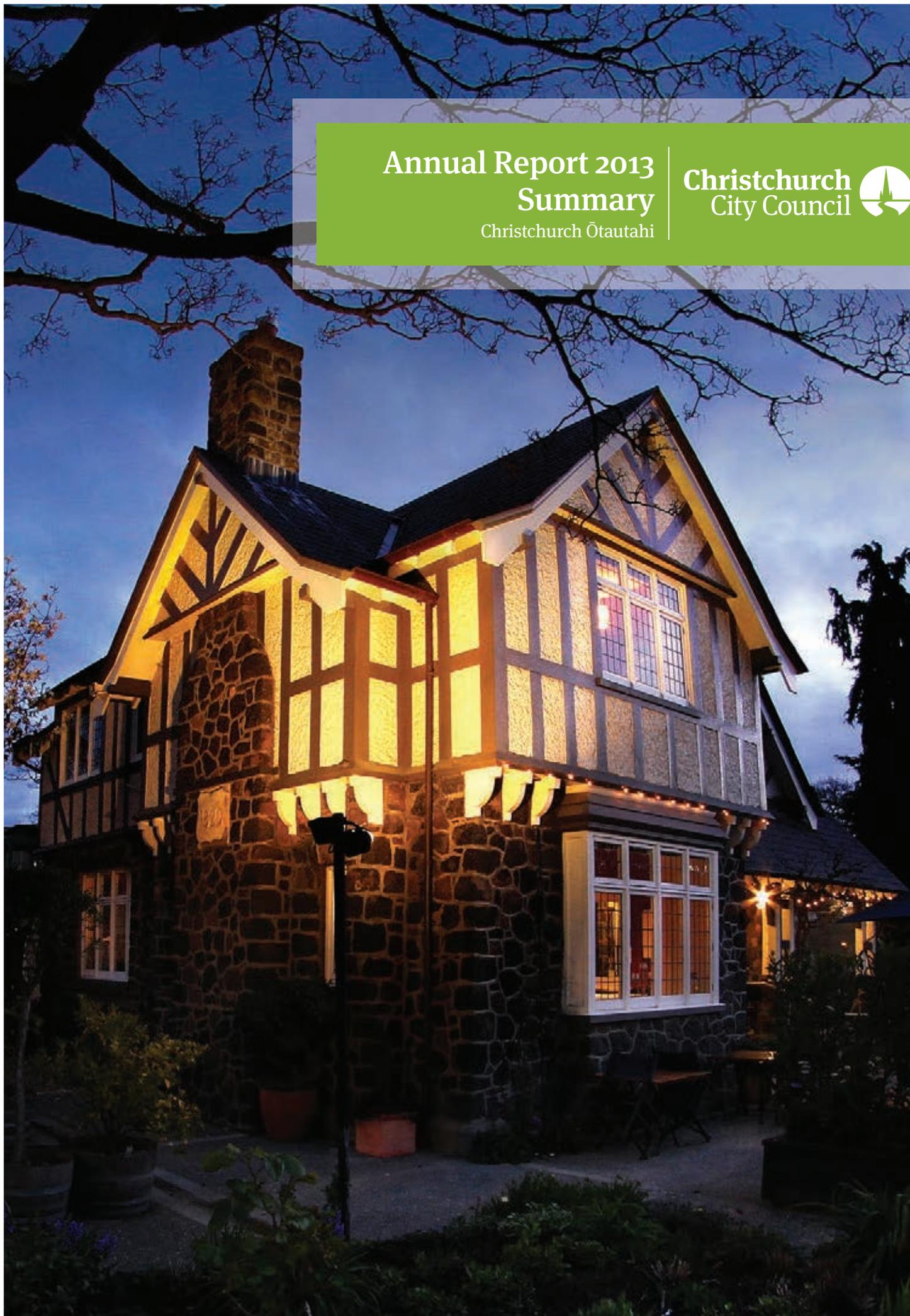


Annual Report 2013  
Summary  
Christchurch Ōtautahi

Christchurch  
City Council



# Table of Contents

---

Council vision	2	Financial highlights	15
What is the Summary Report?	3	Group results	19
Message from the Mayor and Acting Chief Executive	4	Group structure	20
Our achievements	5	Financial ratios	21
How the Council works	7	Independent Auditor's Report	23
Looking forward	8	How the earthquakes and rebuild affected the 2013 Annual Report	25
Our activities at a glance	9	Financial statements	27
Our performance summary	13		

## 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 Summary

---

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.**

## What is the Summary Report?

---

This is a summary of the Christchurch City Council's 2013 Annual Report. We produce it so that you can see at a glance what the Christchurch City Council (Council) has been doing for the past financial year. Should you require more information please refer to the full report.

You'll find copies of the full 2013 Annual Report at city libraries and service centres, online at <http://www.ccc.govt.nz/theCouncil/policiesreportsstrategies/annualplan/annualreport2013.aspx> or you can request a copy through our call centre on (03) 941 8999.

The 2013 Annual Report for the financial year July 2012 to June 2013 sets out what the 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 the Council has responded 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 the Council has chosen not to reflect the value of earthquake 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 earthquake 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 – *How the earthquakes and rebuild affected the 2013 Annual Report*.

The Annual Report of the Council was adopted by the Council on 03 October 2013.

Published by the Office of the Acting Chief Executive, Christchurch City Council, in compliance with s98(4) of the Local Government Act 2002.

## 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

## 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.

# 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; our residents have determined Christchurch will 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

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* in the 2013 Annual Report.

## Looking forward

---

The major focus of the Council in 2014 will be the continuing rebuild of our City. In conjunction with the SCIRT alliance, a key focus will be the continuing rebuild of the City's infrastructure 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 2013 Annual Report.

## 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 Long Term Council Community Plan (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 of the 2013 Annual Report.

### 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, early learning centres, 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 Christchurch City Holdings Limited (CCHL), the Council owns shares in a number of major local companies including: Orion New Zealand Limited, Christchurch International Airport Limited, City Care Limited, Lyttelton Port Company Limited, Red Bus Limited, EcoCentral Limited and Enable Services Limited. CCHL serves to group the activities of these Council Controlled Trading Organisations (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* section of the 2013 Annual Report.

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, 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 wheelee 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.

### 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.

## Our activities at a glance (continued)

---

### 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.



*Asli Card by the Pond 4 weir at the Oxidation Ponds.*

## Our performance summary

Each Council activity has a number of non-financial performance measures which are set during the LTCCP or Annual Plan process, against which the performance of the activity is monitored on an annual basis and details can be found in the full financial statements. The 2012/13 Annual Plan was approved by Council on 26 June 2012.

The 2013 Annual Report shows that we have delivered on 84.2 per cent of the service delivery targets which we set in our 2012/13 Annual Plan. The percentage of service delivery targets achieved has improved on prior year due to a number of targets included in the 2011/12 Annual Plan which were still unachievable due to the earthquakes.

The following are examples of how the Council measures its performances.

Council Group of Activity	Activity	Level of service	Targets	Actual result
City planning and development	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 14 May 2012 and the Banks Peninsula Plan was made fully operative on 15 October 2012.
Community support	Social housing	Council housing complexes are well managed.	Maintain average occupancy rate at 97%.	98.2%
Cultural and learning services	Libraries	Collections are available to and meet the needs of the community.	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 per capita.
Democracy and governance	City Governance and Decision-making	Council and community board decisions comply with statutory requirements.	100%	Compliance with statutory requirements was met.
Economic development	Civic and international relations	Maintain and develop relationships with international partners currently using Christchurch as a base for Antarctic programmes.	Council remains an active partner within Antarctic Link Community.	The Council convened and chaired four Antarctic Link Canterbury meetings throughout the year.
Parks, open spaces and waterways	Garden and heritage parks	Proportion of visitors satisfied with the appearance of the Botanic Gardens.	≥89% satisfied or very satisfied with the Botanic Gardens.	98% overall satisfaction.

## Our performance summary (continued)

Council Group of Activity	Activity	Level of service	Targets	Actual result
Recreation and leisure	Recreation and sports services	Facility-based recreation and sporting activities and programmes are provided.	Participants using recreation and sport centres, outdoor pools and stadiums: greater than 2.87 million.	3.56 million participation achieved.
Refuse minimisation and disposal	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 (per person, per year).	184.51 kg per person total organics processed.
Regulatory services	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.
Streets and transport	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.
Wastewater collection and treatment	Wastewater treatment and disposal	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.
Water supply	Water supply	Continuous potable water is supplied to all customers.	≤1 unplanned interruption of ≥4hrs on average per week each year.	1.42 unplanned interruptions of ≥4hrs on average per week each year.

# 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 \$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

## Financial Highlights (continued)

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.

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 infrastructure network assets 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* section of the 2013 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 the Department of Internal Affairs. 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
<b>Total</b>	<b>937.8</b>	<b>928.7</b>

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
	<b>100c</b>	<b>33.96</b>

## Financial Highlights (continued)

### Categories of operating expenditure

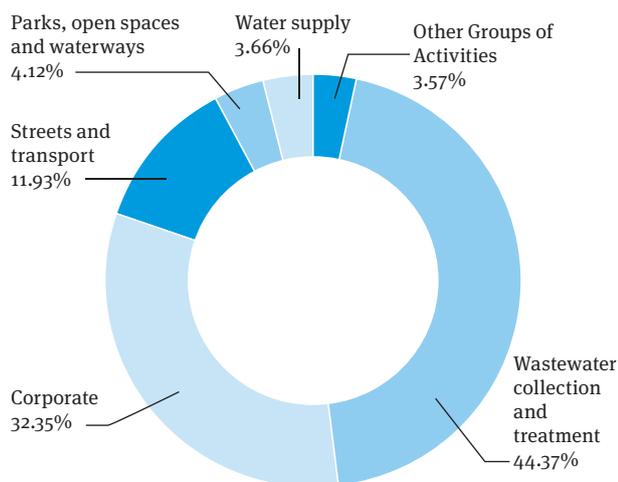
Our total operating expenditure for the year ended 30 June 2013 was \$675.1 million. Key components include:

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
<b>Total</b>	<b>675.1</b>	<b>586.5</b>

### 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 rebuild 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 of the 2013 Annual Report.



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 2013 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.

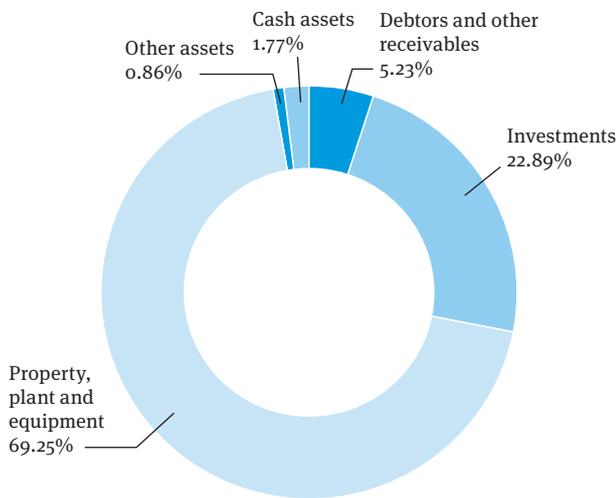
The Council's total assets of \$8.3 billion are higher than plan by \$0.8 billion. Current assets of \$682 million are higher than plan by \$362 million. This is mainly due to \$184 million of accrued recoveries relating to rebuild costs and cash and cash equivalents which were \$134 million higher than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

## Financial Highlights (continued)

The main reasons for the variance are:

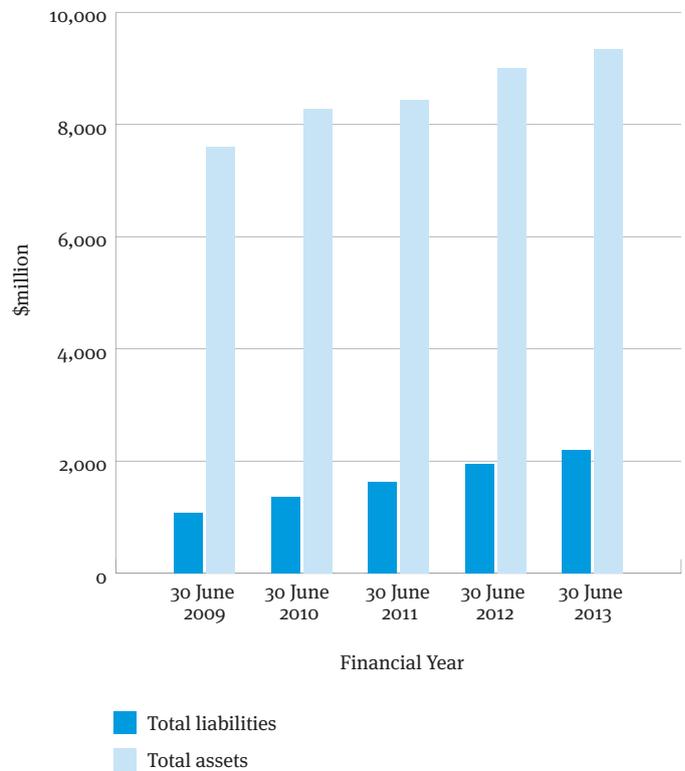
- the annual plan in its opening balance included impairments of \$1.2 billion, whereas only \$0.6 billion of impairments had been identified to 30 June 2013.
- increase in valuation of the investment in CCHL of \$58.0 million.
- higher than anticipated software additions of \$22.0 million.

Our asset breakdown is as shown:



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

Equity is the community’s financial interest in the Council and is measured as the difference between total assets and total liabilities. The graph below shows the assets and equity of the Council and the Council Controlled Organisations:



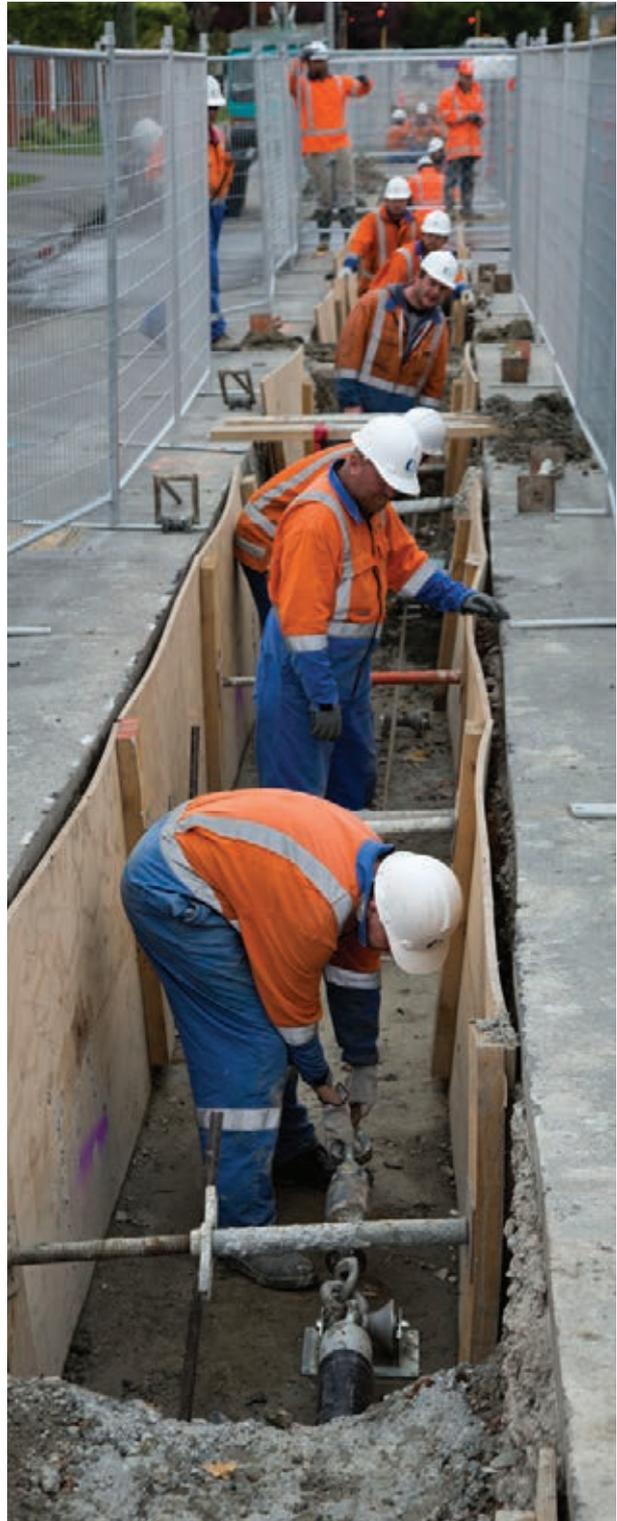
## Group results

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.

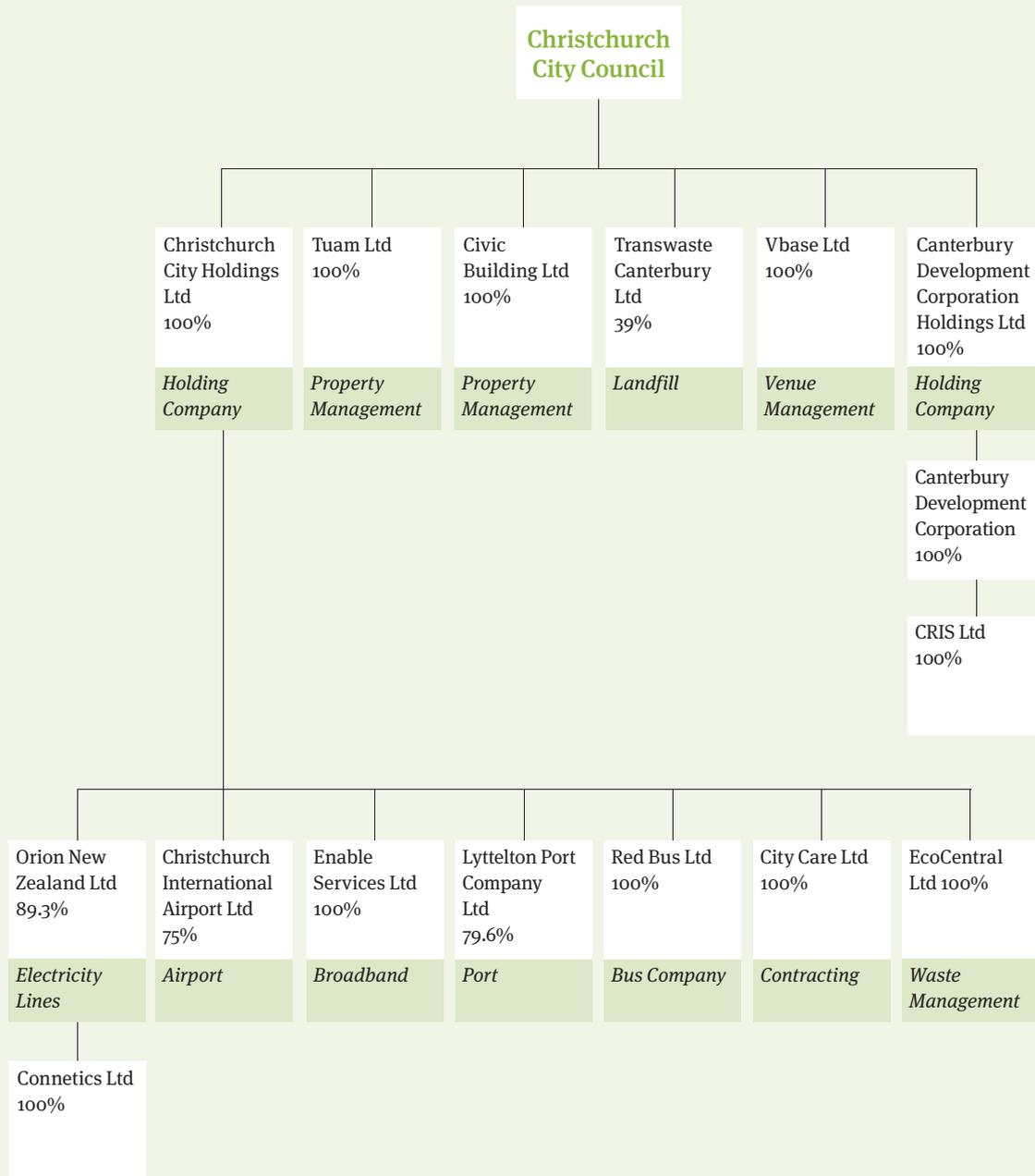
In December 2012, Standard and Poor's lowered the Council's and CCHL's long-term rating from AA to AA- and short-term rating from A to A-1+. In July 2013, Standard and Poor's further downgraded the Council's and CCHL's long-term rating from AA- to A+ and short-term rating from A-1+ to A-1 as a result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



Contractors install large 66,000 volt cable between Orion's major substations in St Albans and Dallington.

# Group structure

as at 30 June 2013

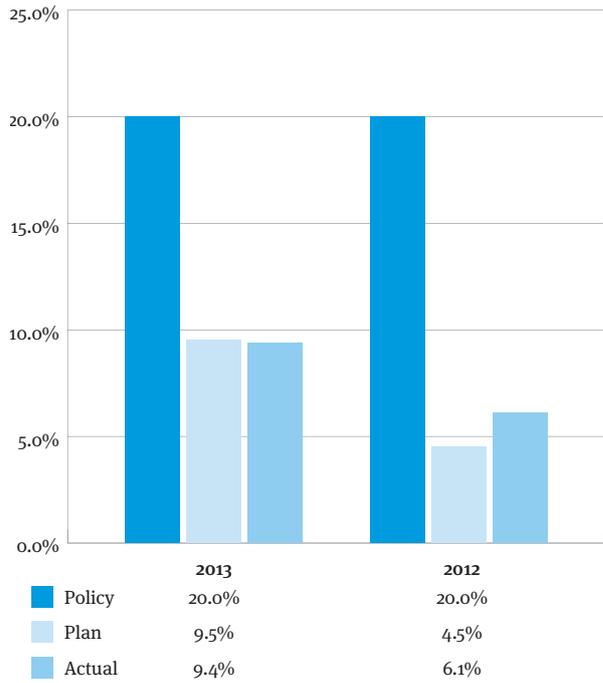


# Financial ratios

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. 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.

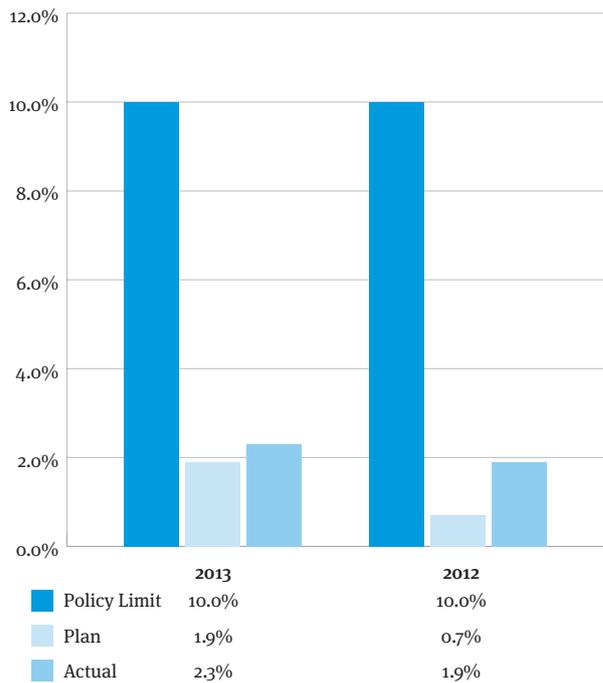
## Net debt as a percentage of equity

Ratio policy <20%



## Net interest as a percentage of total revenue

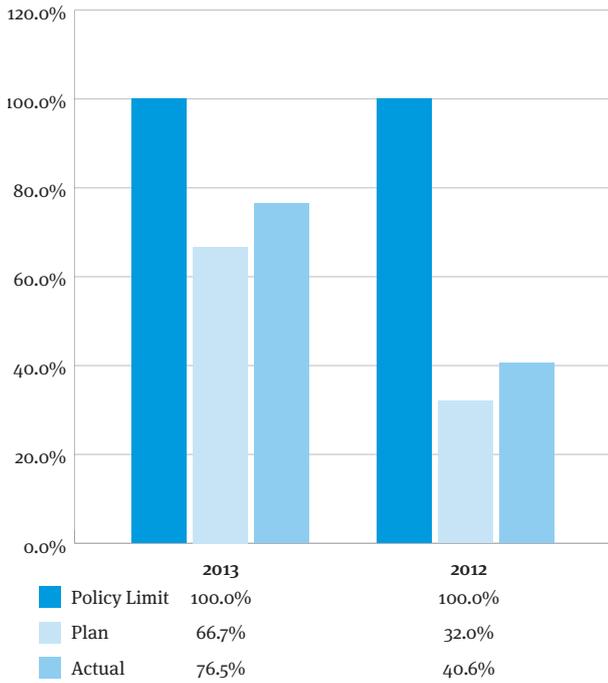
Ratio policy <10%



## Financial ratios (continued)

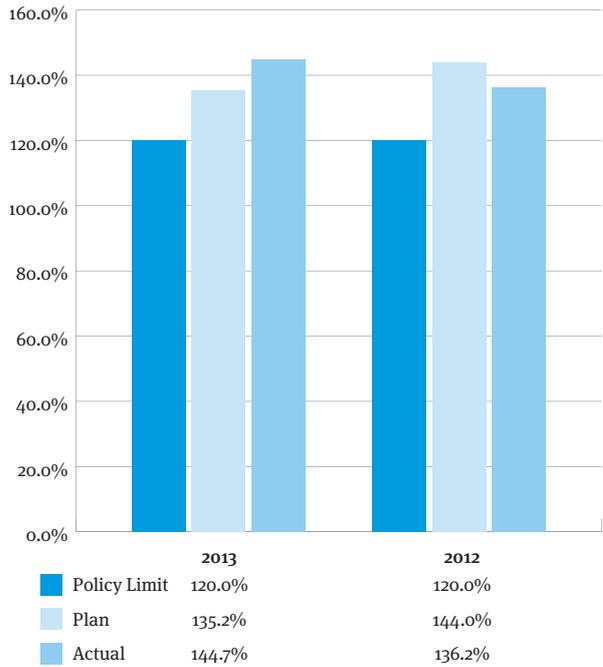
### Net debt as a percentage of total revenue

Ratio policy <100%



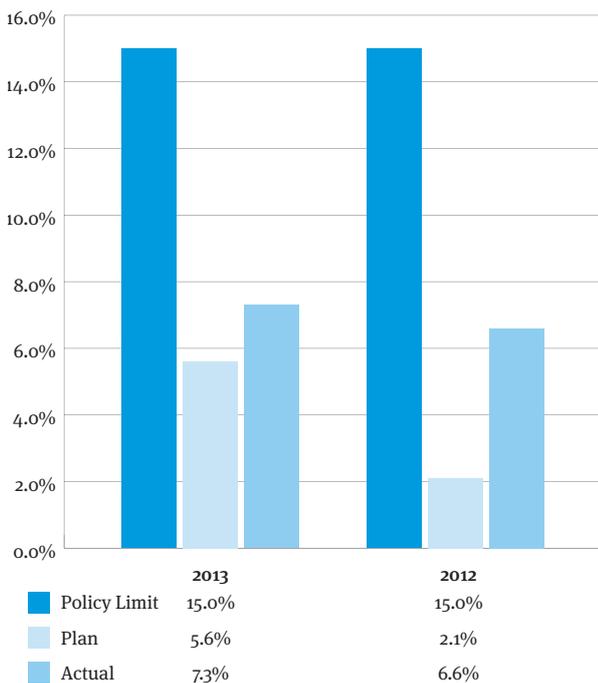
### Liquidity

Ratio policy >120%



### Net interest as a percentage of annual rates revenue

Ratio policy <15%



# Independent Auditor's Report

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

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

The summary annual report was derived from the annual report of the Christchurch City Council (the City Council) and group for the year ended 30 June 2013. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 27 to 30 and pages 13 and 14:

- the summary balance sheet as at 30 June 2013;
- the summaries of the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended 30 June 2013;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to as performance summary) of the City Council and group.

We expressed a modified audit opinion on the City Council and group's full audited statements in our report dated 3 October 2013.

### Denial of opinion on the summary financial statements other than the summary cash flow statement

In our audit report dated 3 October 2013, we expressed a disclaimer of opinion on the City Council and group's financial statements, other than the cash flow statement, for the year ended 30 June 2013 in relation to the matters set out below.

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

Because of the significance of the matters discussed above, it is inappropriate to express an opinion on the summary financial statements, other than the summary cash flow statement, of the City Council and group for the year ended 30 June 2013.

Attention is also drawn to the fact that we issued a denial of opinion on the City Council and group's 30 June 2012 summary 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 summary financial statements.

### **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;

## Independent Auditor's Report (continued)

- 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.

### Opinion on the summary cash flow statement

In our opinion, the summary cash flow statement complies with FRS-43: *Summary Financial Statements* and represents, fairly and consistently, the information regarding cash flows in the annual report. In our audit report dated 3 October 2013, we issued an unmodified opinion on the cash flow statement.

### Opinion on the summary non-financial performance information and other information

In our opinion, the non-financial performance information and other information reported in the summary represents, fairly and consistently, the non financial performance information and other information in the annual report. However, in our audit of the City Council's annual report, we expressed a qualified audit opinion in our report dated 3 October 2013 in relation to the non-financial performance information because we were unable to obtain sufficient appropriate audit evidence to support the 'what did it cost' sections of the non-financial performance information and the associated variance explanations.

Our qualified opinion states that, except for the possible effects of the earthquake matters discussed above:

- the non financial performance information of the City Council and group 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; and
- the other information of the City Council and group contained in the financial statements and the non financial performance information, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

The summary non financial performance information does not include 'what did it cost' information and therefore there is no equivalent misstatement in the summary non-financial performance information.

### Deficiencies in rates setting resolutions

Without further modifying our opinion and consistent with the audit report we issued on the Council's audited financial statements, we draw your attention to the fact 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.

### Basis of opinion

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

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 3 October 2013 on the full audited statements.

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

### Responsibilities of the Council and the Auditor

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

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

In addition to reporting on the summary annual report, we have reported on the full annual report, and carried out a range of other assurance engagements for subsidiary companies in compliance with regulatory requirements which are compatible with those independence requirements. Other than this reporting and these assignments, 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  
29 October 2013

# How the earthquakes and rebuild affected the 2013 Annual Report

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 Central City Development Unit (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.

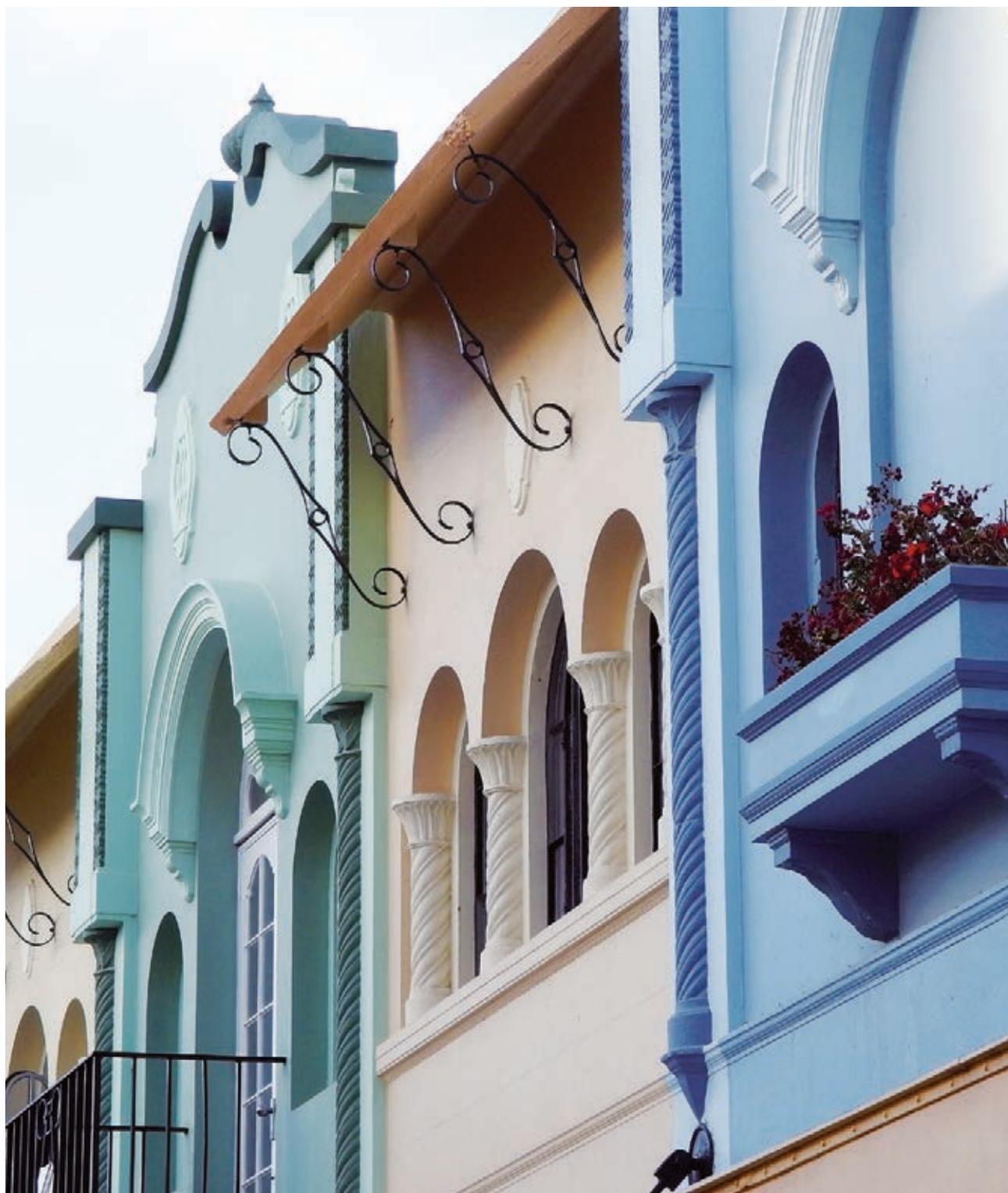
\$218 million (2012: \$66 million) of SCIRT cost recoveries were received from NZTA and CERA and at 30 June 2013 the Council had a receivable of a further \$139 million (2012: \$114 million). Following the approval of the Crown Cost Sharing Agreement and subsequent to year end, the Council received \$180 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 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.

For further information, please refer to the *Impact of the 2010 and 2011 Canterbury earthquakes rebuild* section of the 2013 Annual Report.



*New Regent Street listed heritage buildings in the Spanish Mission Revival style.*

# Financial statements

## Summary Statement of comprehensive income for the year ended 30 June 2013

	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
<b>Income</b>	<b>901,672</b>	<b>925,196</b>	<b>1,051,727</b>	<b>1,676,769</b>	<b>1,858,022</b>
Finance costs	44,211	36,384	39,942	80,291	74,142
Other expenses	630,931	550,071	702,366	1,323,119	1,301,676
<b>Expenditure</b>	<b>675,142</b>	<b>586,455</b>	<b>742,308</b>	<b>1,403,410</b>	<b>1,375,818</b>
Share of associate's surplus	-	-	-	1,213	850
<b>Surplus before asset contributions</b>	<b>226,530</b>	<b>338,741</b>	<b>309,419</b>	<b>274,572</b>	<b>483,054</b>
Vested assets	36,114	3,500	19,131	40,976	19,131
<b>Surplus before income tax expense</b>	<b>262,644</b>	<b>342,241</b>	<b>328,550</b>	<b>315,548</b>	<b>502,185</b>
Income tax expense/(credit)	(2,360)	(4,256)	91	23,180	39,275
<b>Surplus for the period</b>	<b>265,004</b>	<b>346,497</b>	<b>328,459</b>	<b>292,368</b>	<b>462,910</b>
<b>Other comprehensive income</b>					
Property, plant and equipment valuation gain/(loss)	665	-	(1,452)	31,394	8,187
Property, plant and equipment impairment loss	(298,357)	-	(191,242)	(298,357)	(188,135)
Investment revaluation gain/(loss)	61,320	-	81,061	(87)	329
Cash flow hedges gain/(loss)	28,419	-	(28,538)	46,485	(43,392)
Other	-	-	-	3,448	1,011
<b>Total other comprehensive income for the period</b>	<b>(207,953)</b>	<b>-</b>	<b>(140,171)</b>	<b>(217,117)</b>	<b>(222,000)</b>
<b>Surplus for the period attributable to:</b>					
Parent entity	265,004	346,497	328,459	279,049	448,652
Non controlling interests	-	-	-	13,319	14,258
	265,004	346,497	328,459	292,368	462,910
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent	57,051	346,497	188,288	51,470	223,096
Non controlling interests	-	-	-	23,781	17,814
<b>Total comprehensive income for the period</b>	<b>57,051</b>	<b>346,497</b>	<b>188,288</b>	<b>75,251</b>	<b>240,910</b>

The significant variances to budget relate to Council (parent) and are explained in the financial highlights on page 15.

## Financial statements (continued)

### Summary balance sheet as at 30 June 2013

	Parent			Group	
	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
<b>Assets</b>					
Current assets	686,179	319,016	619,979	1,117,478	985,249
Non-current assets	7,583,620	7,140,573	7,383,294	8,224,637	8,016,121
<b>Total assets</b>	<b>8,269,799</b>	<b>7,459,589</b>	<b>8,003,273</b>	<b>9,342,115</b>	<b>9,001,370</b>
<b>Equity and liabilities</b>					
Current liabilities	389,290	164,140	252,300	581,632	495,993
Non-current liabilities	742,423	917,051	669,938	1,618,833	1,442,498
Parent entity interest	7,138,086	6,378,398	7,081,035	6,867,059	6,806,315
Non controlling interest	-	-	-	274,591	256,564
<b>Total equity and liabilities</b>	<b>8,269,799</b>	<b>7,459,589</b>	<b>8,003,273</b>	<b>9,342,115</b>	<b>9,001,370</b>

The significant variances to budget relate to Council (parent) and are explained in the financial highlights on page 17.

### Summary statement of changes in equity for the year ended 30 June 2013

	Parent			Group	
	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
Opening equity	7,081,035	6,031,901	6,892,747	7,062,879	6,814,717
Other comprehensive income for the year (net of tax)	(207,953)	-	(140,171)	(217,117)	(222,000)
Surplus for the period	265,004	346,497	328,459	292,368	462,910
<b>Total comprehensive income for the period, net of tax</b>	<b>57,051</b>	<b>346,497</b>	<b>188,288</b>	<b>75,251</b>	<b>240,910</b>
Dividends	-	-	-	(5,644)	(7,940)
Consolidation of CCOs	-	-	-	2,468	11,580
Other items	-	-	-	6,696	3,612
<b>Closing equity</b>	<b>7,138,086</b>	<b>6,378,398</b>	<b>7,081,035</b>	<b>7,141,650</b>	<b>7,062,879</b>

	Parent			Group			
	Retained Earnings \$000	Other Reserves \$000	Total Equity \$000	Retained Earnings \$000	Other Reserves \$000	Non Controlling Interests \$000	Total Equity \$000
Balance at 1 July 2011	1,954,747	4,938,000	6,892,747	2,545,922	4,021,578	247,217	6,814,717
Balance at 30 June 2012	2,129,913	4,951,122	7,081,035	2,855,277	3,951,038	256,564	7,062,879
Balance at 30 June 2013	2,502,479	4,635,607	7,138,086	3,250,732	3,616,327	274,591	7,141,650

## Financial statements (continued)

### Summary cash flow statement for the year ended 30 June 2013

	Parent			Group	
	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
Net cash provided by/(used in) operating activities	110,877	455,423	50,213	181,253	106,084
Net cash (used in)/provided by investing activities	(344,695)	(659,468)	(148,204)	(463,321)	(309,062)
Net cash provided by/(used in) financing activities	262,149	194,225	167,841	291,334	271,382
<b>Net increase in cash and cash equivalents</b>	<b>28,331</b>	<b>(9,820)</b>	<b>69,850</b>	<b>9,266</b>	<b>68,404</b>
Cash and cash equivalents at beginning of year	118,267	22,571	48,417	151,237	80,776
Cash introduced due to consolidation of CCOs	-	-	-	1,143	2,057
<b>Cash and cash equivalents at end of year</b>	<b>146,598</b>	<b>12,751</b>	<b>118,267</b>	<b>161,646</b>	<b>151,237</b>

# Notes to the financial statements for the year ended 30 June 2013

## 1. 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 public benefit entity (PBE) for the purposes of New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS").

The financial statements of the Council are for the year ended 30 June 2013. The Council has prepared the summary 2013 financial report to provide users with a succinct overview of Council performance. The Council authorised the Acting General Manager Corporate Services to produce and publish the summary report on 03 October 2013. The summary 2013 report was approved for issue by the Acting General Manager Corporate Services on 29 October 2013. The specific disclosures in the summary 2013 financial report have been extracted from the full audited 2013 financial report also dated 03 October 2013.

### 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 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 final impairments/writeoffs as more information becomes available.
  - Further information about this matter is set out in the introductory note to the financial statements in the 2013 Annual Report and in Note 23 to the financial statements in the Annual Report.
- 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 depreciated 2010 fair value less depreciation. Further information about this is set out in note 23 to the financial statements in the 2013 Annual Report.

- 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.

The 2013 summary financial report complies with Financial Reporting Standard 43 - Summary Financial Statements. Users of the summary financial report should note that the information contained therein cannot be expected to provide as complete an understanding as provided by the full financial report of the financial and service performance, financial position and cash flows of the Council.

Users who require additional information are encouraged to access the full Council 2013 Annual Report on the Council website at <http://www.ccc.govt.nz/the-council/policies-reports-strategies/annual-plan/annual-report-2013.aspx>. Users who do not have access to the website can request a printed version through the call centre or from the following address:

General Manager, Corporate Services  
Christchurch City Council  
PO Box 73016  
Christchurch

## 2. Capital commitments

The Group has commitments to the value of \$140 million (2012: \$124 million) on capital works.

## 3. Contingent liabilities

These liabilities are dependent on other future events and, for the Group, total \$62 million (2012: \$65 million). In addition, the Group also has contingent liabilities and assets in relation to rebuild costs and insurance and rebuild cost recoveries that cannot be reliably measured.

## 4. Events after balance date

In July 2013, Standard and Poor's downgraded the Council's long-term credit 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.

