July 2011	964,923	1,171,164	432,799	740,673	302,261	111,481	8,217	95,696	3,827,214
Additions	9,624	26,243	35,431	48,064	7,990	(204)	-	3,984	131,132
Disposals	(29)	(19,610)	(5,759)	(1,861)	(12)	-	-	-	(27,271)
Net movements in work in progress	-	-	-	-	-	(1,269)	-	-	(1,269)
Re-classified as held for sale	(190)	(20)	-	-	-	-	-	-	(210)
Net revaluation increments/ (decrements)	(1,340)	(86,058)	-	-	13,597	-	-	-	(73,801)
Transfers and other	(28,113)	43,620	597	-	9,350	-	-	-	25,454
Cost/valuation at 30 June 2012	944,875	1,135,339	463,068	786,876	333,186	110,008	8,217	99,680	3,881,249
Additions	10,902	9,013	45,255	45,504	7,180	38	-	4,375	122,267
Disposals	(8,430)	(10,832)	(21,516)	(2,149)	-	-	-	-	(42,927)
Net movements in work in progress	-	(2,213)	-	-	-	(42,338)	-	-	(44,551)
Re-classified as held for sale	(30,914)	(13,216)	-	-	-	-	-	-	(44,130)
Net revaluation increments/ (decrements)	36,125	989	-	-	(6,832)	-	-	-	30,282
Transfers and other	(28,993)	46,356	2,417	-	42,541	-	-	-	62,321
Cost/valuation at 30 June 2013	923,565	1,165,436	489,224	830,231	376,075	67,708	8,217	104,055	3,964,511

*Specialised assets include finance lease assets, airport sealed surfaces, harbour structures and other specialised assets.

Notes to the financial statements.

23. Property, plant & equipment (continued)

Operational assets	Group								
	Freehold land	Buildings	Plant & equipment	Electricity distribution system	Specialised assets *	Work in progress	Landfill at cost	Library books at cost	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Accumulated depreciation									
Accumulated depreciation and impairment at 1 July 2011	(5,861)	(214,335)	(237,356)	(606)	(63,128)	-	(8,217)	(78,932)	(608,435)
Disposals	-	9,095	4,619	388	-	-	-	-	14,102
Net adjustments from revaluation increments/ (decrements)	270	5,974	-	-	15,450	-	-	-	21,694
Re-classified as held for sale	-	8	-	-	-	-	-	-	8
Impairment losses charged to income statement	-	(96)	(65)	-	-	-	-	-	(161)
Depreciation expense	(2,572)	(37,946)	(30,440)	(27,840)	(11,463)	-	-	(4,616)	(114,877)
Transfers and other	(7)	(1,218)	(426)	-	-	-	-	-	(1,651)
Accumulated depreciation and impairment at 30 June 2012	(8,170)	(238,518)	(263,668)	(28,058)	(59,141)	-	(8,217)	(83,548)	(689,320)
Disposals	-	6,865	19,366	551	-	-	-	-	26,782
Net adjustments from revaluation increments/ (decrements)	-	-	-	-	1,722	-	-	-	1,722
Re-classified as held for sale	31	5,791	-	-	-	-	-	-	5,822
Impairment losses charged to income statement	(6,905)	(16,610)	(66)	-	-	-	-	-	(23,581)
Depreciation expense	(2,640)	(38,495)	(33,501)	(29,277)	(17,710)	-	-	(4,625)	(126,248)
Transfers and other	-	138	(96)	-	-	-	-	-	42
Accumulated depreciation and impairment at 30 June 2013	(17,684)	(280,829)	(277,965)	(56,784)	(75,129)	-	(8,217)	(88,173)	(804,781)
Carrying amount at 30 June 2012	936,705	896,821	199,400	758,818	274,045	110,008	-	16,132	3,191,929
Carrying amount at 30 June 2013	905,881	884,607	211,259	773,447	300,946	67,708	-	15,882	3,159,730

*Specialised assets include finance lease assets, airport sealed surfaces, harbour structures and other specialised assets.

Notes to the financial statements.

23. Property, plant & equipment (continued)

Infrastructural assets	Roading network at fair value	Sewerage system at fair value	Water system at fair value	Storm water system at fair value	Work in progress	Parent & Group Total
	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount						
Cost/valuation at 1 July 2011	1,824,180	869,617	463,350	353,965	108,885	3,619,997
Additions	32,080	11,228	6,535	4,897	-	54,740
Disposals	(598)	(998)	(388)	-	-	(1,984)
Net movements in work in progress	-	-	-	-	313,855	313,855
Cost/valuation at 30 June 2012	1,855,662	879,847	469,497	358,862	422,740	3,986,608
Additions	39,232	86,296	14,860	23,915	-	164,303
Disposals	(2,354)	-	(62)	-	-	(2,416)
Net movements in work in progress	-	-	-	-	438,999	438,999
Transfers and other	3,454	-	600	-	-	4,054
Cost/valuation at 30 June 2013	1,895,994	966,143	484,895	382,777	861,739	4,591,548
Accumulated depreciation						
Accumulated depreciation and impairment at 1 July 2011	(38,358)	(30,546)	(10,024)	(13,446)	-	(92,374)
Disposals	78	635	214	-	-	927
Net adjustments from revaluation increments/ (decrements)	(19,410)	(121,154)	(15,194)	(35,452)	-	(191,210)
Impairment losses charged to income statement	-	-	-	-	(4,874)	(4,874)
Depreciation expense	(38,872)	(18,775)	(10,314)	(4,514)	-	(72,475)
Accumulated depreciation and impairment at 30 June 2012	(96,562)	(169,840)	(35,318)	(53,412)	(4,874)	(360,006)
Disposals	675	-	9	-	-	684
Impairment losses charged to income statement	(243,435)	(81,281)	-	-	(378)	(325,094)
Depreciation expense	(37,954)	(18,680)	(10,341)	(4,555)	-	(71,530)
Transfers and other	1	-	(1)	-	-	-
Accumulated depreciation and impairment at 30 June 2013	(377,275)	(269,801)	(45,651)	(57,967)	(5,252)	(755,946)
Carrying amount at 30 June 2012	1,759,100	710,007	434,179	305,450	417,866	3,626,602
Carrying amount at 30 June 2013	1,518,719	696,342	439,244	324,810	856,487	3,835,602

Notes to the financial statements.

23. Property, plant & equipment (continued)

Restricted assets	Land and buildings at fair value	Artworks at fair value	Heritage assets at fair value	Library books at fair value	Work in progress	Parent & Group Total
	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount						
Cost/valuation at 1 July 2011	702,034	71,855	21,199	6,130	7,975	809,193
Additions	17,219	738	11	197	-	18,165
Disposals	(55)	-	-	-	-	(55)
Net movements in work in progress	-	-	-	-	(1,246)	(1,246)
Net revaluation increments/(decrements)	-	(1,737)	-	-	-	(1,737)
Transfers and other	-	52	-	-	-	52
Cost/valuation at 30 June 2012	719,198	70,908	21,210	6,327	6,729	824,372
Additions	19,291	497	27	207	-	20,022
Net movements in work in progress	-	-	-	-	5,418	5,418
Re-classified as held for sale	(1,718)	-	-	-	-	(1,718)
Net revaluation increments/(decrements)	-	665	-	-	-	665
Transfers and other	656	-	-	-	-	656
Cost/valuation at 30 June 2013	737,427	72,070	21,237	6,534	12,147	849,415
Accumulated depreciation						
Accumulated depreciation and impairment at 1 July 2011	(17,243)	(214)	(92)	-	-	(17,549)
Disposals	55	-	-	-	-	55
Net adjustments from revaluation increments/(decrements)	(33)	286	-	-	-	253
Depreciation expense	(5,064)	(72)	(38)	-	-	(5,174)
Accumulated depreciation and impairment at 30 June 2012	(22,285)	-	(130)	-	-	(22,415)
Re-classified as held for sale	10	-	-	-	-	10
Impairment losses charged to income statement	(7,696)	-	(830)	-	-	(8,526)
Depreciation expense	(5,366)	(72)	(38)	-	-	(5,476)
Accumulated depreciation and impairment at 30 June 2013	(35,337)	(72)	(998)	-	-	(36,407)
Carrying amount at 30 June 2012	696,913	70,908	21,080	6,327	6,729	801,957
Carrying amount at 30 June 2013	702,090	71,998	20,239	6,534	12,147	813,008

Restricted assets Group balance includes an adjustment for gain on sale made by Tuam Limited on sale of land to Council in 2012 (\$0.4 million).

Notes to the financial statements.

23. Property, plant & equipment (continued)

Revaluations and impairment review

Those asset classes that are revalued are normally valued on a three-yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are normally reviewed at each balance date to ensure that those values are not materially different to fair value.

Parent

Assets due for valuation in 2013 were roading and water supply infrastructure assets. These assets were not revalued during 2013 due to insufficient information being available for valuers to accurately prepare a valuation because of uncertainties around the extent of damage to assets and the cost of replacement.

The most recent valuations in these financial statements were as follows:

Roading assets were revalued by AECOM Limited at 30 June 2010 to a fair value of \$1.4 billion using the optimised depreciated replacement cost method. In addition, the roading class of assets includes \$407 million of land under roads which has not been revalued. Council's policy is not to revalue land under roads.

Water reticulation infrastructure assets were revalued by AECOM Limited at 30 June 2010 to a fair value of \$454 million using the optimised depreciated replacement cost method.

Operational land and land improvements and restricted land and buildings include park and open space assets. These were valued by AECOM Limited at 30 June 2009 to a fair value of \$89.3 million using the optimised depreciated replacement cost method.

Sewerage infrastructure assets were revalued by GHD Limited at 30 June 2009 to a fair value of \$700.8 million using the optimised depreciated replacement cost method.

Heritage and public art assets were valued by Plant & Machinery Valuers Limited and Dunbar Sloane Limited with a value of \$20.4 million as at 30 June 2009. Heritage assets were valued at a depreciated reproduction cost, with public art being valued at fair value in accordance with NZ IAS 16.

Land and buildings were revalued by Good Earth Matters Consulting Limited at 30 June 2008 to a fair value of \$1.5 billion (operational assets \$958 million and restricted assets \$590 million).

Storm water, Waterways and Wetlands infrastructure assets were revalued by GHD Limited at 30 June 2008 to a fair value of \$336.9 million using the optimised depreciated replacement cost method.

Works of art have been valued at a fair value of \$70.9 million as at 30 June 2012 by Art + Object Limited. The fair value is assessed as the estimated market value.

Additional works of art (the Akaroa Museum Valuation) were valued at a fair value of \$0.86 million as at 30 June 2013 by Art + Object Limited. The fair value is assessed as the estimated market value.

Information about earthquake-related damage to assets, write off and asset impairment, is set out in the introductory note to these financial statements.

Group

Orion New Zealand Limited

Electricity distribution network and substation buildings (the network)

The network was revalued to fair value of \$756 million as at 31 March 2011 by PricewaterhouseCoopers (the valuers) in accordance with NZ IAS 16 - Property, Plant and Equipment. The valuers used a discounted cash flow methodology and based their forecast cash flows on Orion's forecasts.

The valuers reviewed the carrying value of the network as at 31 March 2012 in accordance with NZ IAS 36 - Impairment of Assets and NZ IAS 16 - Property, Plant and Equipment. The valuers concluded that there was no evidence of material impairment and that the network carrying value was not materially different to fair value.

Mr Bruce Gemmell, a director of Ernst & Young Transaction Advisory Services Limited, reviewed the carrying value of the network as at 31 March 2013 in accordance with NZ IAS 36 - Impairment of Assets and NZ IAS 16 - Property, Plant and Equipment. Mr Gemmell concluded that there was no evidence of material impairment and that the network carrying value was not materially different to fair value.

Freehold land - 2012 and 2013 valuations

Orion's freehold land was revalued by Mr Marius Ogg, a director of CBRE Limited, to fair value as at 31 March 2012 in accordance with NZ IAS 16 - Property, Plant and Equipment, by selecting a representative sample of Orion's substation sites and revalued the land at those sites using sales comparisons and unit metre frontage methodology.

Mr Ogg reviewed the carrying value of freehold land as at 31 March 2013 in accordance with NZ IAS 36 - Impairment of Assets and NZ IAS 16 - Property, Plant and Equipment. Mr Ogg concluded that there was a \$1.6 million impairment of Orion's new head office site land at Wairakei Road, and Orion has impaired this land and expensed the impairment in the year ended 31 March 2013. Mr Ogg concluded that there was no evidence of material impairment of Orion's other land and that the carrying value was not materially different to fair value.

Christchurch International Airport Limited

On 30 June 2013 car parking assets and land assets were revalued by Independent Valuers, Seagar and Partners. Sealed surfaces and infrastructure were last valued by Opus International Limited at 30 June 2012. Terminal facilities and building assets were last valued at 30 June 2011 by Opus International Limited and Seagar and Partners, respectively.

Notes to the financial statements.

23. Property, plant & equipment (continued)

The buildings, infrastructure, sealed surfaces and terminal assets were reviewed for impairment as at 30 June 2013 by Seagar and Partners (building assets), and Opus International Limited (sealed surfaces, infrastructure and terminal assets), with no adjustment for impairment being deemed necessary.

Lyttelton Port Company Limited

During the course of the 2013 year LPC management assessed that there was no change in the useful economic lives of major items of property, plant and equipment (2012: Nil).

City Care Limited

An independent valuation of City Care's land was performed by independent registered valuer Gary Sellars, a director of Colliers International, Christchurch, to determine the fair value of the land. The valuation, which conforms to NZ IAS 16 and New Zealand Property Institute Practice Standard 3, Valuations for Financial Reporting Purposes, was determined by reference to the asset's highest and best use, without deducting disposal costs. The valuation was based on an assessed market rental for the property and a capitalisation rate of 8%. Under the New Zealand Property Institute Practice Standard 1, which came into force from 1 May 2004, all valuations must be assessed as at the date of inspection of the property, except where the valuation instructions are to assess the value at a retrospective date. The effective date of the valuation was 30 June 2013.

Red Bus Limited

Land and buildings were valued at fair value using market-based evidence on its highest and best use with reference to comparable sales and market rents. Mr W Blake (ANZIV/SNZPI) of Knight Frank Limited was contracted by the board as an independent valuer to assess the fair value of the land and buildings. Mr W Blake valued the land and buildings effective as at 30 June 2013.

Caveats are registered against certain property titles under section 40 of the Public Works Act 1981.

Notes to the financial statements.

24. Investment property

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Balance at beginning of financial year	-	-	145,431	105,268
Net transfer from property, plant & equipment	-	-	14,022	20,717
Additional capitalised expenditure	-	-	3,549	14,025
Net gain from fair value adjustments	-	-	6,380	5,421
Balance at end of financial year	-	-	169,382	145,431

Group

Christchurch International Airport Limited

The valuation as at 30 June 2013 was completed by Seagar and Partners. The basis of valuation is fair value being the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Notes to the financial statements.

25. Intangible assets

	Parent					
	Easements & resource consents	Software	Work in progress	Trademarks	Other	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount						
Cost/valuation at 1 July 2011	-	38,183	7,624	3,304	226	49,337
Additions	-	8,562	3,267	-	48	11,877
Disposals	-	(1)	-	-	-	(1)
Cost/valuation at 30 June 2012	-	46,744	10,891	3,304	274	61,213
Additions	-	21,508	-	-	128	21,636
Disposals	-	-	(7,043)	-	-	(7,043)
Cost/valuation at 30 June 2013	-	68,252	3,848	3,304	402	75,806
Accumulated amortisation and impairment						
Accumulated amortisation and impairment at 1 July 2011	-	(16,640)	(1,173)	(612)	(53)	(18,478)
Amortisation expense	-	(3,373)	-	(233)	(46)	(3,652)
Disposals	-	1	-	-	-	1
Accumulated amortisation and impairment at 30 June 2012	-	(20,012)	(1,173)	(845)	(99)	(22,129)
Amortisation expense	-	(5,035)	-	(233)	(68)	(5,336)
Accumulated amortisation and impairment at 30 June 2013	-	(25,047)	(1,173)	(1,078)	(167)	(27,465)
Carrying amount at 30 June 2012	-	26,732	9,718	2,459	175	39,084
Carrying amount at 30 June 2013	-	43,205	2,675	2,226	235	48,341

Notes to the financial statements.

25. Intangible assets (continued)

	Group					
	Easements & resource consents	Software	Work in progress	Trademarks	Other	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount						
Cost/valuation at 1 July 2011	-	66,903	8,883	3,304	3,982	83,072
Additions	-	12,577	3,267	-	173	16,017
Additions from internal developments	-	504	-	-	478	982
Disposals	-	(1)	-	-	-	(1)
Gross carrying amount at 30 June 2012	-	79,983	12,150	3,304	4,633	100,070
Additions	441	28,419	(1,188)	-	128	27,800
Additions from internal developments	-	135	-	-	-	135
Disposals	-	(5,831)	(7,043)	-	-	(12,874)
Transfers and other	-	1,543	(1,881)	-	-	(338)
Gross carrying amount at 30 June 2013	441	104,249	2,038	3,304	4,761	114,793
Accumulated amortisation and impairment						
Accumulated amortisation and impairment at 1 July 2011	-	(37,120)	(1,173)	(613)	(3,028)	(41,934)
Amortisation expense	-	(6,493)	-	(234)	(82)	(6,809)
Disposals	-	1	-	-	-	1
Accumulated amortisation and impairment at 30 June 2012	-	(43,612)	(1,173)	(847)	(3,110)	(48,742)
Amortisation expense	(43)	(8,888)	-	(234)	(68)	(9,233)
Disposals	-	5,693	-	-	-	5,693
Accumulated amortisation and impairment at 30 June 2013	(43)	(46,807)	(1,173)	(1,081)	(3,178)	(52,282)
Carrying amount at 30 June 2012	-	36,371	10,977	2,457	1,523	51,328
Carrying amount at 30 June 2013	398	57,442	865	2,223	1,583	62,511

Notes to the financial statements.

26. Goodwill

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Gross carrying amount				
Balance at beginning of financial year	-	-	27,951	22,688
Additional amounts recognised from business combinations	-	-	250	3,391
Balance at end of financial year	-	-	28,201	26,079
Accumulated impairment losses				
Balance at beginning of financial year	-	-	(6,724)	(1,652)
Impairment losses for the period	-	-	-	(3,200)
Balance at end of financial year	-	-	(6,724)	(4,852)
Carrying amount				
At beginning of financial year	-	-	21,227	21,036
At end of financial year	-	-	21,477	21,227

The carrying amount of goodwill allocated to cash-generating units for the purposes of goodwill impairment testing is as follows:

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Christchurch City Holdings Ltd	-	-	14,703	14,453
EcoCentral Ltd	-	-	6,774	6,774
	-	-	21,477	21,227

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

NZ IAS 36-Impairment of Assets requires that an impairment charge be recognised when the book value of the asset exceeds its recoverable amount. Recoverable amount is the higher of the asset's net fair value less cost to sell, or its value in use. Value in use requires entities to make estimates of the future cash flows to be derived from the asset, and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risk specific to the asset. Assets are able to be grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof (e.g. a plant or division). Such a group of assets is referred to as a CGU in the standard.

No impairment losses were determined to be required for the 2013 financial year (2012: EcoCentral \$3.1 million in relation to the EcoSort division, Red Bus \$0.1 million in relation to the Akaroa Shuttle business).

Goodwill on consolidation in respect of Orion, CIAL, City Care and ESL is not considered to be impaired given that independent valuers Ernst & Young have valued all of these companies at least within the last two years, and reviewed those values as at 30 June 2013 (see Note 16). This review concluded that there had been no material change in the value of these assets.

The investment in LPC was revalued at 30 June 2013 on the basis of its quoted New Zealand Stock Exchange (NZX) price. While LPC suffered significant damage from the Canterbury earthquakes, the consequent replacement costs and business interruption are largely covered by insurance, and the market capitalisation of LPC significantly exceeds its original acquisition value.

Notes to the financial statements.

27. Creditors & other payables

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Trade payables and accrued expenses	95,914	91,926	172,956	155,232
Amounts due to related parties	14,164	17,156	-	1,731
GST payable	-	7,121	-	13,255
Interest payable	-	-	2,584	2,900
Dividend payable	-	-	-	1,327
Deposits held	-	-	216	234
Income in advance	-	-	942	-
Retentions	-	-	420	200
Total creditors and other payables	110,078	116,203	177,118	174,879

Notes to the financial statements.

28. Borrowings

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Current borrowings				
Unsecured:				
Commercial paper	-	5,000	88,000	102,000
Bonds/other fixed rate borrowing maturing < 12 months	2	1	2	5,001
Loans from external parties	-	-	25,000	68,000
Finance lease liabilities	7,851	7,238	4,078	3,714
	7,853	12,239	117,080	178,715
Secured:				
Commercial paper	5,000	-	5,000	-
Bonds/other fixed rate borrowing maturing < 12 months	-	50,000	-	50,000
Floating rate notes	225,000	25,000	225,000	25,000
Loans from external parties	3,000	-	3,000	-
Loans from group entities	11,450	-	-	-
Finance lease liabilities	-	-	48	334
	244,450	75,000	233,048	75,334
Total current portion of borrowings	252,303	87,239	350,128	254,049

Notes to the financial statements.

28. Borrowings (continued)

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(b) Non-current borrowings				
Unsecured:				
Bonds/other fixed rate borrowing maturing > 12 months	11	19	141,364	70,019
Floating rate notes	-	-	160,000	130,000
Loans from external parties	-	-	210,600	217,100
Finance lease liabilities	95,875	96,598	53,425	53,558
	95,886	96,617	565,389	470,677
Secured:				
Bonds/other fixed rate borrowing maturing > 12 months	31,109	32,401	31,109	32,401
Floating rate notes	505,000	390,000	505,000	390,000
Loans from external parties	33,623	39,423	101,943	113,248
Loans from group entities	14,487	25,981	-	-
Finance lease liabilities	-	-	-	44
	584,219	487,805	638,052	535,693
Total non-current portion of borrowings	680,105	584,422	1,203,441	1,006,370
Total (memorandum only)				
Commercial paper	5,000	5,000	93,000	102,000
Bonds and other fixed rate borrowing (excl finance leases)	31,122	82,421	172,475	157,421
Floating rate notes	730,000	415,000	890,000	545,000
Loans from external parties	36,623	39,423	340,543	398,348
Loans from group entities	25,937	25,981	-	-
Finance lease liabilities	103,726	103,836	57,551	57,650
Total borrowings	932,408	671,661	1,553,569	1,260,419

During the year \$340.0 million of floating rate notes were issued primarily to fund rebuild costs. This was partially offset by the maturity of \$75.0 million of bonds and floating rate notes.

Parent

Secured loans

The Council's secured debt of \$828.7 million (2012: \$562.8 million) is issued at both fixed and floating interest rates. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk. As at 30 June 2013, this rate averaged 4.13% (2012: 3.75%). The Council has entered into derivative contracts to hedge its exposure to interest rate fluctuations. As at 30 June 2013 the average effective interest rate for the fixed rate debt is 6.37% (2012: 6.25%).

Security

The Council's loans are secured over either separate or general rates of the City.

Fair Value

The fair value of all loans is \$816.6 million (2012: \$508.6 million). The fair values are based on cash flows discounted using a rate based on the borrowing rates ranging from 2.63%-6.91% (2011: 2.71%-6.36%).

The carrying amounts of borrowings repayable within one year approximate their fair value as the impact of discounting is not significant.

Notes to the financial statements.

28. Borrowings (continued)

Group

Details of the material borrowings are as follows:

Christchurch City Holdings Ltd

CCHL's borrowings at 30 June 2013 comprised:

- Bonds and floating rate notes totalling \$230 million (2012: \$205 million) in five tranches ranging from \$5 million to \$70 million. These borrowings mature at various intervals until November 2018. Bond coupon rates are at 6.87%;
- Commercial paper of \$97 million (2012: \$97 million). This is short term debt on a 90 day rollover period. The average rate during the year was 3.1% (2012: 3.1%);
- CCHL also has an undrawn \$150 million standby facility. This matures in December 2015.

The borrowings have been put in place under a \$650 million debt issuance programme (increased from \$350 million during the 2013 financial year). The borrowings are unsecured, but the loan documentation imposes certain covenants and restrictions on CCHL. CCHL has entered into derivative contracts to hedge its exposure to interest rate fluctuations (refer Notes 15 and 39).

Orion New Zealand Ltd

Orion's bank debt of \$55.6 million (2012: \$48.1 million) is unsecured. However, a deed of negative pledge and guarantee requires Orion to comply with certain covenants.

Interest rates for all drawdowns on the facilities are floating, based on bank bill rates plus a margin. At balance date, this rate (including margin) averaged 3.28% (2012: 3.36%). Orion has entered into derivative contracts to hedge its exposure to bank bill interest rate fluctuations (refer to Notes 15 and 39). Daily commitment fees are also payable on the facilities.

Christchurch International Airport Ltd

CIAL has a \$230 million funding facility with five banks and a subordinated loan of \$50 million from CCHL to fund the ongoing business and the terminal development. In addition, CIAL has an overdraft facility of \$1 million (2012: \$300 million bank funding facility, a subordinated loan of \$50 million from CCHL and an overdraft facility of \$1 million).

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. Interest rates paid during the year, including offsetting interest rate swaps, ranged from 5.8% to 6.2% (2012: 5.2% to 6.8%).

Lyttelton Port Company Ltd

Bank overdraft and term advances have been raised pursuant to a multi-currency facility agreement with Westpac Banking Corporation. Those funds have been lent against a negative pledge deed where Westpac ranks equally with other creditors. The facility is for \$150 million with a renewal date of 19 December 2015. There was no difference between the face value and carrying

amount of these loans and borrowings at 30 June 2013 or 30 June 2012. LPC's total debt is \$30.6 million (2012: \$55.9 million) and the average effective interest rates were 6.9% (2012: 7.0%).

Enable Services Ltd

ESL has entered into a subordinated loan agreement with CCHL. The loan is unsecured and interest is charged at a base rate plus a margin. At 30 June 2013 the base rate was 4.10% (2012: 3.99%). The line of credit is for \$220 million (2012: \$25 million) of which ESL has drawn down \$52.5 million to date.

City Care Ltd

Bank loans of \$37.7 million (2012: \$17.9 million) are secured by a debenture over the assets and undertakings of City Care. The loans were made under a committed cash advance facility of \$50 million (2012: \$40 million). The facility is structured as a two year rolling facility with a current maturity date of 28 February 2015. Interest rates on the floating rate debt are based on bank bill rates plus a margin and averaged 3.60% for the year (2012: 3.60%).

City Care also has a \$0.5 million (2012: \$0.5 million) overdraft facility (undrawn as at 30 June 2013 and 2012), again secured by a debenture over its assets and undertakings.

Red Bus Ltd

Red Bus has a bank overdraft facility (undrawn as at 30 June 2013 and 2012) which is secured by a registered first and only debenture over its assets and undertakings.

Red Bus also has a fully drawn \$5 million loan facility with CCHL. Interest rates are set quarterly, and include a margin payable to CCHL. This facility replaced five million of \$1 convertible notes issued to CCHL which, by agreement between CCHL and Red Bus, were cancelled and replaced with the aforementioned loan agreement in July 2012.

EcoCentral Ltd

As at 30 June 2013 EcoCentral had borrowings of \$9 million (2012: \$14 million). These borrowings were made under a \$15 million facility with CCHL. Interest is charged on a floating rate basis plus an agreed margin, except where interest rate swaps have been entered into in which case the rate charged is the interest swap rate plus the agreed margin. The facility matures in April 2016.

Notes to the financial statements.

29. Finance lease liabilities

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
No later than one year	8,934	8,234	5,050	4,947
Later than one year and not later than five years	46,298	36,338	25,194	20,041
Later than five years	177,887	196,781	97,881	108,696
Minimum lease payments *	233,119	241,353	128,125	133,684
Less: future finance charges	(129,393)	(137,517)	(70,574)	(76,034)
Present value of minimum lease payments	103,726	103,836	57,551	57,650
Minimum future lease payments				
No later than one year	7,851	7,238	4,126	4,047
Later than one year and not later than five years	32,968	26,779	17,158	13,873
Later than five years	62,907	69,819	36,267	39,730
Total present value of minimum lease payments	103,726	103,836	57,551	57,650
Represented by:				
Current portion	7,851	7,238	4,126	4,048
Non-current portion	95,875	96,598	53,425	53,602
Total finance leases	103,726	103,836	57,551	57,650

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

Parent

Effective 13 August 2010, the Council leased the new Civic Building in Worcester Boulevard from the NTPL and CBL Joint Venture (CCBJV). CBL is a wholly owned Council subsidiary which owns a 50% interest in the unincorporated joint venture with NTPL. The lease has an initial term of 24 years with three rights of renewal of 24 years and the note above includes only the first lease term. The initial annual lease payment is \$8.2 million plus GST.

Group

The finance lease liability above primarily relates to agreements between Orion and Transpower New Zealand Limited (Transpower) for Transpower to construct assets at Transpower grid exit points. The agreements are for terms of 10, 20 or 35 years. Orion does not own the assets at the end of the lease term and there is no residual value. There is no security provided for the arrangements. The monthly payment amounts are reviewed annually by Transpower and the assessed risk free portion of the lease interest rate may be adjusted.

Also included above are agreements by City Care in respect of motor vehicles. City Care does not have an option to purchase the leased assets at the expiry of the lease period and there are no renewal rights.

Notes to the financial statements.

30. Employee entitlements

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Current portion				
Accrued pay	1,799	2,075	6,138	6,082
Annual leave	11,583	11,063	28,312	26,242
Sick leave	256	256	431	434
Retirement and long service leave	913	916	2,573	2,653
Bonuses and other	-	-	2,551	4,041
	14,551	14,310	40,005	39,452
(b) Non-current portion				
Retirement and long service leave	5,884	5,801	7,402	7,141
Bonuses and other	-	-	482	221
	5,884	5,801	7,884	7,362
Total employee entitlements	20,435	20,111	47,889	46,814

Employee benefits

The provision for long service leave is an assessment of entitlements that may become due to employees in the future. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken. Most of the liability is expected to be incurred over the next five years.

Notes to the financial statements.

31. Provisions

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Current provisions				
Landfill aftercare provision	2,107	2,198	2,107	2,198
Weather-tight homes provision	4,062	865	4,062	865
	6,169	3,063	6,169	3,063
(b) Non-current provisions				
Landfill aftercare provision	17,326	17,783	17,326	17,783
Weather-tight homes provision	2,433	3,399	2,433	3,399
	19,759	21,182	19,759	21,182
Total provisions	25,928	24,245	25,928	24,245

Landfill aftercare

In previous years the Council operated several landfills. The Council has responsibility under the resource consents to provide ongoing maintenance and monitoring of these landfills after the sites are closed. There are closure and post-closure responsibilities such as the following:

Closure responsibilities:

- final cover application and vegetation;
- incremental drainage control features;
- completing facilities for leachate collection and monitoring;
- completing facilities for water quality monitoring; and
- completing facilities for monitoring and recovery of gas.

Post-closure responsibilities:

- treatment and monitoring of leachate;
- ground monitoring and surface monitoring;
- implementation of remedial measures needed for cover and control systems; and
- ongoing site maintenance for drainage systems, final cover and vegetation.

Closed landfills

The liability has been estimated, based on a monitoring period of 35 years. The estimated cost for all closed landfills, including the Burwood landfill is \$19.4 million (2012: \$19.0 million). The discount rate used to calculate this provision is 4.60%.

The Council participates in the regional waste disposal joint venture run by Transwaste through its Kate Valley landfill site. This site has been granted resource consent for 35 years from opening date which was 8 June 2005. The Council's ownership share of Transwaste is 38.9%.

Notes to the financial statements.

31. Provisions (continued)

Weathertight homes

The liability represents the Council's estimated liability relating to the settlement of claims arising in relation to the Weathertight Homes Resolution Services (WHRS) Act 2006 and civil proceedings for weathertightness.

A provision has been recognised for the estimated costs of known claims currently outstanding. This includes those claims that are being actively managed by the Council as well as claims lodged with WHRS but not yet being actively managed. This method of calculation is consistent with prior years. However, other metropolitan local authorities, including Wellington City Council and Auckland Council, are using independent actuarial calculations of their liability for claims that had not yet been lodged. The Council has chosen not to follow this approach for these financial statements due to earthquake related uncertainty regarding the number of properties that have existing or potential future claims that:

- will be repaired or demolished and rebuilt by insurers; or
- are in the residential red zones and will be abandoned.

As such, the Council has no reliable means of estimating what claims may be lodged in the future.

The provision estimate has been determined based on the best estimate of the Council's expected future costs to settle these claims and is reviewed on a case by case basis in conjunction with our specialist advisors. The nature of the liability means there are significant inherent uncertainties in estimating the likely costs that will be incurred in the future. This represents the Council's best estimate of the amount required to settle the obligation at the estimated time of the cash outflow. Future cashflows are discounted using a discount rate of 4.60%. The provision is net of any third party contributions including insurance, where applicable.

The amount is expected to be paid by the Council out of any awarded settlement amount and it is based on the actual amounts for claims already settled. This figure has been increasing over the last few years as it is becoming more common for other parties involved in the claim to be either in liquidation or bankrupt, or have limited funds and be unable to contribute to settlement.

	Parent		
	Landfill aftercare	Weathertight homes	Total
	\$000	\$000	\$000
Balance at 1 July 2011	16,496	3,551	20,047
Additional provisions made	4,333	713	5,046
Amounts used	(848)	-	(848)
Balance at 30 June 2012	19,981	4,264	24,245
Additional provisions made	(309)	2,231	1,922
Amounts used	(239)	-	(239)
Balance at 30 June 2013	19,433	6,495	25,928

Notes to the financial statements.

32. Other liabilities

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Other current liabilities				
Deferred income	-	-	867	867
Hire purchase agreement	-	-	-	98
Income in advance	5,071	3,578	5,686	4,088
Service concession agreement	736	736	-	-
Vbase insurance advance held	-	27,171	-	-
	5,807	31,485	6,553	5,053
(b) Other non-current liabilities				
Deferred income	-	-	2,769	3,637
Hire purchase agreement	-	-	-	34
Income in advance	2,760	2,970	1,502	1,644
Service concession agreement	7,051	7,787	-	-
	9,811	10,757	4,271	5,315
Total other liabilities	15,618	42,242	10,824	10,368

Deferred income

On 11 September 2002, LPC entered into a 15-year coal handling agreement with Solid Energy New Zealand Limited (Solid Energy) which provided for LPC to receive a \$13 million prepayment of agreement charges. Should LPC fail to meet its material obligations in respect of the agreement and Solid Energy exercises its right of termination, then LPC would be required to repay to Solid Energy a proportion of the value of its agreement charge prepayment up to a maximum of \$13 million. Deferred lease income received is recognised through profit and loss on a straight line basis over the 15-year term of the agreement.

Insurance advance

During the year Council on-paid to Vbase the material damage insurance recoveries it received in 2011/12 relating to Vbase building assets. These funds were deposited in short term investments on behalf of Vbase with a corresponding liability recorded to reflect the funds being owed to Vbase.

Service concession arrangement

On 16 May 2008 the Council entered into an arrangement with Meta Processing Limited to construct the Material Recovery Facility located at 21 Parkhouse Road. The arrangement required Meta to build, own and operate the facility for a period of 15 years. After 15 years, the ownership of the facility will be transferred to Council at zero cost. The facility began operations in February 2009.

This arrangement is governed by NZ IFRIC 12-Service Concession Arrangements. The IFRIC requires the Council to recognise the facility as an asset and depreciate the asset over its useful life. The Council is also required to recognise the service concession liability, which represents the deferred benefit that the arrangement provides to the Council. This consideration is released as a credit to the profit and loss over the 15-year life of the arrangement. At balance date, \$0.7 million (2012: \$0.7 million) was recognised as a current liability.

In August 2009 the Council's subsidiary company EcoCentral purchased certain assets and liabilities of Meta New Zealand Limited, Meta Processing Limited, Meta Transport Limited, and Reworks Limited (the 'Meta Group'). As EcoCentral is part of the Council Group for the year ended 30 June 2013, the accounting impact of the service concession agreement has been eliminated on consolidation.

Notes to the financial statements.

33. Reserves

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Asset revaluation reserve				
Balance at beginning of financial year	1,543,697	1,742,737	1,871,476	2,065,338
Gain/(loss) on revaluation of assets	665	(1,452)	26,860	896
Tax associated with revaluation movements	-	-	(2,479)	(6,091)
Impairment losses	(298,357)	(191,242)	(299,991)	(191,242)
Deferred tax liability arising on revaluation	-	-	8,806	4,868
Reversal of deferred tax liability on realisation of property, plant & equipment	-	-	9	28
Transfer (to)/from retained earnings on disposal of property, plant & equipment	(2,379)	(6,346)	(2,408)	(6,438)
Share of increment in reserves attributable to associates	-	-	-	71
Consolidation of CCOs	-	-	-	4,046
Balance at end of financial year	1,243,626	1,543,697	1,602,273	1,871,476
Fair value through equity reserve				
Balance at beginning of financial year	1,305,260	1,224,199	(553)	(882)
Gain/(loss) on revaluation of investments	61,406	80,732	(1)	-
Gain/(loss) on revaluation of available for sale assets	(86)	329	(86)	329
Balance at end of financial year	1,366,580	1,305,260	(640)	(553)
Hedging reserve				
Balance at beginning of financial year	(38,775)	(10,237)	(61,966)	(24,178)
<i>Gain/(loss) recognised on cash flow hedges:</i>				
Interest rate swaps	28,419	(28,538)	43,739	(41,230)
Forward foreign exchange contracts	-	-	(157)	(65)
Income tax	-	-	(4,270)	3,507
Balance at end of financial year	(10,356)	(38,775)	(22,654)	(61,966)
Reserve funds				
Balance at beginning of financial year	407,087	247,448	407,147	247,448
Consolidation of CCOs	-	-	-	60
Transfer to/(from) other reserves	(105,183)	159,639	(104,733)	159,639
Balance at end of financial year	301,904	407,087	302,414	407,147
Capital reserves				
Balance at beginning of financial year	1,733,853	1,733,853	1,734,934	1,733,853
Addition of CCOs	-	-	-	1,081
Balance at end of financial year	1,733,853	1,733,853	1,734,934	1,734,934

Notes to the financial statements.

33. Reserves (continued)

Asset revaluation reserve

These include revaluations of property, plant and equipment.

Fair value through equity reserve

This reserve records movements in the fair value of fair value through equity assets. In the parent accounts, these assets are the investments in subsidiaries and associates.

Hedging reserve

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges.

Reserve funds

These include special funds and reserve funds, some of which are restricted by legislation or Council resolution. For further information please refer to the *Monitoring* section on page 296.

Capital reserves

This reserve represents ratepayers' equity assumed upon amalgamation of several councils in 1989. In 2012, the smaller CCOs which were previously immaterial were consolidated into the Group result.

Notes to the financial statements.

34. Retained earnings

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Balance at beginning of financial year	2,129,913	1,954,747	2,855,277	2,545,922
Net surplus for the period	265,004	328,459	279,049	448,652
Income tax transferred	-	-	-	(25)
Transfer to reserve funds	105,183	(159,639)	104,753	(159,547)
Transfer from retained earnings on disposal of property, plant and equipment	2,379	6,346	2,379	6,346
Other movements	-	-	6,806	7,668
Adjustment to controlling interests on purchase of shares	-	-	-	(132)
Consolidation of CCOs	-	-	2,468	6,393
Balance at end of financial year	2,502,479	2,129,913	3,250,732	2,855,277

Notes to the financial statements.

35. Non Controlling interests

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Balance at beginning of financial year	-	-	256,564	247,217
Share of comprehensive income for period	-	-	23,781	17,814
Dividends paid or provided for	-	-	(5,644)	(7,940)
Adjustment to non-controlling interests for share acquisitions	-	-	(110)	(527)
Balance at end of financial year	-	-	274,591	256,564

Notes to the financial statements.

36. Reconciliation of surplus for the period to net cash flows from operating activities

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Surplus for the period	265,004	328,459	292,368	462,910
Add/(less) non-cash items				
Depreciation, amortisation and impairment expense	171,332	116,196	269,907	206,581
Donated and subsidised assets	(36,114)	(19,131)	(45,382)	(23,319)
(Gains)/losses in fair value of investment property and assets held for sale	-	-	(7,089)	(5,421)
(Gains)/losses in fair value of derivative financial instruments	(899)	1,398	(344)	2,694
Share of associates' (surplus)/deficit (less dividends)	-	-	(1,213)	(850)
Net foreign exchange (gains)/losses	-	-	(58)	85
Deferred tax charged/(credited) to income	(2,360)	91	23,812	4,207
Finance lease income	(110)	(102)	(110)	1,701
(Gains)/losses in fair value of investments held at fair value through P&L	228	2,162	228	2,162
Other non cash movements	-	-	4,834	2,489
Net changes in non-cash items	132,077	100,614	244,585	190,329
Add/(less) items classified as investing or financing activities				
(Gain)/loss on disposal of non-current assets	9,855	10,956	8,697	78,392
Movement in capital creditors	3,415	(5,103)	1,576	(4,466)
Recognition of service concession arrangement	(736)	(736)	(736)	(736)
Insurance proceeds classified as investing activities	(263,412)	(265,680)	(295,990)	(309,392)
Vbase insurance advance held as investing	-	-	-	(26,512)
Other	1,268	(1,568)	-	-
Net changes in investing/financing activities	(249,610)	(262,131)	(286,453)	(262,714)

Notes to the financial statements.

36. Reconciliation of surplus for the period to net cash flows from operating activities (continued)

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Add/(less) movement in working capital items				
Current trade and other receivables	(31,774)	23,055	(62,526)	318
Current inventories	(2,108)	(1,668)	(1,773)	(5,940)
Current prepayments	464	(1,793)	(1,953)	(3,419)
Income tax receivable	21	97	(4,399)	-
Other current assets	374	(133,097)	13,059	(308,840)
Non-current receivables	-	-	53	25,046
Non-current prepayments	-	-	928	149
Other non-current assets	-	-	24	285
Current payables	(6,125)	(5,444)	2,239	(9,582)
Current provisions and employee entitlements	3,347	639	3,659	1,096
Income tax payable	-	-	(18,113)	15,708
Other current liabilities	1,493	(1,287)	1,500	(1,260)
Non-current provisions and employee entitlements	(1,340)	3,715	(901)	3,951
Other non-current liabilities	(946)	(946)	(1,044)	(1,953)
Net changes in net assets and liabilities	(36,594)	(116,729)	(69,247)	(284,441)
Net cash from operating activities	110,877	50,213	181,253	106,084

Notes to the financial statements.

37. Capital commitments and operating leases

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Capital and other operating commitments				
Capital commitments				
Property, plant & equipment	91,723	62,449	102,623	104,696
Electricity distribution network	-	-	36,167	18,654
Intangible assets	651	616	1,186	910
Total capital commitments	92,374	63,065	139,976	124,260
Other operating commitments				
Other operating commitments	73,405	81,821	73,421	81,821
(b) Non cancellable operating lease liabilities				
No later than one year	2,214	3,508	6,929	7,082
Later than one year and not later than five years	5,288	7,152	14,856	13,798
Later than five years	853	2,138	3,675	8,273
Total non-cancellable operating lease liabilities	8,355	12,798	25,460	29,153
(c) Non cancellable operating lease receivables				
No later than one year	6,305	6,747	57,915	58,026
Later than one year and not later than five years	17,072	21,226	213,833	81,385
Later than five years	35,080	51,344	174,797	311,041
Total non-cancellable operating lease receivables	58,457	79,317	446,545	450,452

Capital commitments

In addition to the capital commitments shown above, ESL has entered into agreements to build, operate and maintain a UFB network on behalf of ENL. The agreements require ESL to have built the UFB network past all priority premises (business, health, schools and government) by December 2015 and all premises to have been passed by December 2019. Upon each stage of the network being completed, and subject to that stage satisfactorily passing user acceptance testing, ENL will purchase that stage.

Non cancellable operating lease liabilities

Parent

The Council leases computer equipment, property, and a number of car parks across the City.

Non cancellable operating lease receivables

Parent

The Council leases properties to various parties.

Group

Orion New Zealand Ltd

Non-cancellable operating lease receivables \$0.1 million (2012: \$0.1 million). Until the earthquake on 22 February 2011, Orion leased some of its land and buildings at its head office site in the CBD to a variety of tenants, on a range of different terms. Due to the severe damage caused to the buildings by the earthquake and a lack of access to the CBD, the leases were effectively cancelled on the date of the earthquake. Orion also leases some land adjacent to some substation and operational sites to a range of tenants. These leases are incidental to Orion's principal business.

Christchurch International Airport Ltd

Non-cancellable operating lease receivables \$347 million (2012: \$307 million). CIAL has a number of property leases that generate rental income. The leases are for terms between 1 month and 86 years, and the majority of the lease agreements are renewable at the end of the lease period at market rates.

Notes to the financial statements.

37. Capital commitments and operating leases (continued)

Lyttelton Port Company Ltd

Non-cancellable operating lease receivables \$54 million (2012: \$59 million). LPC leases a range of land, buildings and equipment to a number of customers. A number of leases include rights of renewal for further periods including “in perpetuity”. There were no contingent rents recognised as income in the year.

Enable Services Ltd

Non-cancellable operating lease receivables \$3 million (2012: \$4 million). ESL sold its existing fibre network to associated company ENL in February 2012. Prior to that time it had contracted with a number of customers to provide fibre network services with a standard contract period of two years but ranging from 12 months to 10 years. Under the agreement for transfer of the existing fibre network to ENL, ESL will not extend the existing contracts with customers. As ESL's contracts with customers reach the end of the contracted period they are transferred to ENL through a retail services provider. The lease obligations in 2013 reflect remaining customer contracts. These are fulfilled by ESL acquiring UFB product from ENL under a wholesale services agreement which it in turn provides to customers.

Notes to the financial statements.

38. Contingent liabilities & contingent assets

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Contingent liabilities				
Performance bonds	-	-	56,780	54,626
Lyttelton Port Company Ltd - Port noise mitigation	-	-	1,200	1,226
Uncalled capital in CCHL	650,138	350,138	-	-
Uncalled capital in Tuam Ltd	7,000	7,000	-	-
Uncalled capital in Civic Building Ltd	10,000	10,000	-	-
Uncalled capital in Transwaste Canterbury Ltd	1,556	1,556	1,556	1,556
Other professional indemnity claims	200	200	200	200
Christchurch Symphony Orchestra guarantee	200	200	200	200
Transwaste Canterbury Ltd	-	-	-	4,712
Legal disputes	1,970	2,850	1,970	2,850
Total contingent liabilities	671,064	371,944	61,906	65,370
Contingent assets				
Other	2,000	-	2,000	-
	2,000	-	2,000	-

1. Performance bonds

The following contingent liabilities exist in respect of contract performance bonds:

- CCHL \$45.00 million (2012: \$47.50 million);
- City Care \$9.87 million (2012: \$5.55 million);
- Red Bus \$0.91 million (2012: \$0.87 million); and
- Orion \$1.0 million (2012: \$0.71 million).

CCHL entered into a \$50 million performance bond with ANZ bank in June 2011 in support of ESL's successful bid under the Government's UFB initiative. The amount of the bond decreases annually and terminates in 2022.

None of the above companies expect to have these contingent liabilities called upon by external parties and hence no provision has been made.

2. New Zealand Local Government Funding Agency

The Council is a shareholder of LGFA. LGFA 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+.

The Council is one of 30 shareholders of LGFA (2012: 19). In that regard, it has uncalled capital of \$1.88 million. When aggregated with the uncalled capital of other shareholders, \$20.0 million is available in the event that an imminent default is identified. Also together with the other shareholders, the Council is a guarantor of all of LGFA's borrowings. At 30 June 2013, LGFA had borrowings totalling \$2,865 million (2012: \$835 million).

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 LGFA 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.

Notes to the financial statements.

38. Contingent liabilities & contingent assets (continued)

3. Lyttelton Port Company Ltd – dry dock contaminants

Contaminants arising from dry dock and slipway operations have been identified in seabed sediments in that area of the inner harbour. LPC has been working with Environment Canterbury and the Department of Conservation on the issues for a number of years. An interim monitoring and management plan is in place to manage any adverse effects and to minimise any disturbance of the contaminated sediments while further investigations are carried out into the environmental risks associated with the contamination. The Ministry for the Environment's Contaminated Sites Remediation Fund has contributed to ongoing investigation costs.

At this time the LPC directors have not determined what liability, if any, would accrue to LPC. In any event the directors are confident that any liability attaching to LPC will not be a material liability.

Lyttelton Port Company Ltd - Port Noise Working Agreement

LPC is party to a deed, along with the Council, Environment Canterbury, Lyttelton Harbour Residents' Association and other interested parties (collectively the Port Noise Working Party), which committed the various parties to the process of seeking amendments to the District Plan to reflect the agreements reached between the parties on future port noise levels, future mitigation measures required on the part of LPC and land use restrictions on affected areas.

No liability has been recognised in the financial statements for any future obligations under the agreement as it is considered to be a contingent liability. The directors have estimated that the maximum amount payable by LPC under this agreement would be \$1.3 million (2012: \$1.2 million) in total over the next eight years.

4. Canterbury Symphony Orchestra Guarantee

In March 1998 the Council guaranteed a \$0.1 million bank overdraft for the Canterbury Symphony Orchestra. It was subsequently amended by Council in August 2004 to allow for a further \$0.1 million to be guaranteed, if required. A guarantee for the additional \$0.1 million was activated in June 2009.

5. Associate contingencies

The Council's share of the contingencies of associates is \$4.7 million (2012: \$4.7 million). The contingencies relate to bonds with Transwaste's bankers in terms of resource consents granted to Transwaste. It is anticipated that no material liabilities will arise.

6. Current legal proceedings

There are current legal proceedings against the Council for five specific issues and the potential for claims in eight others. The amounts claimed in some proceedings and issues raised in respect of Council decisions in other proceedings are disputed.

One of the current legal issues for the Council is weathertight homes. The Council may have further liabilities which it has not yet been made aware of in this area. For further detail on the Council's provision for weathertight homes see note 31.

7. National Provident Fund's Defined Benefit Plan Contributors Scheme

Some members of the Group are participating employers in the National Provident Fund's Defined Benefit Plan Contributors Scheme (the scheme) which is a multi-employer defined benefit superannuation scheme. In the unlikely event that the other participating employers ceased to participate in the scheme, the Group could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, the Group could be responsible for an increased share of the deficit.

The Fund has advised that insufficient information is available to use defined benefit accounting as it is not possible to determine, from the terms of the scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

8. Christchurch City Council – Rebuild costs

The current estimate is that the earthquake-related response and recovery costs faced by the Council total \$4.4 billion. The largest component of this is the \$2.3 billion cost of the infrastructure rebuild programme. The Council is committed to this expenditure. Rebuild and recovery costs will in part be met from insurance and Crown contributions. The balance will be funded by the Council and is a future liability. The value of this remains uncertain as it is dependent on insurance recoveries and Crown contributions together with the final construction costs. The Council has not yet concluded any major insurance settlements but has recognised insurance receivables where it is virtually certain of receiving funds. The nature of the damage, and insurance claim process, means it is not yet possible to estimate with any certainty the amount of recoveries that will be received.

The Council has agreed with the Crown the rebuild cost sharing arrangements. Accounting standards require that revenue, including funding contributions, can only be recognised where there is virtual certainty of receiving the payment. While the Council considers this hurdle has been met, the quantum of the funding remains uncertain.

The Council has a contingent asset in relation to these recoveries. The Council is working with the Government and its insurers to determine the amount of the recoveries, but it is not yet possible to estimate that amount with any certainty.

Notes to the financial statements.

38. Contingent liabilities & contingent assets (continued)

9. Enable Services Ltd – contract dispute

ESL is currently in dispute with Transfield, its main contractor for build of the UFB network, over contractual terms and conditions. ESL is unable to quantify the impact of this dispute at present. There is currently no perceived material impact on the contract with ENL.

10. Enable Services Ltd - Liquidated Damages

The Network Infrastructure Project Agreement signed between ESL, ENL, CFH and CCHL provides that, if ESL fails to achieve any milestone to which liquidated damages (LDs) apply on or before the applicable milestone date, ENL will be entitled to claim the LDs applicable to that milestone for each day (or part thereof) that any such milestone is not met.

It is clear that LDs are potentially payable to ENL, but to date this demand for LDs payment has not been made. Legal advice has confirmed that Transfield would likely be subject to a general damages claim regardless of whether or not the LDs provisions in the Transfield contract are enforceable. However, the timing and quantum of this would be subject to a legal process.

11. City Care Ltd – SCIRT alliance

The SCIRT agreement contains provisions for sharing gains and/or losses against budget on the conclusion of the contract, expected to be of five years duration. Any gain or loss does not crystallise until the conclusion of the contract and cannot be reliably measured in the interim.

Contingent Assets

12. Christchurch City Council – Insurance and Rebuild cost sharing recoveries

Accounting standards require that insurance recoveries and Crown contributions can only be recognised where there is virtual certainty of receiving the payment. Council considers that certain insurance recoveries have met that hurdle. For many, this standard has not been met and the Council has a contingent asset. The ultimate quantum of all the insurance recoveries and Crown funding contributions cannot currently be reliably measured as there will continue to be uncertainty for a number of years around the range of possible outcomes and insufficient information to form a reasonable judgement.

13. Orion New Zealand Ltd

Orion has lodged several material damage and business interruption insurance claims in relation to damage and losses from the Canterbury earthquakes. In the year ended 31 March 2013, Orion has recognised \$1.8 million (2012: \$22.4 million) of insurance cash settlement proceeds it has so far received from insurers as revenue. Orion expects to reach several more such agreements with insurers in the year ended 31 March 2014 for most of the remaining parts of its earthquake claims, however the amounts and timing of these future cash settlement agreements cannot be reliably estimated.

14. Vbase Ltd

Vbase has an outstanding claim with an insurance provider in relation to the JEFL facility which is currently estimated at \$0.18 million. The claim was submitted in May 2013 and the insurer has not yet agreed the claim and therefore there is not enough certainty to recognise this as a receivable as at 30 June 2013. Therefore, the claim amount has been shown as a contingent asset.

Vbase had business interruption insurance in place which entitles it to recover any lost revenues for a maximum 24 month period from the date of an event adversely affecting one or more of its venues. The February 2011 earthquake event triggered the claim process under the policy in relation to the three closed venues. Vbase has received payments under the policy but the quantum of the future recoveries cannot be reliably measured until all financial data up to February 2013 is made available for the insurance assessor to calculate and agree the final payout.

Notes to the financial statements.

39. Financial instrument risks

Financial risk management objectives

The Council and Group have a series of policies to manage the risk associated with financial instruments.

The Council and Group do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies, which provide written principles on the use of financial derivatives.

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.

Market risk

The Council and the Group enter into derivative arrangements in the ordinary course of their business to manage interest rate and foreign currency risks.

Interest rate risk management

The Council and the Group are exposed to interest rate risk as they borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts.

The following tables summarise the Council's and Group's exposure to interest rate risk.

	Parent					
	Non-interest			Non-interest		
	Fixed	Variable	bearing	Fixed	Variable	bearing
	30 Jun 13	30 Jun 13	30 Jun 13	30 Jun 12	30 Jun 12	30 Jun 12
	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets						
Cash and cash equivalents	-	146,598	-	-	118,267	-
Bank deposits with maturities > 12 months	11,000	-	-	11,000	-	-
Short term deposits	33,659	3,000	-	62,137	8,186	-
Debtors and other receivables	-	-	87,565	-	-	60,157
Related party receivables	-	-	4,508	-	-	606
Local authority stock	13,000	12,000	-	17,000	23,000	-
Stocks and bonds	19,950	19,425	-	44,656	-	-
Loans and advances	2,755	7,115	213	4,150	1,002	150
Related party loans	105,554	4,500	-	104,980	4,500	-
Net settled derivative assets	-	9,865	-	-	2,391	-
	185,918	202,503	92,286	243,923	157,346	60,913
Financial liabilities						
Commercial paper	(5,000)	-	-	(5,000)	-	-
Bonds and other fixed rate borrowing	(30,013)	(1,109)	-	(80,000)	(2,421)	-
Floating rate notes	(539,560)	(190,440)	-	(385,084)	(29,916)	-
Loans from external parties	(36,623)	-	-	(39,423)	-	-
Loans from group entities	(25,700)	(237)	-	(25,700)	(281)	-
Finance lease liabilities	-	(103,726)	-	(103,836)	-	-
Net settled derivative liabilities	-	(23,315)	-	-	(43,911)	-
	(636,896)	(318,827)	-	(639,043)	(76,529)	-
	(450,978)	(116,324)	92,286	(395,120)	80,817	60,913

Notes to the financial statements.

39. Financial instrument risks (continued)

	Group					
	Non-interest			Non-interest		
	Fixed	Variable	bearing	Fixed	Variable	bearing
	30 Jun 13	30 Jun 13	30 Jun 13	30 Jun 12	30 Jun 12	30 Jun 12
\$000						
Financial assets						
Cash and cash equivalents	17,845	143,751	50	2,909	144,989	3,339
Bank deposits with maturities > 12 months	12,750	-	-	24,682	-	-
Short term deposits	90,364	3,000	-	62,137	8,186	-
Debtors and other receivables	-	-	211,612	-	-	148,340
Local authority stock	13,000	12,000	-	17,000	23,000	-
Stocks and bonds	19,965	19,425	-	44,656	-	-
Loans and advances	9,243	7,727	213	4,773	1,002	152
Finance lease receivables	25	-	247	47	-	-
Net settled derivative assets	464	11,363	34	-	2,391	252
Other	-	-	-	1,150	-	45
	163,656	197,266	212,156	157,354	179,568	152,128
Financial liabilities						
Commercial paper	(14,000)	(79,000)	-	(14,000)	(88,000)	-
Bonds and other fixed rate borrowing	(171,366)	(1,109)	-	(155,000)	(2,421)	-
Floating rate notes	(619,560)	(270,440)	-	(465,084)	(79,916)	-
Loans from external parties	(271,623)	(68,920)	-	(356,523)	(41,825)	-
Finance lease liabilities	(111)	(57,436)	(4)	(52,378)	(5,272)	-
Net settled derivative liabilities	-	(49,674)	-	(22,443)	-	(7,399)
	(1,076,660)	(526,579)	(4)	(1,065,428)	(217,434)	(7,399)
	(913,004)	(329,313)	212,152	(908,074)	(37,866)	144,729

Interest rate swap contracts

Under interest rate swap contracts, the Council and the Group agree to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the borrower to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below.

Notes to the financial statements.

39. Financial instrument risks (continued)

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

	Parent			
	Notional principal amount		Fair value	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	\$000	\$000	\$000	\$000
Floating for fixed contracts				
1 to 2 years	106,500	60,000	(1,277)	(1,637)
2 to 5 years	189,500	144,000	(11,492)	(7,164)
More than 5 years	546,200	388,200	(1,786)	(35,110)
	842,200	592,200	(14,555)	(43,911)
Fixed for floating contracts				
Less than 1 year	-	50,000	-	415
1 to 2 years	30,000	-	1,105	-
2 to 5 years	-	30,000	-	1,976
	30,000	80,000	1,105	2,391

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Group is exposed to equities securities price risk on its investments in LPC, a company listed on the NZX. The investment in LPC is classified as a financial asset held at fair

value through equity, and revalued annually on the basis of its quoted share price. While the share price can and does fluctuate, the investment is held as a long-term asset with no intention of sale, and such fluctuations do not impact on the Group's profits.

	Group			
	Notional principal amount		Fair value	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	\$000	\$000	\$000	\$000
Floating for fixed contracts				
Less than 1 year	39,000	34,000	(1,260)	(1,079)
1 to 2 years	291,500	99,000	(7,550)	(2,893)
2 to 5 years	341,500	359,000	(17,368)	(20,019)
More than 5 years	793,200	602,200	(9,234)	(59,581)
	1,465,200	1,094,200	(35,412)	(83,572)
Fixed for floating contracts				
Less than 1 year	-	50,000	-	415
1 to 2 years	30,000	-	1,105	-
2 to 5 years	-	30,000	-	1,976
More than 5 years	81,814	-	(3,523)	-
	111,814	80,000	(2,418)	2,391

The Group is exposed to market risk through its investment in unlisted companies. Its policy is not to hedge its exposures to market risk.

Notes to the financial statements.

39. Financial instrument risks (continued)

Foreign currency risk management

Foreign currency risk is the risk that the value of the Group's assets and liabilities or revenues and expenses will fluctuate due to changes in foreign exchange rates. The Group is exposed to currency risk as a result of transactions that are denominated in a currency other than New Zealand dollars. These currencies are primarily Australian dollars, US dollars and Euros. The Group's

policy is to hedge any material foreign currency exposure, usually with forward exchange contracts. The Council has little exposure to foreign currency risk and under normal circumstances has no exposure to hedge.

The following table summarises the Group's exposure to foreign currency transactions:

Jun 13	Group		
	USD	AUD	EUR
in thousands of New Zealand dollars	\$000	\$000	\$000
Foreign currency risk			
Trade receivables	140	21	305
Loan balances	6,814	-	-
Trade payables	-	(281)	(53)
Net balance sheet exposure before hedging activity	6,954	(260)	252
Estimated forecast sales	4,313	-	-
Estimated forecast purchases	-	-	(304)
Net cash flow exposure before hedging activity	4,313	-	(304)
Forward exchange contracts			
Notional amounts	(9,740)	251	304
Net unhedged exposure	1,527	(9)	252
Jun 12	Group		
in thousands of New Zealand dollars	USD	AUD	EUR
	\$000	\$000	\$000
Foreign currency risk			
Trade receivables	47	-	355
Trade payables	-	(1)	-
Net balance sheet exposure before hedging activity	47	(1)	355
Estimated forecast sales	5,975	-	-
Estimated forecast purchases	(387)	(151)	(710)
Net cash flow exposure before hedging activity	5,588	(151)	(710)
Forward exchange contracts			
Notional amounts	(6,022)	-	5,215
Foreign currency on hand	-	-	1
Net unhedged exposure	(387)	(152)	4,861

Notes to the financial statements.

39. Financial instrument risks (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and short-term investments, trade receivables, loans and interest rate swaps. The Council and Group places its cash and short-term investments with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution in accordance with the treasury policies of the respective members of the Group.

The Council's investment policy includes parameters for investing in financial institutions and other organisations including where applicable entities that have required Standard and Poor's credit ratings.

The Council's receivables mainly arise from statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to these receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts.

The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in Note 38.

Orion has a concentration of credit risk with regard to its trade receivables, as it only has a small number of electricity retailer customers. CIAL also has a concentration of credit risk on a small number of customers, with 70% (2012: 59%) of trade receivables due from 10 customers. City Care also has a concentration of credit risk in respect of its transactions with ultimate shareholder the Council, with 60% (2012: 53%) of its revenue derived from this source (including transactions with SCIRT). Red Bus has a concentration of credit risk with Environment Canterbury, which provides 81% (2012: 79%) of its revenue. Notwithstanding this concentration of credit risk, all of these major customers are considered to be of high credit quality.

The Group manages its exposure to credit risk arising from trade receivables by performing credit evaluations on all significant customers requiring credit, wherever practicable, and continuously monitors the outstanding credit exposure to individual customers. With the exception of Orion, which generally requires collateral security (such as bank letters of credit) from its electricity retailer customers against credit risk, the Group does not generally require collateral security from its customers. Recent changes to the Electricity Industry Participation Code significantly reduce the prudential securities that electricity distribution businesses may require from their electricity retail customers, and this has had the effect of reducing the security held by Orion.

The carrying value is the maximum exposure to credit risk for bank balances, accounts receivable and interest rate swaps. No collateral is held in respect of these financial assets.

The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status other than trade receivables.

Notes to the financial statements.

39. Financial instrument risks (continued)

The following table summarises the status of receivables as at balance date:

	Parent		Group		
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12	
	Actual	Actual	Actual	Actual	
	\$000	\$000	\$000	\$000	
Cash at bank, term deposits and foreign currency	194,257	199,590	267,761	247,393	
Debtors and other receivables	92,073	55,765	211,884	127,178	
Loans	120,137	112,483	17,182	3,627	
Government or local authority stock	25,000	40,000	25,000	40,000	
Stocks and bonds	39,375	44,656	39,391	44,656	
Derivative financial instrument assets	9,865	2,391	11,861	2,643	
	480,707	454,885	573,079	465,497	
Counterparties					
Cash at bank, term deposits and foreign currency					
	AA	-	-	10,446	5,983
	AA-	194,257	199,590	256,315	241,410
	BBB+	-	-	500	-
	Lower than BBB or unrated	-	-	500	-
		194,257	199,590	267,761	247,393
Loans					
	AA	-	-	-	-
	Lower than BBB or unrated	120,137	112,483	17,182	3,627
		120,137	112,483	17,182	3,627
Government or local authority stock					
	AA	12,000	13,000	12,000	13,000
	A	5,000	5,000	5,000	5,000
	Lower than BBB or unrated	8,000	22,000	8,000	22,000
		25,000	40,000	25,000	40,000
Stocks and bonds					
	AA	30,240	-	30,255	-
	A	6,500	-	6,501	-
	Lower than BBB or unrated	2,635	44,656	2,635	44,656
		39,375	44,656	39,391	44,656
Derivative financial instrument assets					
	AA	-	-	1,996	-
	AA-	9,865	2,391	9,865	2,643
		9,865	2,391	11,861	2,643

Notes to the financial statements.

39. Financial instrument risks (continued)

Liquidity risk

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

In meeting its liquidity requirements, the Group manages its investments and borrowings in accordance with its written investment policies. In general the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding arrangements in place to cover potential shortfalls.

A number of Council counterparties are unrated as per the above. These balances primarily consist of inter-group loans and local authority stock.

The Council is exposed to liquidity risk as a guarantor of all of LGFA 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 38.

The following tables analyse the Council's and Group's contractual cash flows for its financial assets and liabilities into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts in the following tables are the contractual undiscounted cash flows:

Jun 13	Parent					
	Balance sheet \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	5 years + \$000
Financial liabilities:						
Creditors and other payables	110,078	110,078	110,078	-	-	-
Net settled derivative liabilities	23,315	34,085	2,725	2,668	10,651	18,041
Commercial paper	5,000	5,038	5,038	-	-	-
Bonds and other fixed rate borrowing	31,122	33,652	1,833	31,819	-	-
Floating rate notes	730,000	934,694	264,121	36,706	309,873	323,994
Loans from external parties	36,623	44,493	5,833	5,774	32,886	-
Loans from group entities	25,937	29,330	12,837	1,007	15,486	-
Finance lease liabilities	103,726	212,931	8,160	8,218	25,442	171,111
	1,065,801	1,404,301	410,625	86,192	394,338	513,146
Financial assets:						
Cash and cash equivalents	146,598	147,465	147,465	-	-	-
Bank deposits with maturities > 1 year	11,000	12,426	675	6,589	5,162	-
Short term deposits	36,659	38,045	38,045	-	-	-
Debtors and other receivables	87,565	87,565	87,565	-	-	-
Related party receivables	4,508	4,508	4,508	-	-	-
Local authority stock	25,000	26,904	15,907	5,659	5,338	-
Stocks and bonds	39,375	49,764	5,602	2,570	41,592	-
Loans and advances	10,083	525	88	86	129	222
Related party loans	110,054	154,025	8,245	9,722	53,566	82,492
Net settled derivative assets	9,865	119,346	5,887	10,020	37,152	66,287
	480,707	640,573	313,987	34,646	142,939	149,001

Notes to the financial statements.

39. Financial instrument risks (continued)

Jun 12	Parent					
	Balance	Contractual	Less than			
	sheet	cash flows	1 year	1-2 years	2-5 years	5 years +
	\$000	\$000	\$000	\$000	\$000	\$000
Financial liabilities:						
Creditors and other payables	116,203	116,203	116,203	-	-	-
Net settled derivative liabilities	43,911	50,492	3,749	8,084	21,365	17,294
Commercial paper	5,000	5,000	5,000	-	-	-
Bonds and other fixed rate borrowing	82,421	86,943	53,293	1,831	31,819	-
Floating rate notes	415,000	497,508	50,568	246,520	105,475	94,945
Loans from external parties	39,423	53,093	6,079	5,988	41,026	-
Loans from group entities	25,981	19,609	1,149	12,215	6,245	-
Finance lease liabilities	103,836	241,353	8,234	8,933	27,405	196,781
	831,775	1,070,201	244,275	283,571	233,335	309,020
Financial assets:						
Cash and cash equivalents	118,267	118,267	118,267	-	-	-
Bank deposits with maturities > 1 year	11,000	13,104	678	675	11,751	-
Short term deposits	41,500	72,807	72,807	-	-	-
Debtors and other receivables	60,157	60,157	60,157	-	-	-
Related party receivables	606	606	606	-	-	-
Local authority stock	40,000	43,884	16,889	15,999	10,996	-
Stocks and bonds	44,656	51,176	5,600	5,426	28,732	11,418
Loans and advances	5,303	622	82	78	213	249
Related party loans	109,480	170,971	8,719	8,448	37,902	115,902
Net settled derivative assets	2,391	3,863	1,353	703	1,425	382
	433,360	535,457	285,158	31,329	91,019	127,951

Notes to the financial statements.

39. Financial instrument risks (continued)

Jun 13	Group					
	Balance	Contractual	Less than			
	sheet	cash flows	1 year	1-2 years	2-5 years	5 years +
	\$000	\$000	\$000	\$000	\$000	\$000
Financial liabilities:						
Creditors and other payables	177,118	177,843	177,729	43	71	-
Net settled derivative liabilities	49,674	55,368	12,732	10,103	14,366	18,167
Commercial paper	93,000	93,038	93,038	-	-	-
Bonds and other fixed rate borrowing	172,475	198,873	6,642	36,628	74,809	80,794
Floating rate notes	890,000	1,138,547	273,141	71,827	384,413	409,166
Loans from external parties	340,543	391,237	75,407	190,338	125,492	-
Finance lease liabilities	57,551	118,027	4,658	4,643	14,232	94,494
	1,780,361	2,172,933	643,347	313,582	613,383	602,621
Financial assets:						
Cash and cash equivalents	161,646	162,514	162,514	-	-	-
Bank deposits with maturities > 1 year	12,750	14,176	675	8,339	5,162	-
Short term deposits	93,364	94,750	94,750	-	-	-
Debtors and other receivables	211,612	204,296	193,546	8,410	630	1,710
Local authority stock	25,000	26,904	15,907	5,659	5,338	-
Stocks and bonds	39,390	49,779	5,617	2,570	41,592	-
Loans and advances	17,183	9,596	299	309	898	8,090
Finance lease receivables	272	26	26	-	-	-
Net settled derivative assets	11,861	128,637	6,208	10,130	40,248	72,051
	573,078	690,678	479,542	35,417	93,868	81,851

Notes to the financial statements.

39. Financial instrument risks (continued)

Jun 12	Group					
	Balance	Contractual	Less than			
	sheet	cash flows	1 year	1-2 years	2-5 years	5 years +
	\$000	\$000	\$000	\$000	\$000	\$000
Financial liabilities:						
Creditors and other payables	174,879	174,714	174,714	-	-	-
Net settled derivative liabilities	83,877	81,167	12,874	14,984	33,402	19,907
Commercial paper	102,000	102,000	102,000	-	-	-
Bonds and other fixed rate borrowing	157,421	181,320	63,243	6,640	111,437	-
Floating rate notes	545,000	664,904	57,277	254,568	203,201	149,858
Loans from external parties	398,348	439,638	84,868	111,736	243,034	-
Finance lease liabilities	57,650	133,686	4,948	4,977	15,065	108,696
Other	1	1	1	-	-	-
	1,519,176	1,777,430	499,925	392,905	606,139	278,461
Financial assets:						
Cash and cash equivalents	151,237	151,239	151,239	-	-	-
Bank deposits with maturities > 1 year	24,682	26,848	14,422	675	11,751	-
Short term deposits	70,323	72,807	72,807	-	-	-
Debtors and other receivables	148,340	157,755	154,995	210	630	1,920
Local authority stock	40,000	43,884	16,889	15,999	10,996	-
Stocks and bonds	44,656	51,176	5,600	5,426	28,732	11,418
Loans and advances	5,927	1,683	265	250	387	781
Finance lease receivables	47	52	26	26	-	-
Net settled derivative assets	2,643	4,114	1,604	703	1,425	382
Other	1,195	1,236	83	900	253	-
	489,050	510,794	417,930	24,189	54,174	14,501

Notes to the financial statements.

39. Financial instrument risks (continued)

Sensitivity analysis

In managing interest rate risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, changes in interest rates will affect reported profits.

The following table summarises the estimated impact of movements in interest rates and foreign exchange rates on the Council and Group's pre-tax profits and equity:

Financial assets and liabilities at floating rate	Jun 13				Jun 12			
	Increase		Decrease		Increase		Decrease	
	1.00%	1.00%	-1.00%	-1.00%	1.00%	1.00%	-1.00%	-1.00%
	Pre-tax surplus	Other compr. income	Pre-tax surplus	Other compr. income	Pre-tax surplus	Other compr. income	Pre-tax surplus	Other compr. income
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Floating rate notes	(1,904)	-	1,904	-	(299)	-	299	-
Commercial paper	-	-	-	-	(50)	-	50	-
Cash and cash equivalents	1,466	-	(1,466)	-	1,183	-	(1,183)	-
Bank deposits	-	-	-	-	82	-	(82)	-
Related party loans	45	-	(45)	-	45	-	(45)	-
Interest rate swap derivatives	2,103	39,263	(2,536)	(43,174)	46,883	26,039	(49,901)	(27,814)
Local authority stock	-	-	-	-	230	-	(230)	-
	1,710	39,263	(2,143)	(43,174)	48,074	26,039	(51,092)	(27,814)

Financial assets and liabilities at floating rate	Jun 13				Jun 12			
	Increase		Decrease		Increase		Decrease	
	1.00%	1.00%	-1.00%	-1.00%	1.00%	1.00%	-1.00%	-1.00%
	Pre-tax surplus	Other compr. income	Pre-tax surplus	Other compr. income	Pre-tax surplus	Other compr. income	Pre-tax surplus	Other compr. income
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Floating rate notes	(2,704)	-	2,704	-	(799)	-	799	-
Commercial paper	(790)	-	790	-	(930)	-	930	-
Finance lease liabilities	-	-	-	-	(53)	-	53	-
Bank loans	-	-	-	-	(418)	-	418	-
Cash and cash equivalents	1,438	-	(1,438)	-	1,385	-	(1,385)	-
Bank deposits	2	-	2	-	166	-	(166)	-
Related party loans	45	-	(45)	-	48	-	(48)	-
Interest rate swap derivatives	2,799	45,906	(3,254)	(50,361)	48,853	38,936	(51,938)	(41,435)
Other	-	-	-	-	386	-	(386)	-
	790	45,906	(1,241)	(50,361)	48,638	38,936	(51,723)	(41,435)

Notes to the financial statements.

39. Financial instrument risks (continued)

Foreign exchange risk	Jun 13				Group Jun 12			
	-10%		+10%		-10%		+10%	
	Pre-tax surplus	Other compr. income	Pre-tax surplus	Other compr. income	Pre-tax surplus	Other compr. income	Pre-tax surplus	Other compr. income
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Trade receivables	18	-	(18)	-	-	-	-	-
Derivatives - held for trading	112	(293)	(101)	293	17	-	(14)	-
Total sensitivity to foreign exchange risk	80	(293)	(69)	293	17	-	(14)	-

Equity price risk

The estimated impact of movements in market price on the Group's equity relates to the movement in the share price of the LPC. A movement of 10% in the share price would impact equity by \$23.2 million (2012: \$16.3 million).

Fair value of financial instruments

Apart from the fair values mentioned in notes 16 and 28, the Group consider that the carrying amounts of the financial assets and financial liabilities recorded in the financial statements approximate their fair values. The fair values of financial assets and financial liabilities with standard terms and conditions are traded on active liquid markets are determined with reference to quoted market prices.

Notes to the financial statements.

39. Financial instrument risks (continued)

Classification of financial assets and liabilities

The following tables classify the Group's financial assets and liabilities between the various categories set out in NZ IAS 39 and NZ IFRS 7:

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Financial assets				
Fair value through surplus or deficit - held for trading				
Derivative financial instrument assets	-	-	-	1
Unlisted shares	3,999	4,454	3,999	4,454
	3,999	4,454	3,999	4,455
Derivatives that are hedge accounted				
Derivative financial instrument assets	9,865	2,391	11,861	2,642
Loans and receivables				
Cash and cash equivalents	146,598	118,267	161,646	151,237
Debtors and other receivables	92,073	55,765	211,612	127,131
Finance lease receivables	-	-	272	-
Other financial assets:				
- term deposits	11,000	11,000	12,750	96,156
- loans	6,240	800	13,254	1,424
- loans to related parties	110,054	109,480	-	-
- local authority stock	25,000	40,000	25,000	40,000
- stocks and bonds	39,375	44,656	39,390	44,656
- short term deposits	36,659	70,323	93,364	-
Community loans	2,486	2,956	2,486	2,956
Theatre Royal	2,300	2,300	2,300	2,300
Provision for fair value and impairment	(943)	(753)	(943)	(753)
	470,842	454,794	561,131	465,107

Notes to the financial statements.

39. Financial instrument risks (continued)

	Parent		Group	
	30 Jun 13	30 Jun 12	30 Jun 13	30 Jun 12
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Fair value through equity				
Council investment in subsidiaries:				
CCHL	1,446,337	1,387,300	-	-
Vbase Ltd	190,169	191,143	-	-
Tuam Ltd	5,417	5,417	-	-
Civic Building Ltd	4,148	4,148	-	-
Canterbury Development Corporation Holdings Ltd	2,370	-	-	-
	1,648,441	1,588,008	-	-
Other unlisted shares	1,741	1,829	4,609	1,874
	1,650,182	1,589,837	4,609	1,874
Total financial assets	2,134,888	2,051,476	581,600	474,078
Financial liabilities				
Fair value through surplus or deficit - held for trading				
Derivative financial instrument liabilities	-	-	1,419	2,739
Borrowings	31,105	82,391	31,105	82,391
	31,105	82,391	32,524	85,130
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	23,315	43,911	48,255	81,138
Financial liabilities at amortised cost				
Creditors and other payables	110,078	116,203	177,118	174,879
Borrowings	901,303	589,270	1,522,464	1,178,028
	1,011,381	705,473	1,699,582	1,352,907
Total financial liabilities	1,065,801	831,775	1,780,361	1,519,175

Notes to the financial statements.

39. Financial instrument risks (continued)

Fair value measurement basis

	Jun 13				Parent Jun 12			
	Carrying value	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets at fair value through surplus or deficit								
Unlisted shares	3,999	-	-	3,999	6,616	-	-	6,616
	3,999	-	-	3,999	6,616	-	-	6,616
Derivatives that are hedge-accounted								
Derivative financial instrument assets	9,865	-	9,865	-	2,391	-	2,391	-
Available-for-sale financial assets								
Shares in subsidiary companies	1,648,441	-	-	1,648,441	1,588,007	-	-	1,588,007
Other unlisted shares	1,741	-	1,741	-	1,829	-	1,829	-
	1,650,182	-	1,741	1,648,441	1,589,836	-	1,829	1,588,007
Derivatives that are hedge accounted								
Derivative financial instrument liabilities	23,315	-	23,315	-	43,911	-	43,911	-
Net financial assets and liabilities	1,640,731	-	(11,709)	1,652,440	1,554,932	-	(39,691)	1,594,623

Notes to the financial statements.

39. Financial instrument risks (continued)

Fair value measurement basis (continued)

	Group							
	Jun 13				Jun 12			
	Carrying value	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets at fair value through surplus or deficit								
Derivative financial instrument assets	-	-	-	-	1	-	1	-
Unlisted shares	3,999	-	-	3,999	6,616	-	-	6,616
	3,999	-	-	3,999	6,617	-	1	6,616
Derivatives that are hedge-accounted								
Derivative financial instrument assets	11,861	-	11,861	-	2,642	-	2,642	-
Available-for-sale financial assets								
Other unlisted shares	4,609	-	4,609	-	1,829	-	1,829	-
Investment in Enertech Capital Partners II LP	15	-	-	15	46	-	-	46
	4,624	-	4,609	15	1,875	-	1,829	46
Financial liabilities at fair value through surplus or deficit								
CIAL fixed rate bond	71,353	-	71,353	-	-	-	-	-
Derivative financial instrument liabilities	1,419	-	1,419	-	2,414	-	2,414	-
	72,772	-	72,772	-	2,414	-	2,414	-
Derivatives that are hedge-accounted								
Derivative financial instrument liabilities	48,255	-	48,255	-	81,463	-	81,463	-
Net financial assets and liabilities	(100,543)	-	(104,557)	4,014	(72,743)	-	(79,405)	6,662

Notes to the financial statements.

40. Related parties

Council is the ultimate parent of the Group. Details of subsidiaries and associates over which Council has significant influence,

are set out on in the *Group structure and Council Controlled Organisations* section of the Annual Report.

(a) Receipts from related parties

	Parent	
	30 Jun 13 Actual \$000	30 Jun 12 Actual \$000
Rates received by Council		
Vbase Ltd	532	585
CCHL Group	5,766	5,643
Tuam Ltd	122	97
Civic Building Ltd	459	221
Services provided by Council		
CCHL Group	11,312	11,627
Transwaste Canterbury Ltd	6	5
Vbase Ltd	5,381	606
Civic Building Ltd	10	-
Tuam Ltd	105	180
World Buskers' Festival Trust	107	135
Riccarton Bush Trust	311	22
Rod Donald Banks Peninsula Trust	2	-
Christchurch Agency for Energy Trust	2	-
Interest received/receivable by Council		
Tuam Ltd	344	342
Civic Building Ltd	5,593	5,474
Vbase Ltd	2,937	3,672
Subvention payments paid to Council		
CCHL Group	3,711	5,846
Dividends paid/payable to Council		
CCHL	36,324	35,449
Transwaste Canterbury Ltd	2,684	2,295
Sale of land		
CCHL Group	337	-
Share buy back		
CCHL Group	-	104
Loans repaid by related parties		
Vbase Ltd	-	12,550
Civic Building Ltd	400	-
Loss offsets to Council		
CCHL Group	-	2,690

Notes to the financial statements.

40. Related parties (continued)

(b) Payments to related parties

	Parent	
	30 Jun 13	30 Jun 12
	Actual	Actual
	\$000	\$000
Interest paid/payable by Council		
CCHL	1,766	2,945
Vbase Ltd	327	-
Purchase of good/services		
CCHL Group	118,507	205,941
Civic Building Ltd	10,040	4,075
Vbase Ltd	261	138
Transwaste Canterbury Ltd	203	182
World Buskers' Festival Trust	2	6
Share purchases		
Vbase Ltd	-	9,000
Other payments		
Loan repayment to CCHL	44	12,550
Purchase of land from Tuam Ltd	-	925
Funding to Christchurch Agency for Energy Trust	733	533
Funding to World Buskers' Festival Trust	238	241
Funding to Riccarton Bush Trust	619	276
Funding to Canterbury Development Corporation Ltd	4,494	-

Notes to the financial statements.

40. Related parties (continued)

(c) Year-end balances arising from transactions

	Parent	
	30 Jun 13	30 Jun 12
	Actual	Actual
	\$000	\$000
Receivables from related parties		
CCHL Group	1,307	413
Vbase Ltd	2,465	410
Transwaste Canterbury Ltd	-	3
Tuam Ltd	2	-
Civic Building Ltd	58	-
Riccarton Bush Trust	2	-
Payables to related parties		
CCHL Group	13,781	17,033
Transwaste Canterbury Ltd	-	21
Vbase Ltd	383	27,273
Loans from related parties		
CCHL	25,937	25,981
Loans to related parties		
Tuam Ltd	4,750	4,750
Civic Building Ltd	58,888	59,288
Vbase Ltd	34,223	34,223
Redeemable preference shares - Vbase Ltd	12,193	11,219

Notes to the financial statements.

40. Related parties (continued)

(d) Key management personnel and elected members of the Council

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates, use of Council facilities, etc).

The transactions below do not include transactions between Council and those CTOs which are consolidated into the Group results where key management personnel hold directorships or trusteeships. These transactions are listed in parts (a) to (c) above. For a list of the directors of the trading enterprises in which Council has an interest see the *Subsidiary and associate companies* section of the Annual Report.

	Parent	
	30 Jun 13	30 Jun 12
	Actual	Actual
	\$000	\$000
Transactions		
Canterbury Development Corporation Ltd - Ngaire Button, Aaron Keown and Jamie Gough are directors.		
Funding	4,494	-
Purchases	-	34
CEDF Trustee Ltd - Ngaire Button, Aaron Keown and Mike Theelan are directors		
Funding	-	350
Christchurch & Canterbury Marketing Ltd - Helen Broughton and Claudia Reid are directors.		
Funding	1,000	1,030
Purchases	17	9
Canterbury Museum Trust - Bob Parker, Claudia Reid and Jimmy Chen are trustees.		
Funding	6,361	6,091
Sales	-	2
Canterbury West Coast Sports Trust (Sport Canterbury) - Helen Broughton was a trustee until April 2012.		
Funding	50	115
Sales	32	11
Theatre Royal Charitable Foundation - Barry Corbett is a director.		
Funding	300	-
Community loan repayment	10	10
Keep Christchurch Beautiful Incorporated - Yani Johanson is a committee member.		
Purchases	30	38
CRIS Limited - Jamie Gough, Aaron Keown & Ngaire Button are directors		
Funding	350	-
Gough, Gough & Hamer Ltd - Jamie Gough is a director		
Purchases	239	181
The Art and Industry Biennial Trust - Peter Beck is a trustee		
Funding	80	76
Purchases	268	1
Neighbourhood Trust - Ngaire Button is a trustee		
Funding	87	48

Notes to the financial statements.

40. Related parties (continued)

In addition to the transactions above the following relationships have been disclosed but in accordance with NZ IAS 24 - Related Party Disclosures, transactions between Council and these entities are not considered to be related party transactions.

Tony Marryatt is a director of NZLGIC and Local Government Mutual Funds Trustee Limited (LGMFT). Council has insurance claims with LAPP which is administered by NZLGIC and Riskpool of which LGMFT is the trustee.

Paul Anderson is a director of the LGFA. Council borrows funds from the LGFA and a requirement of that borrowing is that Council provides an advance, and a guarantee.

Michael Aitken is a trustee of the Christchurch Stadium Trust. Council has provided the Trust with funding, and Vbase provides management services to the Trust.

Key management personnel include the Mayor, Councillors, Chief Executive and the Executive Team.

Except for the transactions listed above entered into between the Council and key management personnel, and items of a trivial nature, no key management personnel entered into any related party transactions with Council.

During the year a limited number of complimentary tickets were provided to Councillors, key management personnel and Council staff to attend Vbase events and festivals such as the World Buskers Festival.

Remuneration of elected members and key management personnel is detailed in note 42 Remuneration.

Notes to the financial statements.

41. Major budget variations

	Parent
	30 Jun 13
	\$000
Planned comprehensive income	346,497
Revenue:	
Rates revenue under plan primarily due to slower than expected growth	(8,063)
Higher rental income	676
Interest income higher than plan	4,879
Higher development contributions	11,563
Dividends received lower than plan	(3,361)
NZ Transport Agency subsidies lower than plan due to cost recovery lower than expected	(43,034)
Earthquake insurance recoveries and Crown contributions higher than plan	7,577
Other gains (refer Note 4)	1,125
Other revenue higher than plan primarily in subscriptions and sale of services	5,114
Revenue unfavourable to plan	(23,524)
Expenditure:	
Depreciation higher than plan primarily due to current year impairment, included in prior year plan	(57,753)
Higher finance costs primarily due to finance lease unplanned	(7,827)
Lower employee costs due to closure of facilities, difficulty in recruiting and in some instances positions being held open to match work volume.	8,478
Increase in provisions due to additional weathertight home provisions and higher aftercare costs at Burwood Landfill	(1,922)
Other expenses lower than plan	10,796
Lower than budgeted grants and levies paid	15,977
Earthquake response expenses higher than anticipated	(46,120)
Other losses (refer Note 4)	(10,316)
Expenditure unfavourable to plan	(88,687)
Assets vested in Council	32,614
Income tax expense	(1,896)
Other comprehensive income:	
Impairment & write off of damaged buildings	(297,692)
Higher investment revaluation gain	61,320
Cash flow hedge gain not in plan	28,419
Total comprehensive income	(207,953)
Total variances	(289,446)
Actual comprehensive income, net of tax	57,051

Notes to the financial statements.

41. Major budget variations (continued)

Balance Sheet

Total assets of \$8.3 billion are higher than budget by \$0.8 billion.

Current assets of \$686.1 million are higher than budget by \$367.1 million. This is mainly due to accrued recoveries relating to the recovery of costs incurred due to the earthquake and higher short term deposits than planned due to earlier than expected borrowings due to re-financing needs.

Non-current assets of \$7.6 billion are higher than budget by \$0.4 billion. The main reasons for this are the following:

- The Annual Plan in its opening balance included impairments of \$1.2 billion, where only \$0.6 billion has been impaired to 30 June 2013.
- Increase in valuation of the investments in CCHL of \$58.0 million and consolidation of CDCH of \$2 million.

Total liabilities of \$1.1 billion are higher than budget by \$50 million.

Total liabilities are higher than budget by \$50.5 million primarily due to additional borrowings required earlier than planned.

Notes to the financial statements.

42. Remuneration

(a) Chief Executive

The Chief Executive Officer of the Council is appointed in accordance with section 42 of the Local Government Act 2002.

The total cost to the Council of the remuneration package paid or payable to the Chief Executive for the year to 30 June 2013 was \$550,221 (2012: \$548,921).

By way of explanation the 1% increase is attributable to Kiwisaver increasing from 1 April 2013.

On 13 September 2013 the Council accepted the resignation of the Chief Executive. His last day of employment will be 30 November 2013.

(b) Cost of severance payments

In accordance with Schedule 10, section 19 of the Local Government Act 2002, the Council is required to disclose the number of employees who received severance payments during the year, and the amount of each severance payment made as defined under the legislation.

For the year ended 30 June 2013 the Council made eight severance payments - \$20,000, \$20,000, \$7,000, \$5,000, \$5,000, \$3,700,

\$2,908 and \$2,000. This compares with the year ending 30 June 2012 when the Council made two payments of \$25,000 and \$8,500.

(c) Key management personnel

	30 Jun 13	30 Jun 12
	Actual	Actual
	\$000	\$000
The compensation of the key management personnel of the entity is set out below:		
Salaries and other short term benefits	4,110	4,016
	4,110	4,016

Total key management personnel remuneration includes that of the Mayor, Councillors and Executive Team of the Council. The total key management compensation of \$4.1 million relates to the Mayor and Councillors \$1.4 million (2012: \$1.3 million) and the Chief Executive and Executive Team \$2.7 million (2012: \$2.7 million).

The remuneration details of the Chief Executive, Mayor and Councillors are set out in notes a) and d).

(d) Elected Members

	Jun 13	Jun 13	Jun 13	Jun 12	Jun 12	Jun 12
	Council	Directors	Total	Council	Directors	Total
	Remuneration	Fees		Remuneration	Fees	
	\$	\$	\$	\$	\$	\$
Peter Beck	88,571	-	88,571	16,340	-	16,340
Helen Broughton	88,981	13,750	102,731	89,264	12,500	101,764
Sally Buck	91,631	22,000	113,631	90,838	22,000	112,838
Ngaire Button	104,080	24,904	128,984	102,519	16,079	118,598
Tim Carter	88,511	37,275	125,786	88,476	39,356	127,832
Jimmy Chen	88,511	-	88,511	88,686	-	88,686
Barry Corbett	88,511	37,275	125,786	88,476	37,554	126,030
James (Jamie) Gough	88,511	12,452	100,963	88,516	2,083	90,599
Yani Johanson	88,511	-	88,511	88,476	-	88,476
Aaron Keown	88,511	24,904	113,415	88,476	16,079	104,555
Glenn Livingstone	88,511	-	88,511	88,476	-	88,476
Bob Parker	185,573	43,501	229,074	185,629	37,691	223,320
Claudia Reid	88,571	13,750	102,321	88,656	12,500	101,156
Sue Wells	89,361	37,275	126,636	89,116	37,554	126,670
Chrissie Williams	-	-	-	23,912	4,019	27,931
	1,356,345	267,086	1,623,431	1,305,856	237,415	1,543,271

All Council appointed directors of CCHL are remunerated equally.

See note 40 Related Parties for detail on transactions between Council and elected members and key management personnel.

Notes to the financial statements.

42. Remuneration (continued)

(e) Council employees

At balance date, the Council employed 2,803 (2012: 2,516) staff members. These comprised 1,563 (2012: 1,462) full time employees with the balance of employees representing 373 (2012: 351) full-time equivalent employees. An employee is a full-time employee if they normally work more than 37.5 hours per working week.

The table below provides the total annual remuneration by band for employees at 30 June. Total remuneration also includes non-financial benefits such as superannuation benefits provided to employees.

	30 Jun 13
	Actual
Less than \$60,000	1,858
\$60,000 - \$79,999	427
\$80,000 - \$99,999	270
\$100,000 - \$119,999	143
\$120,000 - \$139,999	63
\$140,000 - \$159,999	19
\$160,000 - \$179,999	10
\$180,000 - \$239,999	6
\$240,000 - \$339,999	6
\$540,000 - \$559,999	1
Total employees	2,803
	30 Jun 12
	Actual
Less than \$60,000	1,691
\$60,000 - \$79,999	390
\$80,000 - \$99,999	233
\$100,000 - \$119,999	131
\$120,000 - \$139,999	38
\$140,000 - \$159,999	15
\$160,000 - \$179,999	7
\$180,000 - \$259,999	6
\$260,000 - \$559,999	5
Total employees	2,516

Notes to the financial statements.

43. Capital 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 revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, borrowings and general financial dealings.

Intergenerational equity

The Council's objective is to manage the balance between rating (for funds) and borrowing to achieve intergenerational equity, which is a principle promoted in 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, Council has in place asset management plans for major classes of assets dealing with 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 LTP/ Three Year Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and level of funding are set out in the funding and financial policies of Council's LTCCP 2009/19 as amended by the Annual Plan 2012/13.

Notes to the financial statements.

44. Legislative requirements

Council

Subsequent to 30 June 2013 the Council became aware of a deficiency in its rates setting resolutions in relation to the setting of payment dates and the charging of rates penalties, which has been present since 2004/5. The Council has resolved to reset its rates for 2013/14; the required public notice was issued and rates were formally reset at a Council meeting in late September. The Council is currently in the process of preparing a local act of parliament to correct the deficiency for 2004/5 – 2012/13.

Council Controlled Organisations

The Local Government Act 2002 requires CCOs to submit their half year accounts and a SOI to their Boards and to their shareholders within specified timeframes. For the 2012/13 financial year all submitted half year accounts within the specified timeframes set out in the legislation. A very small number did not submit draft or final SOIs within the specified timeframes set out in the legislation.

Notes to the financial statements.

45. Reclassification

The Council and Group have changed the presentation of items within the Statement of Comprehensive Income, Balance Sheet and Cash Flow Statement to comply with the new presentation requirements of the Local Government (Financial Reporting) Regulations 2011.

The effect of the changes to income are shown in the table below:

	Parent		
	Actual 2012		
	Before reclassification	Reclassification	After reclassification
	\$000	\$000	\$000
Statement of comprehensive income			
Rates revenue excluding targeted water supply rates	297,614	(35,812)	261,802
Fees, charges and targeted water supply rates	-	59,651	59,651
Development and financial contributions	-	8,741	8,741
Subsidies and grants	-	327,557	327,557
Other revenue	-	373,418	373,418
Operating and other revenue	745,538	(745,538)	-
Finance income	20,166	-	20,166
Other gains	392	-	392
Total Income	1,063,710	(11,983)	1,051,727
Depreciation, amortisation and impairment	116,196	-	116,196
Finance costs	39,942	-	39,942
Personnel costs	124,179	-	124,179
Other expenses	459,075	(11,983)	447,092
Other losses	14,899	-	14,899
Total operating expenses	754,291	(11,983)	742,308
Cash flow statement			
Cash flows from operating activities			
Receipts from customers and other sources	420,679	(420,679)	-
Receipts from rates revenue, excluding targeted water supply rates	-	309,598	309,598
Receipts from other revenue	-	123,064	123,064
Interest received	19,964	-	19,964
Dividends received	55,199	-	55,199
Subvention receipts	5,846	-	5,846
Earthquake recoveries	163,863	-	163,863
Payments to suppliers and employees	(596,802)	(11,983)	(608,785)
Interest and other finance costs paid	(37,294)	-	(37,294)
Net GST movement	18,758	-	18,758
Net cash provided by/(used in) operating activities	50,213	-	50,213

Notes to the financial statements.

45. Reclassification (continued)

	Parent		
	Actual 2012		
	Before reclassification	Reclassification	After reclassification
	\$000	\$000	\$000
Balance sheet			
Non-current assets			
Investments in associates	6,196	-	6,196
Derivative financial instruments	1,976	-	1,976
Other financial assets	1,784,124	(1,784,124)	-
- Investment in CCOs and other similar entities	-	1,701,317	1,701,317
- Other financial assets	-	82,807	82,807
Property, plant and equipment	5,551,914	-	5,551,914
Intangible assets	39,084	-	39,084
Total non-current assets	7,383,294	-	7,383,294

	Group		
	Actual 2012		
	Before reclassification	Reclassification	After reclassification
	\$000	\$000	\$000
Statement of comprehensive income			
Rates revenue excluding targeted water supply rates	291,068	(35,287)	255,781
Fees, charges and targeted water supply rates	-	59,126	59,126
Development and financial contributions	-	12,840	12,840
Subsidies and grants	-	334,030	334,030
Other revenue	-	1,174,459	1,174,459
Operating and other revenue	1,557,151	(1,557,151)	-
Finance income	15,963	-	15,963
Other gains	5,823	-	5,823
Total income	1,870,005	(11,983)	1,858,022
Depreciation, amortisation and impairment	206,581	-	206,581
Finance costs	74,142	-	74,142
Personnel costs	315,578	-	315,578
Other expenses	707,859	(11,983)	695,876
Other losses	83,641	-	83,641
Total operating expenses	1,387,801	(11,983)	1,375,818

Notes to the financial statements.

45. Reclassification (continued)

	Group		
	Actual 2012		
	Before reclassification	Reclassification	After reclassification
	\$000	\$000	\$000
Cash flow statement			
Cash flows from operating activities			
Receipts from customers and other sources	1,055,905	(1,055,905)	-
Receipts from rates revenue, excluding targeted water supply rates	-	303,052	303,052
Receipts from other revenue	-	758,290	758,290
Interest received	13,597	-	13,597
Earthquake recoveries	176,486	-	176,486
Payments to suppliers and employees	(1,075,381)	(5,437)	(1,080,818)
Interest and other finance costs paid	(75,156)	-	(75,156)
Income tax paid	(8,125)	-	(8,125)
Net GST movement	18,758	-	18,758
Net cash provided by/(used in) operating activities	106,084	-	106,084
Balance sheet			
Non-current assets			
Debtors and other receivables	275	-	275
Investments in associates	58,929	-	58,929
Derivative financial instruments	1,976	-	1,976
Other financial assets	88,397	(88,397)	-
- Investment in CCOs and other similar entities	-	3,829	3,829
- Other financial assets	-	84,568	84,568
Prepayments	9,128	-	9,128
Property, plant and equipment	7,620,488	-	7,620,488
Investment property	145,431	-	145,431
Intangible assets	51,328	-	51,328
Deferred tax assets	18,918	-	18,918
Goodwill	21,227	-	21,227
Other	24	-	24
Total non-current assets	8,016,121	-	8,016,121

Notes to the financial statements.

46. Subsequent events

In July 2013, Standard and Poor's downgraded the Council's long-term rating from AA- to A+ and short-term rating from A-1+ to A-1 as a result of the Council losing its Building Accreditation and the employment issues surrounding the Chief Executive.



Jenny May (left), Principal Consultant Heritage Advisor and Maria Adamski (right), Asset Engineer discussing stabilisation plans at Canterbury Provincial Buildings.



CHRISTCHURCH AIRPORT

Group structure and Council Controlled Organisations

Annual Report 2013

Christchurch Ōtautahi

In order to achieve the Council's objectives it has established or invested in a number of companies and trusts. These organisations are managed independently to deliver significant services including the operation of infrastructure assets or enable administrative efficiencies to be achieved.

Through its wholly owned investment arm CCHL, the Council has invested in a number infrastructure assets which are considered strategic assets for the City.

The Council also has invested directly in other CCTOs; Vbase, Tuam, CBL and CDCH to enable administrative efficiencies to be achieved.

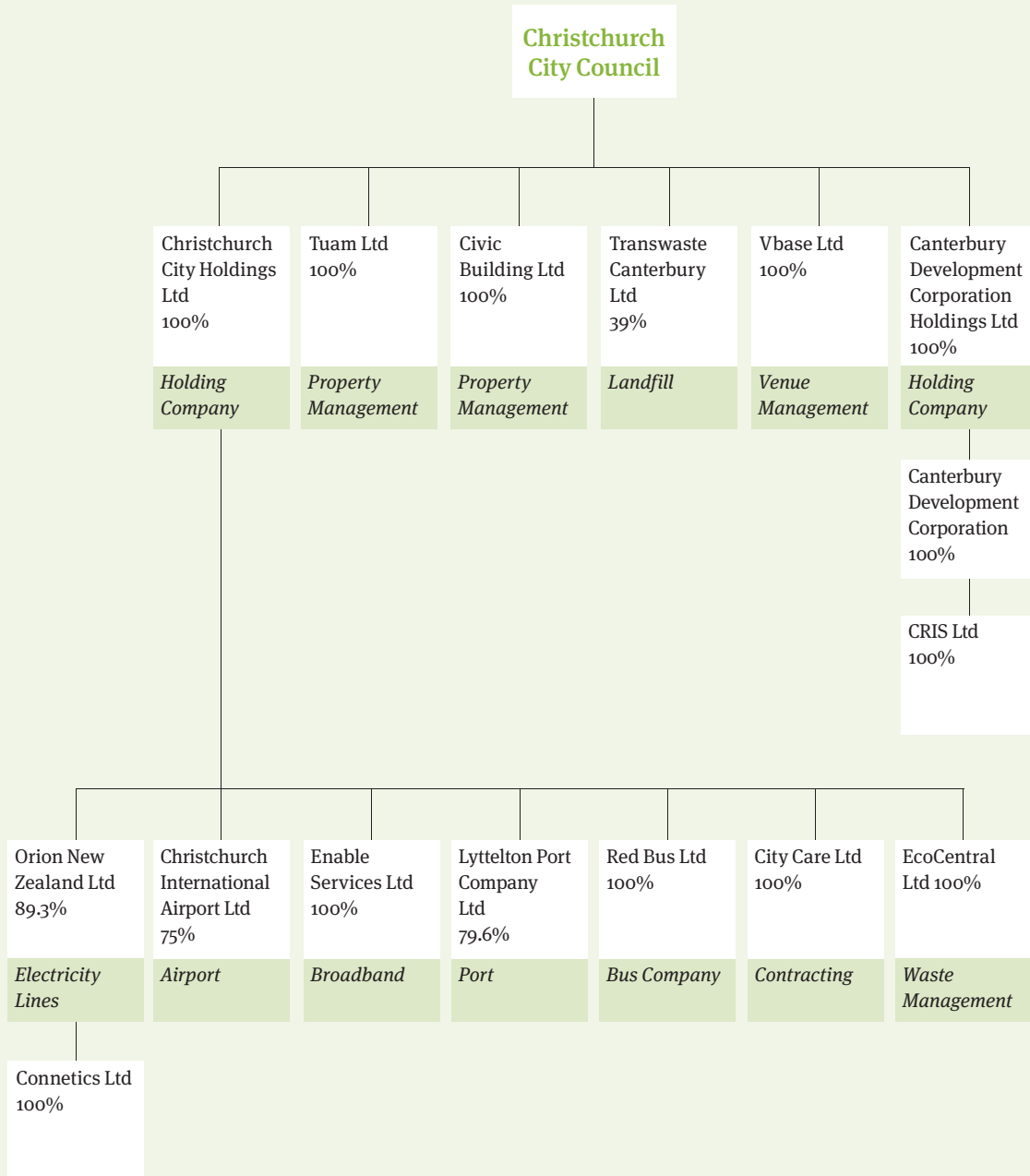
In addition to these trading organisations the Council has interests in a number of trusts which were set up to deliver specific services, events, facilities or benefits to the City.

This section explains what the organisations do, how their performance is measured and how they performed during 2012/13.

Group structure and Council Controlled Organisations

Group structure

as at 30 June 2013



Group structure and Council Controlled Organisations

Summary financial table

	Income	Net result (after tax and minority interest)	
	2013	2013	2012
	\$000	\$000	\$000
Christchurch City Holdings Ltd (parent)	62,519	44,011	44,726
Enable Services Ltd	46,420	(3,701)	(885)
Christchurch International Airport Ltd	125,213	18,428	19,600
City Care Ltd	351,147	2,798	16,519
Lyttelton Port Company Ltd	126,760	16,913	17,203
Orion New Zealand Ltd	261,094	48,991	54,154
Red Bus Ltd	17,263	(593)	84
EcoCentral Ltd	32,927	348	(3,292)
Vbase Ltd	18,507	(7,861)	82,849
Tuam Ltd	1,052	503	197
Civic Building Ltd	6,066	(41)	1,334
Transwaste Canterbury Ltd	37,778	9,576	6,669
Riccarton Bush Trust	1,177	7	479
Central Plains Water Trust	44	-	-
Canterbury Development Corporation Holdings Ltd	11,817	6,128	-
Gardens Event Trust	83	-	-
Christchurch Agency for Energy Trust	1,136	460	24
The World Buskers' Festival Trust	2,005	20	85
Rod Donald Banks Peninsula Trust	186	(15)	134

For more detail refer to individual company reports.

Group structure and Council Controlled Organisations

Christchurch City Holdings Ltd www.cchl.co.nz



CCHL is the wholly owned investment arm of Council, holding shares in various trading companies and monitoring other trading companies and their subsidiaries on the Council's behalf.

Subsidiary companies

- Orion New Zealand Ltd
- Christchurch International Airport Ltd
- Lyttelton Port Company Ltd
- Enable Services Ltd
- City Care Ltd
- Red Bus Ltd
- EcoCentral Ltd

Nature and scope of activities

CCHL's key purpose is to invest in and promote the establishment of key infrastructure, and this now extends to assisting the Council in the rebuild and redevelopment of Christchurch following the Canterbury earthquakes. CCHL will continue to invest in existing and new infrastructural assets such as the electricity distribution network, the airport, port, transport and high speed broadband.

Their strategic approach is to identify infrastructural needs that cannot be filled by the private sector or existing Council operations, then take a role in helping to meet those needs through joint ventures, public-private partnerships, establishing new entities or simply acting as a catalyst for others.

CCHL also encourages and, if necessary will facilitate, appropriate investment by its trading companies when significant upgrades are required to existing infrastructural assets – recent examples being the funder of ENL, and the provision of some of the funding requirements for the construction of the new airport terminal.

Effect of the Canterbury earthquakes

As a holding company CCHL has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on CCHL or its ability to deliver services in the future. However, some of CCHL's subsidiary companies were impacted by the earthquakes. This impact is described on the relevant subsidiary page within this section of the Annual Report.

Policies and objectives relating to ownership and control

This company was established to group the Council's interest in its trading activities under one umbrella, and to provide an interface between the Council and the commercial activities of its CCTO's.

Key performance targets

	2013 Target	2013 Actual
CCHL financial and distribution performance meets the shareholder's expectations.	CCHL pays a dividend for the 2013 financial year that meets or exceeds budget of \$40.0 million.	Achieved through a combination of dividends paid of \$36.3 million and subvention payments to the value of \$3.7 million that CCHL was entitled to, but voluntarily elected not to receive at the request of the Council.
CCHL's treasury management policies and practices are consistent with best practice.	CCHL's treasury management policy will be reviewed in the 2013 calendar year.	On target. A revised policy to be completed in the second half of 2013.
CCHL's investments provide an appropriate return in relation to their business risk, and against external benchmarks.	CCHL will periodically review the performance of subsidiary companies and other investments against external benchmarks, and assess the value of the investment in the individual company in relation to its inherent business risk and community benefits.	The performance of two of the major subsidiaries was benchmarked against comparable entities (the third will be reviewed subsequent to balance date following the receipt of benchmarking data), and profitability is regularly compared to a risk-free benchmark.
CCHL's capital structure is appropriate for the nature of its business.	CCHL will review the level and composition of its debt facilities and may request the Council to consider increasing the level of CCHL's uncalled capital.	During the year, the Council approved a request from CCHL to increase the level of CCHL's uncalled capital to \$650 million to accommodate the future borrowing requirements of the UFB project.

Group structure and Council Controlled Organisations

Christchurch City Holdings Ltd www.cchl.co.nz (continued)

Financial summary – Parent

Statement of financial performance for the year ended 30 June 2013

	2013	2012
	Actual	Actual
	\$000	\$000
Operating revenue	62,519	61,887
Operating and other expenses	18,599	17,161
Operating profit before tax	43,920	44,726
Tax (benefit)	(91)	-
Net profit for the year	44,011	44,726

While operating profit was slightly down at \$43.9 million for 2013 compared to \$44.7 million for 2012, some of the components that add up to this profit changed significantly.

Revenue has slightly increased from \$61.9 million in 2012 to \$62.5 million in 2013. The movement includes a decrease in dividends from subsidiaries of \$12.4 million during the year, due to a catch up in dividends from 2011 by CIAL and a decrease from Orion and City Care. This is offset by a \$13.1 million gain recognised on the liquidation of Selwyn Plantation Board Ltd in 2013 (2012: Nil).

Operating expenses have increased from \$17.2 million in 2012 to \$18.6 million in 2013. The main contributors to this movement are increased finance costs of \$0.4 million, increased other operating expenses of \$0.5 million and a \$0.5 million financial instrument loss.

Group structure and Council Controlled Organisations

Enable Services Ltd www.enablenetworks.co.nz



This company is a CCTO, 100% owned by CCHL and trades as Enable Networks.

Nature and scope of activities

ESL commenced operations in January 2007 to deliver open access high-speed fibre optic networks to metropolitan Christchurch changing its name in October 2011.

In May 2011, the Crown awarded ESL the UFB contract covering 180,000 businesses and homes in Christchurch and the surrounding areas. This once-in-50-year infrastructure initiative will see an investment in partnership with the Crown of \$440 million over the next 10 years and will contribute significantly to economic growth in Christchurch.

Associate companies

- Enable Networks Limited (ENL)

Policies and objectives relating to ownership and control

ESL is considered a regional strategic asset and as such the Council wants it to be operated in a commercial manner, but also in a way that benefits the region as a whole.

Through a SOI, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets

	2013 Target	2013 Actual
Revenue	\$54.6 million	\$46.4 million. The contract build project did not achieve a number of premises passings during the year which flows on to reduced sales of completed stages to ENL. A remedial plan has been put in place to complete the required premises by September 2013.
Number of premises passed (cumulative)	44,550	21,847. UAT testing of the Communal Infrastructure and Layer 2 testing has led to a lower number of Premises Passed, ie, fully tested and available for service. A remedial plan has been put in place to complete the required premises by September 2013.

	2013 Target	2013 Actual
Aggregate demand from schools in order to assist in the transformation of educational services.	>75	64. ESL had pursued a strategy of building to and connecting schools in conjunction with the Ministry of Education. This remains a strong objective of the company, however specific standalone build to schools has now been brought under the broader UFB design and build programme. The company is still aiming to connect all schools in the coverage areas by December 2015.

Financial summary

Statement of financial performance for the year ended 30 June 2013

	2013 Actual \$000	2012 Actual \$000
Operating revenue	46,420	11,953
Operating and other expenses	50,437	12,548
Operating (loss) before tax	(4,017)	(595)
Tax (benefit) expense	(316)	290
Net (loss) for the year	(3,701)	(885)

The 2013 operating and other expenses total includes a \$2.7 million (2012: \$1.7 million) share of loss from associates.

There was a significant increase in revenue year-on-year from \$11.9 million to \$46.4 million as the network programme advances. The new revenue is largely made up of earnings from ENL to build the fibre broadband network and connect customers to it, and was passed on to ESL's subcontractors as expenses.

Overall ESL's results translated into a net loss before tax of \$4.0 million, which is greater than the forecast loss of \$0.3 million. This was due to lower than anticipated EBITDA and ESL being responsible for a higher proportion of ENL's losses than expected. The result of the network build programme advancing at a slower rate than initially planned resulted in ESL maintaining a greater shareholding in ENL.

ESL is making a long-term investment in ENL and expects to generate considerable long-term returns from this investment. Net loss is expected and manageable during the eight year build programme – due to conclude in 2019.

Group structure and Council Controlled Organisations

Christchurch International Airport Ltd www.christchurch-airport.co.nz



The company is jointly owned by CCHL (75%) and the Crown (25%). The primary activity of the company is to own and operate Christchurch International Airport efficiently and on sound business principles for the benefit of both commercial and non-commercial aviation users and in accordance with the terms of the aerodrome licence which defines standards and conditions laid down by the Ministry of Transport.

Nature and scope of activities

CIAL operates the airport for the benefit of commercial and non-commercial aviation users, and in accordance with its aerodrome licence.

The company arranges for the design, provision and maintenance of runways, taxiways, turnouts and aprons in co-operation with the Airways Corporation of New Zealand and other airport users. It also seeks to earn revenue by providing services and facilities meeting the needs of air travellers.

In addition to its primary business of serving the aviation industry and its customers, the company actively markets Christchurch, Canterbury and the South Island as a major destination for overseas visitors, and develops airport land for retail, commercial and freight logistics businesses.

Effect of the Canterbury earthquakes

CIAL incurred minimal damage from the earthquake events but the wider disruption to the region has had a detrimental impact on international tourism visitor numbers. This is having a short term impact on earnings but the medium to long term outlook remains very positive.

Policies and objectives relating to ownership and control

CIAL is considered a regional strategic asset, and as such the Council wants it to be operated in a commercial manner, but also in a way that benefits the region as a whole.

Through a SOI, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Following are some of the highlights achieved during the year:

- 2013 marked the completion and opening of the new terminal facilities.
- CIAL refreshed its brand with the launch of a new logo and new tagline for the airport “bringing the world south”.
- Growth in commercial property operations continue to grow.
- Domestic passenger volumes returned to positive growth trends (up 1.5%).
- In April 2013, Air New Zealand and partner Virgin Australia announced a significant first for the South Island, with the commencement of direct services between Christchurch and Perth.

Overall passenger numbers have continued to decline from the previous year (down 9.0%). This is a direct result of the Canterbury earthquakes and the loss to the City of a large portion of its accommodation, convention facilities, tourism attractions and sports facilities.

The continued decline in international passenger numbers (115,000 down on the previous twelve months) affected not only the aeronautical income for the company but all other revenue streams, with the exception of property. Lower passenger numbers resulted in lower car park usage, concession spends and Antarctic Centre visits.

Key performance targets

CIAL's key performance targets include:

- To deliver sustainable growth in revenue and earnings.
- Grow South Island tourism and position CIAL as a shaper of future tourism growth.
- Deliver superior customer service.
- Provide “fit for purpose” infrastructure with the flexibility to meet future growth.

	2013 Target	2013 Actual
Dividend payment	7,773,000	8,849,000
Commercial aircraft movements	66,787	65,332
Domestic passengers	4,135,663	4,192,441
International passengers	1,381,763	1,304,934

Financial summary

Statement of financial performance for the year ended 30 June 2013

	2013 Actual \$000	2012 Actual \$000
Operating revenue	125,213	119,778
Operating and other expenses	101,785	93,480
Operating profit before tax	23,428	26,298
Tax expense	5,000	6,698
Net profit for the year	18,428	19,600

Revenue has increased from \$119.8 million in 2012 to \$125.2 million in 2013. The main contributors to this increase were increases in airport charges revenue (\$2.0 million), lease rentals and concessions (\$3.0 million) and other commercial revenue (\$2.8 million).

Expenses have increased from \$93.5 million in 2012 to \$101.8 million in 2013. The main contributors to this increase are employee remuneration (\$2.7 million), financing and interest costs (\$2.2 million) and depreciation expense (\$2.4 million).

Group structure and Council Controlled Organisations

City Care Ltd www.citycare.co.nz

City Care is a CCTO, 100% owned by Council through CCHL.

Nature and scope of activities

City Care is in the business of constructing, maintaining and managing infrastructure and property assets. The company's main service offerings are as follows:

- Constructing and maintaining property buildings and facilities for central and local government and for private asset owners and developers.
- Maintaining parks infrastructure, predominately for local authorities.
- Constructing and maintaining road networks and associated civil assets for both central and local authorities and for private asset owners and developers.
- Constructing and maintaining water and wastewater infrastructure predominately for local authorities.

Impact of the Canterbury earthquakes

The Canterbury earthquakes did not cause significant damage to City Care's physical assets and has not impacted its ability to deliver services in the future.

City Care is a member of the SCIRT alliance and will have a major involvement in the Christchurch rebuild.

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company. It has no current plans to sell down or relinquish control of this company. The company has an important role in the City as a quality contractor. Through the negotiation of an annual SOI, the Council establishes broad parameters for this company without inhibiting proper commercial management.

Key performance targets

	2013	2013
	Target	Actual
Growth - secure new long-term contracts in excess of \$2 million per annum.	New Contracts	Achieved
Quality - develop a behavioural based quality system.	Develop system	Achieved
Provide a quality service as attested by maintaining accreditation to quality standards such as ISO 14001 Environment Management, ISO 9001 Quality Management, NZS 4801 Health and Safety Management and ISO 14064 Greenhouse Gas Reporting.	Maintained	Maintained

Financial summary

Statement of financial performance for the year ended 30 June 2013

	2013	2012
	Actual	Actual
	\$000	\$000
Operating revenue	351,147	354,047
Operating and other expenses	347,175	331,080
Operating profit before tax	3,972	22,967
Tax expense	1,174	6,448
Net profit for the year	2,798	16,519

Operating revenue was slightly down in 2013 with \$351.1 million compared to \$354.0 million in 2012. The main contributors to the revenue movement between the two years are a decrease of \$16.1 million for the rendering of services which is partially offset by an increase in construction contract revenue of \$13.3 million.

Overall expenses have increased \$16.2 million from 2012 to 2013. The significant contributors to this movement are increases in the following costs: raw materials and consumables \$11.3 million; employee benefits expense \$25.7 million; and depreciation and amortisation expense \$2.8 million. These increases were partially offset by a decrease in other expenses of \$26.9 million.

Group structure and Council Controlled Organisations

Lyttelton Port Company Ltd www.lpc.co.nz



LPC was established under the Port Companies Act 1988 operating the Port of Lyttelton. Through CCHL, the Council has a 79.57% shareholding in this company. LPC is listed on the NZX.

LPC is New Zealand's third-largest deep-water port. It provides a vital link in international trade routes and plays a key role in the global transport network.

Summary of the years highlights include:

- 4.5% rise in total TEU volumes which include a 9.2% rise in container terminal TEU volumes.
- Two new breakbulk shipping services extended their services to Lyttelton.
- Announcement of a new service to USA and Europe.
- 5.8% rise in operating revenues to \$110.7 million.
- 11.2% increase in dry bulk imports.
- 30.9% increase in log exports.
- 24.6% increase in vehicle imports.

Nature and scope of activities

LPC is involved in providing land, facilities, plant and labour for the receiving, delivery, stockpiling, stacking and shipping of a wide range of products; the ownership of land and facilities necessary to maintain LPC's commercial assets; and the provision of facilities associated with the repair and servicing of vessels.

Impact of the Canterbury earthquakes

Following the earthquakes, LPC embarked on a process of quantifying the extensive damage to the port's assets. LPC's insurers have confirmed reinstatement insurance for the assets the company chose to insure. Following independent expert advice, LPC is now liaising with its insurers on the methodology to be adopted for arriving at an indemnity valuation of key structures.

A Reinstatement and Development Plan is in place which prioritises and programmes the reinstatement of LPC's harbour structures, buildings and utilities. Design work has commenced on a number of those assets. The plan is on the basis that LPC has been advised that the seismic environment has settled down sufficiently to enable the significant rebuild of core assets to proceed as planned.

Throughout the course of the reinstatement of assets it is anticipated that there will be many complex issues. However, LPC is committed to working constructively with its insurers to resolve matters expeditiously as they arise.

Policies and objectives relating to ownership and control

LPC is considered a regional strategic asset and as such the Council's policy is for it to be operated in a commercial manner, but also in a way that benefits the region as a whole.

Through a SOI, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets

Because it is a public listed company, LPC does not publish its annual performance targets.

Financial summary

Statement of financial performance for the year ended 30 June 2013

	2013	2012
	Actual	Actual
	\$000	\$000
Operating revenue	126,760	122,925
Operating and other expenses	102,105	99,539
Operating profit before tax	24,655	23,386
Tax expense	7,742	6,183
Net profit for the year	16,913	17,203

LPC delivered another solid financial result, with increased operating revenue derived from the rise in volumes, a decreased earthquake spend and receipt of insurance recoveries.

Revenue increased from \$122.9 million in 2012 to \$126.8 million in 2013. The 2012 total includes material damage insurance recoveries of \$18.4 million while 2013 contains \$16.1 million of material damage insurance recoveries. Excluding the effects of the insurance recoveries the revenue movement is a direct result of an increase in operating volumes.

Expenses increased from \$99.5 million in 2012 to \$102.1 million in 2013. The main contributors to this movement are increases in employee costs of \$1.9 million and materials and consumables utilised of \$3.0 million while earthquake related costs reduced \$2.4 million between the two periods.

Group structure and Council Controlled Organisations

Orion New Zealand Ltd www.oriongroup.co.nz



Orion is an energy network management company in which Council has an 89.3% shareholding through CCHL. Orion owns the electrical contracting business Connetics Ltd. Connetics is a contracting service provider to utility network operators, local authorities, developers and commercial/industrial customers.

Subsidiary companies

- Connetics Ltd

Nature and scope of activities

Orion owns and operates one of the largest electricity distribution networks in New Zealand. The network covers 8,000 square kilometres in central Canterbury between the Waimakariri and Rakaia rivers and from the Canterbury coast to Arthur's Pass.

Orion's network delivers electricity to around 190,000 homes and businesses. This number has reduced from pre-earthquake levels because of earthquake related demolitions.

Impact of the Canterbury earthquakes

The majority of the network repair and enhancement responses to the earthquakes are completed or underway. The priority over the next three years is to return the network to an acceptable level of resiliency and security.

The earthquakes have shaped many of Orion's intentions and objectives during the three year forecast period of the SOI. Orion's response to the earthquakes is the driver of many of the targets within the SOI.

Policies and objectives relating to ownership and control

Orion is considered a regional strategic asset, operating in a commercial manner and in a way that benefits the region as a whole.

Through the SOI, the Council establishes broad parameters reflecting the public nature of Orion without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets

Network reliability targets	2013	
	Target	Actual
Overall network - Duration of supply interruptions in minutes per year per connected customer (SAIDI).	3 years average to 31 March 2015: 137	94
Overall network - Number of supply interruptions per year per connected customer (SAIFI).	3 years average to 31 March 2015: 1.8	1.0

SAIDI and SAIFI measures are international industry standards which enable assessment of network performance.

Orion is well underway on their objective to restore the electricity distribution network's resiliency and reliability by 2019 and they have a large capital expenditure programme to achieve that. This will see their debt levels rise considerably over the next few years.

Financial summary

Statement of financial performance for the year ended 31 March 2013

	2013	2012
	Actual	Actual
	\$000	\$000
Operating revenue	261,094	245,713
Operating and other expenses	195,374	177,587
Operating profit before tax	65,720	68,126
Tax expense	16,729	13,972
Net profit for the year	48,991	54,154

Orion achieved a net profit of \$48.9 million, \$5.2 million below last year. However, this year's financial performance is not directly comparable with last year's as these results included revenue from the company's emergency quake response efforts settlement.

Revenue has increased from \$245.7 million in 2012 to \$261.1 million in 2013. Contributing to this was an increase in electricity delivery services income of \$21.4 million and also a \$9.9 million increase in contracting income. Offsetting these increases was a \$20.6 million decrease in insurance recovery income between the two years.

Expenses have increased from \$177.6 million in 2012 to \$195.4 million in 2013. The main contributors to this movement are increases in: transmission costs of \$10.1 million; employee benefits \$3.6 million; depreciation, amortisation and other impairment expenses \$4.6 million and other costs of \$12.0 million which predominantly related to Connetics. Offsetting these increases is an \$11.3 million decrease in network maintenance costs between the two years.

Group structure and Council Controlled Organisations

Red Bus Ltd www.redbus.co.nz

Red Bus is a CCTO, 100% owned by CCHL. It provides public passenger transport, freighting and ancillary services to domestic and commercial users, including the tourist market.

Red Bus operates a large passenger transport business in Canterbury with approximately 230 employees and 122 buses. The urban public transport services provided by Red Bus are predominantly operated under contract to Environment Canterbury, the planner and regulator for Canterbury public transport. The company also operates high quality charter services and commercial urban services that are not ratepayer subsidised.

Nature and scope of activities

Red Bus provides scheduled urban public passenger transport services in Christchurch. The company also delivers a broad base of charter services and operates some commercial urban services.

Impact of the Canterbury earthquakes

An immediate effect of the earthquakes was a large fall in passenger volumes which are now 50% of those pre-earthquake and show no indication of recovering in the medium term. The present Environment Canterbury contract arrangements and management process provides Red Bus little opportunity to effectively influence the development of public transport other than the effective delivery of contracted services. Further reductions of service are anticipated this year as Environment Canterbury endeavours to meet the changed public transport demand within their available budget.

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company. It has no plans to sell down or relinquish control of this company. The company has an important role in the city as a provider of quality bus services. Through the negotiation of an annual SOI, the Council establishes broad parameters for this company without inhibiting proper commercial management.

Key performance targets

	2013 Target	2013 Actual
Percentage of service trips starting on time.	≥ 97%	98%
Percentage of bus fleet with Euro 2 or higher emission compliant engines.	≥ 85%	89%
Employees holding a NZQA qualification.	> 55% of staff	63%

Financial summary

Statement of financial performance for the year ended 30 June 2013

	2013 Actual \$000	2012 Actual \$000
Operating revenue	17,263	19,003
Operating and other expenses	18,084	18,991
Operating (loss) profit before tax	(821)	12
Tax (benefit)	(228)	(72)
Net (loss) profit for the year	(593)	84

Revenue reduced from \$19.0 million in 2012 to \$17.3 million in 2013. However, the company maintained positive operating cash flows during the year.

Expenses reduced from \$18.9 million in 2012 to \$18.0 million in 2013. A large proportion of this movement was due to a reduction of \$0.4 million in employee benefits and \$0.3 million in finance expenses. Spending on raw materials and consumables also reduced \$0.2 million when compared to 2012.

Group structure and Council Controlled Organisations

Vbase Ltd www.vbase.co.nz



Vbase is a 100% subsidiary of the Council. The Council has entrusted Vbase with ownership and management of the four premier entertainment and event venues – Lancaster Park (formally AMI Stadium), Christchurch Town Hall for Performing Arts, Christchurch Convention Centre and CBS Canterbury Arena.

Subsidiary company

Vbase sold its 100% shareholding in JEFL on 29 June 2012.

Nature and scope of activities

The 2010 and 2011 earthquakes have caused serious damage to all venues other than CBS Canterbury Arena, and Vbase has been unable to trade in the same manner as it did prior to the earthquakes.

Vbase secured a management service agreement to operate the temporary stadium – AMI Stadium (Addington) erected by the Christchurch Stadium Trust to support large scale rugby fixtures and other events. The first game was held in this stadium in March 2012.

Vbase also secured a management service agreement with the Wigram Air Force Museum Trust from February 2013. This agreement covers the temporary conference and event space provided by the Museum’s new extension and the on-site café. From 1 July 2013, Vbase will have access to the entire museum space to host events.

Impact of the Canterbury earthquakes

The earthquake events caused significant disruption to the Vbase business with only CBS Canterbury Arena currently operating. Vbase will resume the management of the Town Hall, once repaired. Since the earthquakes, Vbase has secured the contracts to manage AMI Stadium Addington and the convention facility at the Air Force Museum in Wigram. The cost sharing agreement between the Crown and the Council has the Crown investing \$284 million into the convention centre prescient project. At this stage, no assumptions can be made regarding Vbase’s ongoing involvement with the new convention centre.

Policies and objectives relating to ownership and control

Through the SOI, the Council establishes broad parameters reflecting the public nature of Vbase, without inhibiting its proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company. The structure of the company has not been changed, but in July 2011 Vbase entered into an agreement with the Council to have its business managed in-house by the Council.

Key performance targets

Objective and Strategy	Performance Measure 2012/13	Result
Great Stages – Vbase will tailor a great stage for any event: <ul style="list-style-type: none"> • Maximise the number of events at CBS Canterbury Arena. • Maximise the number of event days at CBS Canterbury Arena. 	At least 80 events are delivered at CBS Canterbury Arena.	A total of 103 events were delivered. Target achieved and exceeded.
	At least 150 event days are delivered at CBS Canterbury Arena.	A total of 195 event days were delivered. Target achieved and exceeded.
Valuable Partnerships – great to do business with and a great place to work: <ul style="list-style-type: none"> • Secure events that will attract national and international visitors to Christchurch and generate positive economic impact. • Secure events that will encourage high usage of the venues. 	Annual visitor spending exceeds \$25 million.	Vbase has not analysed the annual visitor spend and economic impact for the financial year to June 2013. As many of our events are locally based it is unlikely that the \$25 million would have been achieved.
	Visitors to venues exceeds 240,000.	Met target. There were 323,040 visitors to the CBS Canterbury Arena. Visitors to the other Vbase non owned managed venues were as follows: AMI Stadium (Addington): 222,761. Air Force Museum of New Zealand: 36,718 (since February 2013).

Group structure and Council Controlled Organisations

Vbase Ltd www.vbase.co.nz (continued)

Objective and Strategy	Performance Measure 2012/13	Result
<ul style="list-style-type: none"> Facilitate access to the venues for local sporting, charitable and cultural organisations. 	Total venue discounts exceed \$300,000.	Vbase provided a total of \$468,000 in venue rental discounts at the CBS Canterbury Arena for the period 1 July 2012 to June 2013.

Financial summary

Statement of financial performance for the year ended 30 June 2013

	2013	2012
	Actual	Actual
	\$000	\$000
Operating revenue	18,507	181,449
Operating and other expenses	31,008	87,677
Operating profit (loss) before tax from continuing operations	(12,501)	93,772
Tax (benefit) expense from continuing operations	(4,640)	9,697
Net (loss) profit for the year from continuing operations	(7,861)	84,075
Net (loss) for the year from discontinued operations	-	(1,226)
Net (loss) profit for the period	(7,861)	82,849

The 2012 column contains the Vbase Group result which includes the JEFL operations for the 2012 year up to 29 June 2012, which is the date Vbase sold its 100% shareholding in JEFL.

The 2012 income results include a \$166.6 million material damage insurance recovery accrual while the 2013 revenue number includes a similar insurance recovery accrual totalling \$2.9 million. The 2013 revenue number also includes a \$1.0 million amount which relates to the revaluation of Vbase land.

The 2012 expense results include a \$64.2 million building revaluation write down for both the Town Hall and Lancaster Park (formally AMI stadium). The 2013 expense number includes \$7.4 million of earthquake related costs as well as a \$0.5 million building impairment.

Excluding all of the one-off revenue and expense items mentioned above operating and expense revenue is significantly up during the 2013 year. This is due to the 2013 result including a full years trading result from AMI Stadium (Addington) as well as 5 months of trading out of the Air Force Museum.

Group structure and Council Controlled Organisations

Tuam Ltd

Tuam is a CCTO, 100% owned by the Council.

Nature and scope of activities

This company owns and manages the former Civic Building and related Tuam Street properties including the Tuam Street car park.

Impact of the Canterbury earthquakes

The major asset of Tuam is the former Civic Building on Tuam Street. The building has suffered significant damage from the Canterbury earthquakes and at the time of writing no final decision has been made about its future. The Central City blueprint released by CERA on 30 July 2012 indicates that the company's property could become the Bus Exchange and form part of the 'Southern Frame'. The Company is negotiating with CERA on the sale of its properties. It intends to invest the proceeds in other suitable commercial properties.

Policies and objectives relating to ownership and control

Through a SOI, the Council established broad parameters reflecting the public nature of this company without inhibiting commercial management. To continue to do this the Council maintains a controlling interest in this company.

Key performance targets

	2013 Target	2013 Actual
Ensure Tuam meets the financial targets contained within the SOI.	Achieved	Achieved. Tuam exceeded its targeted surplus as a result of higher than target rental income from the properties and the revaluation of the properties to fair value.
The company meets all relevant legislative and contractual requirements.	Achieved	Achieved. The Local Government Act 2002 requires Tuam to submit half year accounts and a SOI to its Board and to its shareholder within specified timeframes. For the 2012/13 financial year Tuam met the specified timeframes set out in the legislation.

Financial summary

Statement of financial performance for the year ended 30 June 2013

	2013 Actual \$000	2012 Actual \$000
Operating revenue	1,052	943
Operating and other expenses	706	895
Operating profit before tax	346	48
Tax (benefit)	(157)	(149)
Net profit for the year	503	197

Rental revenue remained consistent between both years but each result is significantly impacted by one-off items. The 2012 revenue amount of \$0.9 million includes material damage insurance recoveries of \$0.4 million as well as a \$0.4 million gain on disposal of an investment property. The 2013 revenue amount of \$1.1 million includes material damage insurance recoveries of \$0.2 million and a \$0.7 million gain on revaluation of held for sale assets.

Operating expenses values were also consistent between both years with the exception of one-off earthquake related costs. The 2012 expense total of \$0.9 million includes \$0.4 million of earthquake costs while the 2013 total of \$0.7 million contains \$0.2 million of earthquake costs.

Group structure and Council Controlled Organisations

Civic Building Ltd

CBL is a CCTO, 100% owned by the Council. The company was incorporated on 12 October 2007 and amalgamated with its wholly owned subsidiary Tuam 2 Limited on 30 June 2009.

Nature and scope of activities

CBL owns a 50% interest of the CCBJV with NTPL. The joint venture owns the new Civic Building in Hereford Street.

Impact of the Canterbury earthquakes

The building was damaged in the 2010 and 2011 Canterbury earthquakes. The tenants vacated the building while repairs were being carried out and moved back into the building at the beginning of November 2011.

Policies and objectives relating to ownership and control

Through a SOI, the Council established broad parameters around the design and refurbishment milestones, and management of the financial targets.

Key performance targets

	2013 Target	2013 Actual
Meet the financial targets contained within the SOI.	Budgeted key performance indicators are met or exceeded.	Achieved. With the exception of lease income, all performance indicators were met or exceeded. The small reduction in lease income was offset by higher other income.
Manage the investment in a commercially astute and prudent manner.	Ensure the Civic Building is managed in accordance with the management agreement.	The building is being managed in accordance with the management agreement.
The Civic Building was designed to achieve a high standard in terms of environmental and energy sustainability.	Ensure the Civic Building operates in a manner that preserves Green Star 6 accreditation features.	Green Star 6 accreditation features have been achieved for design and construction. During the year the building achieved Green Star 6 accreditation for its fit out.

Financial summary

Statement of financial performance for the year ended 30 June 2013

	2013 Actual \$000	2012 Actual \$000
Operating revenue	6,066	12,836
Operating and other expenses	6,375	12,170
Operating (loss) profit before tax	(309)	666
Tax (benefit)	(268)	(668)
Net (loss) profit for the year	(41)	1,334

Revenue decreased from \$12.8 million in 2012 to \$6.1 million in 2013. This was due to the 2012 total including one-off items of \$5.9 million in material damage insurance recoveries and \$1.4 million of subvention income.

Expenses decreased from \$12.2 million in 2012 to \$6.4 million in 2013. The main contributor to this movement was the 2012 total including one-off building remediation costs of \$5.4 million.

Group structure and Council Controlled Organisations

EcoCentral Ltd www.ecocentral.co.nz



EcoCentral is a CCTO, 100% owned by CCHL.

EcoCentral oversees the processing of refuse and recycling collections of waste from households and commercial premises throughout the Canterbury region. The company works to reduce the amount of waste going to landfill and finds ways to ensure Christchurch is a leader in recycling.

Nature and scope of Activities

EcoCentral manages:

- EcoSort, a large facility that receives all the 'Yellow Bin' recycling from Christchurch and surrounding areas where it is automatically sorted, baled and sold as reclaimed material. Material is sold either domestically or internationally to be made into new products.
- EcoDrop, three transfer stations for managing Christchurch's recycling and refuse for both domestic and commercial waste. Each station has a recycling centre, household hazardous waste drop off area and a refuse area for general waste, green waste and hardfill.
- EcoShop, on Blenheim Road, is the retail outlet for the recycled goods rescued from the EcoDrop transfer stations, thereby diverting material from landfill.

Impact of the Canterbury earthquakes

The earthquake events caused minor operational disruption to EcoCentral and only minor damage to its buildings and infrastructure. EcoCentral received additional volumes of material into its EcoDrops as a consequence of the damage to property in the Canterbury region.

Policies and objectives relating to ownership and control

Following purchase from the Council in January 2011, CCHL is now the sole shareholder of this company. The company has an important role in the City as a quality handler and processor of recycled material. Through the negotiation of an annual SOI, the Council, via its 100% ownership of CCHL, establishes broad parameters for this company without inhibiting proper commercial management.

Key performance targets

	2013 Target	2013 Actual
Residual waste from the EcoSort recycling facility.	<6% of total waste received.	10.19%
Amount of waste diverted from EcoDrops for other uses.	>25%	41.6%

Financial summary

Statement of financial performance for the year ended 30 June 2013

	2013 Actual \$000	2012 Actual \$000
Operating revenue	32,927	30,176
Operating and other expenses	32,400	33,609
Operating profit (loss)	527	(3,433)
Tax expense (benefit)	179	(141)
Net profit (loss) for the year	348	(3,292)

Operating revenue increased from \$30.1 million in 2012 to \$32.9 million in 2013. This movement is almost entirely due to the increase in service rendering revenue during the year of \$3.1 million.

Operating expenses decreased from \$33.6 million in 2012 to \$32.4 million in 2013. The 2012 number included a one-off \$3.1 million impairment of goodwill. This impact is partially offset by an increase in other expenses in the 2013 year of \$1.6 million.

Group structure and Council Controlled Organisations

Transwaste Canterbury Ltd



Transwaste Canterbury Limited was incorporated on 31 March 1999 with the principal purposes of selecting, consenting, developing, owning and operating a non-hazardous regional landfill in Canterbury. The landfill was opened on 8 June 2005. Transwaste is a joint venture between local authorities in the region and Transpacific Industries Group (NZ) Limited, with Council owning 38.9 per cent.

Nature and scope of activities

Transwaste is responsible for developing and operating a non-hazardous regional landfill, to at least the standard determined by regulatory authorities.

Transwaste enters into contractual arrangements to ensure provision of a haulage fleet for hauling solid waste. This must be done economically and efficiently, and in compliance with relevant consents.

Transwaste will, in due course, invest in alternatives to landfilling for solid waste disposal, should these alternatives be more environmentally sustainable and cost effective.

Impact of the Canterbury earthquakes

Transwaste has not suffered any significant damage to physical assets as a result of the earthquakes and its ability to deliver services in 2013 has not been impaired.

Policies and objectives relating to ownership and control

It is critical that waste management achieves not only commercial requirements, but also wider social and economic objectives. Therefore Council has a policy of maintaining, together with other local authorities in the region, an equal interest in residual waste disposal activities.

Key performance targets

	2013 Target	2013 Actual
Operate with no proven breaches of Resource Management Act consents.	Nil proven consent breaches.	Achieved.
Reliability of access to the Kate Valley landfill.	Landfill is available to waste transporters for more than 99% of normal annual transport access hours.	Achieved. No disruption of waste transport services occurred, despite the landfill being closed due to high wind or snow on 12 days for 55 hours in total.
Reliability of access to the BRRP facilities.	BRRP is available to demolition contract transporters for more than 99% of normal annual transport access hours.	Achieved. No disruption of waste transport services occurred.

Financial summary

Statement of financial performance for the year ended 30 June 2013

	2013 Actual \$000	2012 Actual \$000
Operating revenue	37,778	30,750
Operating and other expenses	24,711	21,542
Operating profit before tax	13,067	9,208
Tax expense	3,491	2,539
Net profit for the year	9,576	6,669

Financial summary based on Draft financial statements.

Group structure and Council Controlled Organisations

Selwyn Plantation Board Ltd



This company is engaged in forestry and farming activities, and is jointly owned by Selwyn District Council (61.7%) and CCHL (39.3%).

The company was put into liquidation in the 2013 financial year, following an orderly realisation of its forestry and land assets over a period of years. In total, and including an earlier repayment of share capital in 2011, total capital distributions made to CCHL from this investment were \$29.9m which was well in excess of its previous carrying value, and it represents a satisfactory outcome for CCHL.

Group structure and Council Controlled Organisations

Riccarton Bush Trust www.riccartonhouse.co.nz

Riccarton Bush Trust manages a 6.4 hectare native bush remnant gifted to the people of Canterbury in 1914. The trust manages Riccarton House and its 5.4 hectares of grounds including Deans Cottage, the first house built on the Canterbury Plains.

Incorporated under a 1914 Act of Parliament, a series of amendments, the most recent being the Riccarton Bush Amendment Act 2012 give the Riccarton Bush Trust the power to levy the Council for funding which contributes towards the maintenance and operation of Riccarton Bush, Riccarton House and its grounds. The Council appoints five of the eight members on the Trust Board.

Nature and scope of activities

The Trust maintains and operates Riccarton Bush, Riccarton House and its grounds.

Impact of the Canterbury earthquakes

Riccarton House was extensively damaged in the 2010 and 2011 earthquakes. The estimated repair bill is \$2.2 million which will be covered by insurance. The Trust will be liable for a total of \$0.07 million for strengthening works and the excess on the insurance claim.

Key performance targets

	2013 Target	2013 Actual
Updating of Management Plan for Riccarton House & Bush, as required by the amendment to the Riccarton Bush Act.	Commence work on a Management Plan for Riccarton House & Bush, as required by the amendment to the Riccarton Bush Act.	Target not achieved. Preliminary work started but it has been delayed by earthquake recovery related priorities.
Environmental and social.	To provide a record of the response by the Trust to seismic events of 2010/11.	On target. Trustees have agreed to the concept of an on-line photograph book being developed. Before and after photographs including repairs are being archived.
Continue the successful partnership with DOC and Operation Nest Egg and the Kiwi Crèche in Riccarton Bush.	Juvenile Great Spotted Kiwi to be crèched in Riccarton Bush during the 2012 Winter/Spring.	Target not achieved due to DOC review and discontinuation of the programme.

	2013 Target	2013 Actual
Maintenance and upgrade of facilities.	Upgrade of commercial kitchen.	Target not achieved but the kitchen is on target to be completed before Riccarton House reopens.

Financial summary

Statement of financial performance for the year ended 30 June 2013

	2013 Actual \$000	2012 Actual \$000
Operating revenue	1,177	930
Operating and other expenses	1,170	451
Operating profit before tax	7	479
Net profit for the year	7	479

Revenue increased from \$0.9 million in 2012 to \$1.1 million in 2013. While the 2012 result included a one-off reversal of impairment amount of \$0.3 million the 2013 result included significant increases in grant revenue (\$0.5 million) as well as \$0.3 million of material damage insurance recoveries.

Expenses have increased from \$0.5 million in 2012 to \$1.2 million in 2013. This increase was almost entirely caused by a total of \$0.8 million in earthquake repair costs during the 2013 year.



Group structure and Council Controlled Organisations

Central Plains Water Trust www.cpw.org.nz

The Central Plains Water Trust (CPWT) was established by the Christchurch City and Selwyn District Councils to facilitate sustainable development of Central Canterbury’s water resource.

Trustees of the CPWT were appointed by the two Councils to reflect a broad range of skills and experience in areas such as governance, agriculture, engineering, commerce and resource management. Some Trustee appointments were made following recommendations from the Parliamentary Commissioner for the Environment and Te Runanga O Ngāi Tahu.

The resource consent process has taken over 11 years with the ‘take’ consents for the Rakaia and Waimakariri Rivers having been lodged in 2001. Since this date there has been a lengthy hearing and appeal mediation process resulting in the Rakaia consent being extended by 10 years to 35 years which now makes it consistent with the Waimakariri term.

Central Plains Water Limited, with assistance from the Trust, has successfully negotiated and settled with all appellants and a final memorandum was filed in the Environment Court so that it could issue the final consents. As part of the settlement process the Trust agreed to an agreement made with Ngāi Tahu for additional Ngāi Tahu representation on the Trust Board, and the settler councils have now endorsed this.

The final resource consents were issued by the Environment Court on 25 July 2012.

Nature and scope of activities

To seek resource consents for the proposed Canterbury Plains Water Enhancement Scheme, and to hold these consents for the use of Central Plains Water Limited.

Effect of the Canterbury earthquakes

The CPWT has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on CPWT or its ability to deliver services in the future.

Policies and objectives relating to ownership and control

The Council recognises a major regional economic benefit in managing the water resource in the Central Canterbury Plains, including significant employment creation. The Council, through its involvement with the CPWT, hopes to mitigate the adverse effects of any proposed scheme on its own water supply.

Key performance targets

	2013 Target	2013 Actual
To provide assistance to Central Plains Water Limited and monitor progress obtaining the necessary resource consents for the Central Plains irrigation scheme on behalf of the Trust.	Provide assistance and monitor progress during the financial reporting period.	Achieved. The Trust has monitored progress with regard to the various resource consent applications, funding and other priority matters through regular reports, briefings and meetings between the company, the Trust, project management and consultants.
To consult, develop scheme recreational opportunities and environmental community enhancers.	To consult, develop scheme recreational opportunities and environmental community enhancers during the financial reporting period.	Achieved. Priority has been directed towards consent hearings and the mediation of appeals in the Environment Court. In that process the Trust has been able to ensure that environmental, recreational, educational and social benefits have been addressed in accordance with the Trust’s objectives.
The Trustees’ will prepare an annual budget and will report the financial results.	The Trustees’ prepared an annual budget and reported financial results during the year.	Financial statements were provided to the settlors for the quarters ending 30 September, 31 December, 31 March and 30 June.

Group structure and Council Controlled Organisations

Central Plains Water Trust www.cpw.org.nz (continued)

Financial summary

Statement of financial performance for the year ended 30 June 2013

	2013	2012
	Actual	Actual
	\$000	\$000
Operating revenue	44	44
Operating and other expenses	44	44
Operating profit (loss) before tax	-	-
Tax expense (benefit)	-	-
Net profit (loss) for the year	-	-

Group structure and Council Controlled Organisations

Canterbury Development Corporation Holdings Ltd www.cdc.org.nz

CDCH is 100% owned by Council. It was incorporated on 4 May 2012 as CCC Four Limited and on 1 July 2012 it acquired full ownership of CDC.

CDC was set up as a limited liability trust company by Council on 5 December 1983. In 2003 the CDC Trust was settled by Council as CDC Limited shareholder. This charitable trust was subsequently found to be invalid by the High Court so ownership of CDC was transferred to CDCH.

Subsidiary and associate entities

As part of delivering against its objective to develop the economy, CDC has been instrumental in the establishment of a number of entities and is the sole shareholder of CRIS Limited.

New Zealand Food Innovation (SI) Limited is a fully owned subsidiary of CRIS Limited and forms part of a National Network that attracts significant funding from the MBIE.

CDC is also a Joint Venture (JV) partner with the Canterbury Employers' Chamber of Commerce in Canterbury Regional Business Partner Limited, a regional vehicle funded by the MBIE to drive increased capability in the small to medium entity sector; and the Canterbury Business Recovery Group Ltd, founded following the 2010 and 2011 earthquakes to support small businesses through their recovery from events subsequent to the earthquakes.

Nature and scope of activities

- CDC provides economic development leadership for Christchurch.
- CDC maintains Centres of Expertise in Economic Research, Workforce and Infrastructure.
- CDC initiates and/or implements priority economic development projects identified through CEDS.
- CDC leads the CRIS.
- CDC facilitates the development of key sectors and specific high growth potential businesses within these sectors to achieve national and local government growth agendas.
- CDC works to optimise the long term benefits of the significant investment in the city rebuild.

Impact of the Canterbury earthquakes

CDCH and CDC had minimal physical assets at the time of the Canterbury earthquakes therefore had little or no direct impact on the Corporation's ability to deliver services in the future.

Policies and objectives relating to ownership and control

The Council is the sole shareholder of CDCH. It has no plans to sell down or relinquish control of CDCH. CDCH has an important role in the City by being responsible for the development and stewardship of the CEDS. Through the negotiation of an annual

SOI, the Council establishes broad parameters for CDCH without inhibiting proper commercial management.

Key Performance Targets

Objective	2013 Target	2013 Actual
Provides economic development leadership for Christchurch.	Christchurch economic development strategy fully revised with earthquake filter by 30 June 2013.	Achieved
Develops centres of expertise in economic research, workforce and infrastructure.	A revision is made to the existing economic futures model to improve its outputs and broaden its scope by 30 June 2013.	Achieved
Leads the CRIS.	10 high growth potential businesses and projects that meet investment objectives of Canterbury Economic Development Fund are identified and invested in each year.	Achieved
Facilitates business recovery.	Engages with 360 small to medium enterprises to assist in earthquake recovery by 30 June 2013.	Achieved
Facilitates business recovery.	Facilitate 10 local companies per annum to supply goods or services to the recovery programme.	Achieved

Financial Summary

Statement of financial performance for the year ended 30 June 2013

	2013 Actual	2012 Actual
	\$000	\$000
Operating revenue	11,817	-
Operating and other expenses	5,680	-
Operating profit before tax	6,137	-
Tax expense	9	-
Net profit for the year	6,128	-

The 2013 year is the first year of financial operations for the group.

Group structure and Council Controlled Organisations

Canterbury Economic Development Co. Ltd

Canterbury Economic Development Co. Ltd (CED Co) was formed in October 2008 by the ten Canterbury local and regional authorities. The core purpose and mission of the company is to act as a promoter for transformational economic development projects that will benefit Canterbury and to utilise the Canterbury Regional Economic Development Strategy (CREDS) to coordinate strategic economic development initiatives.

Nature and scope of activities

CED Co will act as a liaison with Central Government regarding economic development on behalf of the councils and community of Canterbury. Its objectives are:

- To receive, review and select the most appropriate projects for funding application for the Regional Strategy Fund.
- Act as the clearing house of correspondence between projects and the Ministry of Economic Development (MED) and New Zealand Trade and Enterprise.
- Provide feedback regarding project proposals.
- Communicate shifts and changes in MED/NZTE policy to the regional economic development role players.
- Provide a governance and leadership entity to stimulate collaborative efforts to transform the Canterbury economy.
- Drive the review of the CREDS.
- Stimulate regional collaboration.
- Support medium to long term strategic planning to lift regional economic development outcomes – such as increased competitiveness.

During the 2011/12 year CED Co completed all six projects that it was involved in as part of the CREDS. Since the completion of the projects CED Co has been dormant. It is intended that CED Co will be used for future regional collaboration projects.

Group structure and Council Controlled Organisations

Gardens Event Trust

The Gardens Event Trust is a Charitable Trust established by the Council on 18 December 2008. The primary purpose of the Trust is to raise the community's awareness of the benefits of good horticultural, floricultural and landscape construction and design practices and encourage active participation in these practices across all cultures and age groups.

Nature and scope of activities:

In order to pursue its Charitable Objects the Trust focuses on the following activities:

- Fostering, promoting and increasing the knowledge of the public as to horticulture, floriculture, landscape construction, landscape design and cuisine.
- Providing support for schools of learning and establishing scholarships and prizes in areas of horticulture, floriculture, landscape design and construction.
- Promoting gardening as a leisure activity across all cultures, genders and age groups in New Zealand.
- Promoting and maintaining the health and safety of the public or any section of the public.

Impact of the Canterbury earthquakes

The Trust has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on its ability to deliver services in the future.

Financial summary

Statement of financial performance for the year ended 30 June 2013

	2013	2012
	Actual	Actual
	\$000	\$000
Operating revenue	83	90
Operating and other expenses	83	90
Operating profit (loss)	-	-
Net profit (loss) for the year	-	-

Group structure and Council Controlled Organisations

Christchurch Agency for Energy Trust www.cafe.gen.nz



CAfE is a charitable trust established by the Council on 13 July 2010. The primary purpose of the Trust is to promote energy efficiency initiatives and the use of renewable energy in Christchurch.

Nature and scope of activities

In order to pursue its Charitable Objects CAfE has committed to undertaking the following activities:

- By building on the range of initiatives included in the Sustainable Energy Strategy for Christchurch 2008/18, published by the Council, CAfE developed a work program and a structure to manage the delivery of initiatives including those brought in by other parties. The initial focus is the delivery of Christchurch based projects and “localising” relevant Energy Efficiency and Conservation Authority projects.
- Providing an educational role with a primary focus of raising awareness about energy efficiency and renewable energy options as a value proposition with initial focus on homeowners and architects/designers.
- Acting as a broker facilitating projects that deliver benefits to businesses and larger organisations (including schools, hospitals and the transport sector).
- Lobbying Government and government agencies, particularly in the area of legislative and rule changes impacting on energy efficiency and the use of renewable energy.
- Exploring and developing initiatives relating to improvement in energy efficiency and increased use of renewable forms of energy.

Impact of the Canterbury earthquakes

The Trust has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on its ability to deliver services in the future.

Group structure and Council Controlled Organisations

Christchurch Agency for Energy Trust www.cafe.gen.nz (continued)



Key performance targets

	2013 Target	2013 Actual
Public awareness.	Carry out an annual survey of public awareness on energy efficiency and renewable energy issues.	Annual survey completed, distributed to Trustees, published on website and media statement released to media.
Brokerage role – The facilitation of projects delivering benefits to businesses and larger organisations (including schools, hospitals and the transport sector).	Review matters raised by the community in Energy Dialogues component of EA12.	A review of the current initiatives by the Board has determined that the Trust will not proceed with a review of matters raised in the Energy Dialogues component of EA12.
	Ongoing implementation of an Energy Design Advisory Scheme for major buildings.	At the end of June 2013, a total of 90 applications for the EnergyFirst programme have been received with a total floor space of 305,553 sq. m. Total approved applications are 154,418 sq. m. Initial estimates of savings based on completed projects indicate that the programme has delivered among the most cost effective energy savings in the country.
Influencing role – Lobbying Government and government agencies, particularly in the area of legislative and rule changes impacting on energy efficiency and the use of renewable energy.	CAFE considers and as it feels appropriate, makes submissions on, or suggests changes to, legislation and/or regulatory changes impacting on energy efficiency and the use of renewable energy, particularly as it relates to Christchurch.	No submissions were made.
Exploring and developing initiatives relating to improvement in energy efficiency and increased use of renewable forms of energy.	Report on new initiatives identified during the year, for current or future action by CAFE.	Following the resignation of 3 appointer organisations, the Trustees agreed to focus on the delivery of the EnergyFirst initiative and create a new Energy Grants scheme in conjunction with the Council.

Financial summary

Statement of financial performance for the year ended 30 June 2013

	2013 Actual	2012 Actual
	\$000	\$000
Operating revenue	1,136	1,030
Operating and other expenses	676	1,006
Operating profit for the year	460	24
Net profit for the year	460	24

Expenses have decreased from \$1.0 million in 2012 to \$0.7 million in 2013. The main contributor to this movement is an overall reduction in consultancy costs of \$0.4 million between the two years. This is offset by an increase in grants provided during 2013 of \$0.1 million.

Revenue has increased from \$1.0 million in 2012 to \$1.1 million in 2013. Within the \$0.1 million increase was a \$0.2 million increase in Council project contributions while appointer contributions decreased by \$0.1 million between both periods.

Group structure and Council Controlled Organisations

The World Buskers' Festival Trust www.worldbuskersfestival.com



The World Buskers' Festival Trust is a Charitable Trust established by the Council on 1 July 2010. The primary purpose of the Trust is to hold an annual international buskers festival in Christchurch and apply surplus funds generated by the festival towards promoting street theatre as a performing art in New Zealand.

Nature and scope of activities

The Trust is established for charitable objectives that include the following:

- Holding an annual buskers festival in Christchurch.
- Fostering the growth of street theatre as a performing art in New Zealand.
- Encouraging the participation of the wider community as audiences and performers in street theatre as a recreational activity.
- Increasing the importance of street theatre as part of our cultural community.
- Furthering the Objects and activities of the Trust.
- Generating capital and income to further the aims and objects of the Trust.
- Working in conjunction with other groups, bodies and organisations having aims and objects in common with the Trust.

Impact of the Canterbury earthquakes

The Canterbury earthquakes have impacted the Trust by reducing the number of venues available to the festival and have resulted in the Trust utilising and erecting temporary venues in Hagley Park to host the festival.

Key performance targets

	2013 Target	2013 Actual
Visitor attendance.	Attract at least 300,000 visits.	Achieved – Estimated attendance in excess of 300,000. Estimates are based on ticket sales and approximation of open air events.
Customer satisfaction.	90% of visitors are satisfied.	Not measured in 2013. Last measured in 2012 where “More than 92% of respondents said that they were satisfied or very satisfied with the delivery of the WBF. Furthermore, 93% of respondents said that they were satisfied or very satisfied with the content of the WBF”.

	2013 Target	2013 Actual
Festival development.	Deliver programme at least the same size as the 2012 programme.	Achieved - Over 500 shows from 55 performers.
	Generate surplus for future festival development.	Achieved - Net surplus of \$19,848.

Financial summary

Statement of financial performance for the year ended 30 June 2013

	2013 Actual \$000	2012 Actual \$000
Operating revenue	2,005	1,966
Operating and other expenses	1,985	1,881
Operating profit	20	85
Net profit for the year	20	85

While operating revenue was consistent between both the 2012 and 2013 years, operating expenses were up in 2013. A large contributor to this movement was increased venue and hire costs for the use of temporary infrastructure at Hagley Park.

Group structure and Council Controlled Organisations

Rod Donald Banks Peninsula Trust www.rodonaldtrust.co.nz

The Rod Donald Banks Peninsula Trust (RDBPT) is a Charitable Trust and was created by the Council on 12 July 2010. The Trust was established to honour the memory of Rod Donald and his commitment to Banks Peninsula and the Trust exists for the benefit of the present and future inhabitants of the Banks Peninsula and visitors to the region. The Trust’s long term vision is to restore the Banks Peninsula to its traditional status as Te Pataka o Rakaihautu – the storehouse that nourishes. In pursuit of this vision the Trust promotes the sustainable management and conservation of the natural environment of the Banks Peninsula.

Nature and scope of activities

The Trust recognises the community as being of critical importance to the achievement of its Charitable Objects and

focuses its efforts on engaging with groups and projects which have similar aims. The Trust acts as a facilitator, conduit and connector to assist these groups and projects in the pursuit of their common goals. The Trust’s hallmark is entrepreneurship and practical achievement, values important to Rod Donald, and it uses its funds to assist individual groups and projects to achieve goals that they cannot otherwise achieve on their own.

Impact of the Canterbury earthquakes

The Trust has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on its ability to deliver services in the future.

Key performance targets

	2013 Target	2013 Actual
Inform the public and relevant interest groups about on-going activities and progress of the Trust.	Develop a branding for the Trust and a website that enables easy upload of Trust documents for sharing.	Branding developed. Website developed that includes upload of documents for sharing with the public. www.rodonaldtrust.co.nz
Develop relationships with, and gain the trust of, existing interest groups on Banks Peninsula with aims aligned to those of the RDBPT, along with relevant government agencies and territorial authorities.	Develop a list of key interest groups that the RDBPT would like to work with.	MOU arrangements made with Banks Peninsula Conservation Trust, Orton Bradley Park and DOC.
	Continue to meet with key contacts within the groups to discuss their projects and the manner in which the RDBPT can work with them.	Regular meetings with staff from Orton Bradley Park, Banks Peninsula Conservation Trust and also Little River Rail Trail Trust.
The Trust has determined three key pillars on which its projects will be based: Access, Knowledge and Partnerships. Identify the key projects supporting these pillars that the Trust wishes to be involved in on Banks Peninsula over the next 3 years.	Establish a list of the projects which will be the key focus of the RDBPT in the short to medium term, and the assistance that the RDBPT will provide in respect to these projects.	Project list with 14 approved projects and 6 projects in the pre - approval stage. Each project relates to the pillars.
Provide tangible support and leadership for projects building the Knowledge pillar.	Explore and define how to do this.	Worked to develop system of giving loans for book publication. Arranged loan for publication of definitive reference book on plant life of Banks Peninsula.
	Identify other funders who can support projects.	Working with DOC on Spine of Lizard project with an aim for provision of interpretation.
Provide tangible support for partners.	Ensure that the partnership arrangements entered into with other groups are formalised with a MOU.	Five formalised agreements entered into including 3 MOUs, 1 Deed and 1 loan agreement.

Group structure and Council Controlled Organisations

Rod Donald Banks Peninsula Trust www.rodDonaldtrust.co.nz (continued)

Financial summary

Statement of financial performance for the year ended 30 June 2013

	2013	2012
	Actual	Actual
	\$000	\$000
Operating revenue	186	157
Operating and other expenses	201	23
Operating (loss) profit	(15)	134
Net (loss) profit for the year	(15)	134

Operating expenses for 2013 include grants totalling \$0.1 million made to local community projects. Similar grants will be made in the future when opportunities matching the Trusts objectives arise.



Monitoring

Annual Report 2013

Christchurch Ōtautahi

This section contains information about the Council's reserve and trust funds including the capital endowment fund and includes a members' interest register for subsidiary companies.

Reserves and Trust Funds

The Council maintains a number of special reserves and trust funds which have a specific purpose. 2013 is the first year that the Council has reported on all the special reserves and trust funds.

The table below shows the movement in the funds for the year to 30 June 2013:

Reserve	Activities to which the reserve relates to	Balance 1 July 2012 \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June 2013 \$000
Trusts and bequests					
ChCh Earthquake Mayoral Relief Fund	Bequests made for Mayoral Earthquake Relief Fund.	2,850	337	(571)	2,616
Earthquake Memorial	Bequests made towards Earthquake Memorial.	1,006	39	-	1,045
Housing Trusts & bequests	Bequests made for the provision of social housing.	391	15	-	406
Cemetery bequests	Various bequests made for the maintenance of cemeteries.	58	2	-	60
CS Thomas Trust - Mona Vale	Funds set aside for restoration work at Mona Vale.	33	1		34
Woolston Park Amateur Swim Club (WPASC)	Scholarship programme including an Annual Talented Swimmer Scholarship and an Annual Potential Swimmer Scholarship utilising the former Woolston Park Amateur Swimming Club monies gifted to the Council.	25	1	(1)	25
Parklands Tennis Club	Residual funds passed to the Council from the windup of the Parklands Tennis Club.	16	1	-	17
19th Battalion Bequest	Funds passed to the Council by the 19th Battalion and Armoured Regiment to help fund the maintenance of the 19th Battalion and Armoured Regiment Memorial area.	14	1	-	15
Yaldhurst Hall Crawford Memorial	Funds left by Mr Crawford for capital improvements to the Hall.	9	1	-	10
Sign of Kiwi Restoration Fund	Funds set aside for restoration work at the Sign of the Kiwi.	4	-	-	4
Fendalton Library Equipment Bequest	Bequest made to fund equipment at the Fendalton Library.	3	-	-	3
Art Gallery Trusts & Bequests	Bill Sutton expressed a desire that any proceeds and benefits from any copyright fees that might be charged and accrue be utilised for the acquisition and advancement of Canterbury Art.	1	-	-	1
		4,410	398	(572)	4,236

Reserves and Trust Funds (continued)

Reserve	Activities to which the reserve relates to	Balance 1 July 2012	Transfers into fund	Transfers out of fund	Balance 30 June 2013
		\$000	\$000	\$000	\$000
Special Funds & Reserves					
Earthquake Recovery Fund	To hold and apply funds and recoveries received for the earthquake recovery and rebuild.	224,521	403,325	(503,180)	124,666
Capital Endowment Fund	An inflation protected fund that generates an ongoing income stream which is applied to economic development and civic and community projects.	102,089	5,455	(3,423)	104,122
Capital Endowment Fund 2	Invested in the Endeavour I-Cap Fund to fulfil the requirements of the main Capital Endowment fund that a proportion of that fund be invested locally.	2,473	-	(320)	2,153
Housing Development Fund	A fund used for funding the Council's Social Housing activity.	29,311	277	(1,530)	28,058
Development & Financial Contributions - Reserves	Development and financial contributions held for growth related capital expenditure.	23,779	9,057	(8,300)	24,536
Development & Financial Contributions - Water supply	Development and financial contributions held for capital expenditure.	600	11,631	(10,678)	1,553
Development & Financial Contributions - Cemeteries	Development and financial contributions held for capital expenditure.	16	27	-	43
Historic Buildings Fund	To provide for the purchase by Council of listed heritage buildings threatened with demolition, with the intention of reselling the building with a heritage covenant attached.	2,795	93	-	2,888
Community Loans Fund	Fund used to help community organisations carry out capital projects by lending funds at low interest rates.	2,583	95	-	2,678
Dog Control Account	Statutory requirement to set aside any Dog Control surpluses.	1,717	47	-	1,764
Non Conforming Uses Fund	To enable Council to purchase properties containing non-conforming uses causing nuisance to surrounding residential areas and inhibiting investment and redevelopment for residential purposes.	1,553	61	-	1,614
Income Equalisation Fund	To hold funding for approved operational projects that have been delayed.	878	-	-	878
Conferences Bridging Loan Fund	To provide bridging finance to organisers to allow them to promote, market and prepare initial requirements for major events and conferences, repaid by first call on registrations.	510	-	-	510
Cash in Lieu of parking	To hold contributions from property developers in lieu of providing parking spaces. Used to develop parking facilities.	419	135	-	554
Loan Repayment Reserve	Fund used for facilitating repayment of rate funded loans.	309	4,360	(4,514)	155
Sandilands Contaminated Sites Remediation	Fund used for remediation work at Social Housing sites.	254	-	-	254

Reserves and Trust Funds (continued)

Reserve	Activities to which the reserve relates to	Balance 1 July 2012	Transfers into fund	Transfers out of fund	Balance 30 June 2013
		\$000	\$000	\$000	\$000
Kilmore St Carpark Depreciation Reserve	Fund is used to hold the contractual obligation to set aside a portion of gross revenue to fund future equipment renewals.	185	7		192
Ellerslie International Flower Show	Fund holds surplus's from previous shows to offset unexpected future losses.	134	-	(134)	-
Businesscare - Commerical Waste Minimisation	Fund used for investments in initiatives that assist in the achievement of the Council's goal of zero waste to landfill by 2020.	68	-	-	68
Burwood Landfill Cell A Remediation	Fund used for investments in initiatives that assist in the achievement of the Council's goal of zero waste to landfill by 2020.	-	(5,956)	6,021	65
Bertelsman Prize	Fund for the provision of in-house training programmes for elected members and staff which have an emphasis on improving excellence within the Council.	20	-	-	20
WD Community Awards Fund	To provide an annual income for assisting in the study, research, or skill development of residents of the former Waimairi District (within criteria related to the Award).	19	1	-	20
Miscellaneous reserves	Minor or obsolete reserves	32	0	-	32
		394,267	428,615	(526,058)	296,823
Total Reserve Funds		398,677	429,013	(526,630)	301,059

The capital endowment fund

The Council established this fund to provide an ongoing income stream to be used for economic development and civic and community projects.

The investment objectives of the fund were met during 2012/13. Council decided during the year not to inflation protect the capital of the fund in 2012/13 and 2013/14 and utilise the income

to fund a special one off projects scheme for earthquake recovery / transitional projects or events. The risk of capital loss was minimised by retaining all funds in cash investments due to the volatility of the world's equity markets. This approach was consistent with the objectives outlined in Council's Investment Policy.

Capital endowment fund – funding allocations	2013	2012
	Actual	Actual
	\$000	\$000
Total available income from fund	5,455	2,179
Economic development 70%	3,819	1,525
Brought forward from previous year	(713)	(30)
Available to allocate	3,106	1,495
<i>Less allocated:</i>		
Economic development projects	(850)	(850)
Iconic events	(1,215)	(783)
One-off events	(100)	(75)
Marketing initiatives	(500)	(500)
Balance available for economic development projects	441	(713)
Civic and community 30%	1,636	654
Brought forward from previous year	2,702	2,578
Available to allocate	4,338	3,232
<i>Less allocated:</i>		
Events & festivals	(460)	(440)
Community projects	(298)	(90)
Balance available for civic and community projects	3,580	2,702
Total cash carried forward	4,021	1,989

Fund capital	2013	2012
	Actual	Actual
	\$000	\$000
Fund capital at 1 July:		
Core fund	96,602	93,686
Fluctuation reserve	3,500	3,500
Unallocated income	1,989	2,548
Total fund balance at 1 July	102,091	99,734
During the year:		
Total income received by the fund	5,455	5,095
Less distributed	(3,423)	(2,738)
Less transferred to capital for inflation provision	-	(2,916)
Balance to unallocated income	2,032	(559)
Fund capital at 30 June		
Core fund	96,602	96,602
Fluctuation reserve	3,500	3,500
Unallocated income	4,021	1,989
Total fund balance at 30 June	104,123	102,091

Subsidiary and associate companies

Listed below are the trading enterprises which the Council has an interest in, together with the directors of the trading enterprises, for the period ended 30 June 2013.



Christchurch City Holdings Ltd (100% owned)

Sarah Smith	Timothy Carter (Cr)
Barry Corbett (Cr)	William Dwyer
Bruce Irvine	Robert (Bob) Parker (Mayor)
Andrew Pearce	Susan Wells (Cr)



Enable Services Ltd (100% owned)

William (Bill) Luff	Craig Richardson ⁱ
Mark Bowman	Brett Gamble
Charlotte Walshe	Owen Scott ⁱⁱ
Chris Birkett ⁱⁱ	



Christchurch International Airport Ltd (75% owned)

Philip Carter	Catherine Drayton
George Gould	David MacKenzie
Justin Murray	Christopher Paulsen



City Care Ltd (100% owned)

W. Derek Crombie ⁱⁱⁱ	Margaret Devlin
Anthony King	Hugh Martyn
Trevor Thornton	Craig Price ^{iv}
Mark Todd ^{iv}	



Lyttelton Port Company Ltd (79.6% owned)

Trevor Burt	Roderick Carr
Lindsay Crossen	Rodger Fisher
Brian Wood	Karl Smith



Orion New Zealand Ltd (89.3% owned)

Michael Andrews	Craig Boyce
George Gould	Geoffrey Vazey
Paul Munro ^v	Gail Jewell ^{vi}
John Dobson ^{vi}	



Red Bus Ltd (100% owned)

Ross McRobie	Tony Mountford
Peter Rae	Timothy Keenan
Robert Lineham ^{vii}	

Subsidiary and associate companies (continued)



EcoCentral Ltd (100% owned)

Paul Anderson	Sarah Smith
Gregory Campbell	David Kerr



Vbase Ltd (100% owned)

Ngairé Button (Cr)	James (Jamie) Gough (Cr)
Anthony Marryatt	Robert (Bob) Parker (Mayor)

Canterbury Development Corporation Holdings Ltd

Garth Carnaby	Aaron Keown (Cr)
Peter Barrowclough	James (Jamie) Gough (Cr)
Grant Ryan	Louise Edwards
Ngairé Button (Cr)	

Tuam Ltd (100% owned)

Paul Anderson	Diane Brandish ^{viii}
Anthony Marryatt ^{ix}	

Civic Building Ltd (100% owned)

James (Jamie) Gough (Cr)	Ngairé Button (Cr)
Robert (Bob) Parker (Mayor)	



Transwaste Canterbury Ltd (38.9% owned)

Gerry Clemens	Sally Buck (Cr)
W. Gill Cox	Gareth James
Thomas Nickels	Robert McKenzie
Richard Davison	Ian Kennedy



Selwyn Plantation Board Ltd (In liquidation)

John Morten	Sarah Smith
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- ⁱ Resigned 17 October 2012
- ⁱⁱ Appointed 17 October 2012
- ⁱⁱⁱ Resigned 26 October 2012
- ^{iv} Appointed 26 October 2012
- ^v Appointed 8 August 2012
- ^{vi} Resigned 8 August 2012
- ^{vii} Appointed 24 October 2012
- ^{viii} Appointed 27 June 2013
- ^{ix} Resigned 28 June 2013

Glossary

BRRP	Burwood Resource Recovery Park
CAfE	Christchurch Agency for Energy Trust Board
CBD	Central Business District
CBL	Civic Building Limited
CCBJV	Christchurch Civic building Joint Venture
CCDU	Central City Development Unit
CCHL	Christchurch City Holdings Limited
CCOs	Council Controlled Organisations
CCT	Christchurch and Canterbury Tourism
CCTOs	Council-Controlled Trading Organisations
CDC	Canterbury Development Corporation
CDCH	Canterbury Development Corporation Holdings Limited
CDEM	Civil Defence Emergency Management
CEDS	Christchurch Economic Development Strategy
Central City Plan	a recovery plan for the Central City
CERA	Canterbury Earthquake Recovery Agency
CFH	Crown Fibre Holdings Limited
CGU	Cash Generating Unit
CIAL	Christchurch International Airport Limited
City Care	City Care Limited
Council	Christchurch City Council
CRIS	Canterbury Regional Innovation System Limited
CTOC	Christchurch Transport Operations Centre
CWTP	Christchurch Wastewater Treatment Plant
DIA	Department of Internal Affairs
DEE	Detailed Engineering Evaluations
ECE	Early Childhood Education
EcoCentral	EcoCentral Limited
ELC	Early Learning Centres
ENL	Enable Networks Limited
EOC	Emergency Operations Centre
EQ	Earthquake
EQC	Earthquake Commission
ERCA	Earthquake Recovery Community Advocate
ESL	Enable Services Limited
Group	As outlined in Group Structure section of the Annual Report

ISP	Internal Service Providers
JEFL	Jet Engine Facility Limited
LAPP	Local Authority Protection Programme
LGFA	New Zealand Local Government Funding Agency Limited
Three Year Plan	Christchurch City Three Year Plan 2013-16
LOS	Level of Service
LTCCP	Long Term Council Community Plan
LTP	Long Term Plan
LURP	Land Use Recovery Plan
MBIE	Ministry of Business, Innovation & Employment
MCDEM	Ministry of Civil Defence and Emergency Management
MKT	Mahaanui Kurataiao Limited
MOU	Memorandum of Understanding
NBS	New Building Standard
NTPL	Ngāi Tahu Property Limited
NZ GAAP	General Accepted Accounting Practice in New Zealand
NZ IAS	New Zealand Equivalent to International Accounting Standard
NZ IFRS	New Zealand Equivalents to International Financial Reporting Standards
NZLGIC	New Zealand Local Government Insurance Corporation
NZTA	New Zealand Transport Agency
NZX	New Zealand Stock Exchange
Orion	Orion New Zealand Limited
PBE	Public Benefit Entity
PHSS	Port Hills slope stability
PVL	Powerhouse Ventures Limited
Red Bus	Red Bus Limited
RFID	Radio Frequency Identification
SCIRT	Stronger Christchurch Infrastructure Rebuild Team
SOI	Statement of Intent
Transpower	Transpower New Zealand Limited
UFB	Ultra-Fast Broadband

