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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.

Families skating outdoors at New Zealand IceFest in Hagley Park.



What is the Summary Report?

This is a summary of the Christchurch City Council's 2012 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 2012 Annual Report at city libraries and service centres, online at www.ccc.govt.nz/annualreport or you can request a copy through our call centre on (03) 941 8999.

The 2012 Annual Report for the financial year July 2011 to June 2012 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 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 Council's overall financial position and performance as measured by its achievement against its financial key performance indicators.

In a normal year Council would expect to receive an 'unmodified' 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 Council's financial position. However, for the 2012 Annual Report Council is unable to make a reasonable estimate of the value of damage that the earthquakes have caused to Council's physical assets, as was the case for the 2011 Annual Report. Our current 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 to our assets has been recognised 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 value of earthquake damage in its 2012 financial statements.

Consequently Council has not complied with accounting standards that require the value of damaged or destroyed physical assets be removed from the value of our assets. Our auditors are therefore unable to give the usual unmodified opinion. This does not reflect on 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 Council's assets, how Council has accounted for this damage and the surrounding uncertainty, is included in an introductory note to the summary financial statements – *How the earthquakes affected the 2012 Annual Report*.

The 2012 Annual Report was adopted by the Council on 25 October 2012.

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

Message from the Mayor and Chief Executive

Over the past 12 months we have seen unprecedented levels of activity across our community as we respond to the earthquakes – fixing what was damaged and making the most of new opportunities.

It has been a challenging period for Christchurch but we are now beginning to move into an exciting time for our city as we lay the foundations of a safe, modern, green future. We are proud of the work the Council did in developing the draft Central City Plan and capturing 106,000 ideas from residents before working with the Canterbury Earthquake Recovery Agency (CERA) and key partners to finalise the Christchurch Central Recovery Plan.

Residents have also proved eager to get involved and have their say on the rebuild and recovery of their suburban centres. Over the past 18 months, we have engaged with six suburban centres and heard from thousands of people who have put forward great ideas, hopes and dreams; and challenges to overcome. We have now prepared master plans for three important community hubs - Selwyn Street, Lyttelton and Sydenham with Linwood Village being completed in August 2012. Staff continue to work with four other communities on their plans.

The \$2.2 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 at least five years. SCIRT is making good progress - as of July they'd laid 26 kilometres of new sewer mains, 15 kilometres of new water supply pipes, and 41,000 square metres of new roads (that's about the size of six rugby fields).

Providing ongoing, temporary services to the red zone has also been a costly exercise. Council staff are working to reduce these costs as quickly as possible while maintaining services to those still living in the red zones. For the 15 month period from September 2010 to November 2011, the cost of providing roading, water, wastewater, rubbish collection and storm water services to residential red zone properties averaged \$16,197 per property. The provision of the same services to non-red zone properties was around \$620 per property.

The numbers once again highlight the huge impact of the earthquakes on our lives and the business of Council. The future of the 1,600 buildings we own, including commercial buildings and community housing, remains uncertain. Over the past six months we've unfortunately had to close a lot of facilities where detailed engineering assessments have found they are not safe for people to occupy. We're now moving into a more positive stage of repairing and rebuilding many of our facilities.

Through this upheaval, we're proud of the levels of service we've delivered for the year and our performance against the Annual Plan. Residents' satisfaction surveys show 70 percent of people remain satisfied or very satisfied with the services provided by the Council.

Innovations include new services and tools to make the consenting process for earthquake repairs and rebuilds faster, including Build Express and Go Ahead. We've also opened Rebuild Central, a new Council facility dedicated to providing a one-stop shop to assist property owners and businesses who are looking to rebuild back in the Central City.

We've opened Graham Condon Recreation and Sport Centre, a new learn-to-swim pool at Pioneer and the ASB Football Park is complete and the facilities are proving popular.

The Council had an accounting surplus of \$188 million for the 2011/12 financial year compared to a planned accounting surplus of \$277 million. The Council plans an accounting surplus, as under accounting standards we are required to include as revenue, Capital revenues received to fund future development and interest received on funds held in the balance sheet for special purposes.

The Council is still facing significant financial costs as a direct result of the recent earthquakes. If Council was to adjust its accounting surplus to remove the effect of the earthquake and non-operating income the result is an operating deficit of \$16 million. This deficit compares to a budgeted non-earthquake operating deficit of \$25 million. Council has planned for operating deficits for three years totalling \$73.8 million. These deficits are being funded by the Special Earthquake Charge of 1.76% per annum for 2012/13 and 1.82% per annum for the next four years.

The Council develops a Long Term Plan (LTP) every three years, which sets out the activities and services the Council will provide. We're kicking off the development of a new plan in 2013 and it's a really important opportunity for residents to shape Christchurch's future direction. With our current financial situation, we're facing more challenges and more choices than ever before. We'll embark on public consultation so residents have many chances to tell us what sort of city they want to live in. This will set the plan's direction and shape the goals - we call them Community Outcomes - that steer all the Council's activities.

While many challenges remain, we're well on our way towards creating a city which is vibrant and is one of the best places in the world to live and work for many generations to come.



Bob Parker
Mayor of Christchurch



Tony Marryatt
Chief Executive
Christchurch City Council

Our achievements

Recovering from the earthquakes and continuing to provide essential services remains the focus for much of the Council's work over the past financial year. Highlights are set out below:

Central City Plan

The bold vision in the Government's blueprint for the central city was based on our own Central City Plan, developed following the "share an idea" community process last year. The blueprint gives us direction as a City as it locates major facilities and defines precincts within a vibrant, green, low-rise setting.

Suburban centres

Work is underway on a series of suburban centre master plans to support recovery in centres badly affected by the earthquakes. We've completed master plans for Lyttelton, Sydenham, and Selwyn Street Shops with the master plan for Linwood Village being completed in August 2012. We have also completed a draft for public comment for Sumner Village Centre, and work is ongoing for Ferry Road, Edgeware and New Brighton.

Facilities rebuild

We've embarked on a programme to look at the future of the 1,600 buildings we own, with detailed engineering evaluations (DEEs) progressing well. A new database allows members of the public to easily search for the status of a facility and see when it will receive a DEE assessment. Looking ahead, Council will consider a priority list of repairs and make decisions on where work will begin.

Earthquake commemorative events

The Council held public commemorative events to mark the first anniversary of the 22 February 2011 earthquake and allow the community to collectively reflect on the events of the past year. The Civic Memorial Service in North Hagley Park was a time for remembering the lost as well as looking ahead to the future.

Earthquake heroes were recognised during the first Christchurch Earthquake Awards held later that day. The awards honour people who undertook acts of kindness, service or heroism during the earthquakes.

Walk-in customer services

Despite the disruption caused by the earthquakes, walk-in services are still provided at all locations except Sockburn. There were interruptions at Beckenham, Fendalton, Lyttelton, Linwood and Civic Offices, but all except Sockburn have been restored in a temporary or permanent form. We've increased capacity at the Riccarton Service centre to cater for Sockburn's temporary closure.

Art gallery

Christchurch Art Gallery remains closed but Gallery staff have staged four new Outer Spaces projects and a quick-changing series of exhibitions in an upstairs space in Madras Street. The Gallery has also staged the hugely successful return of Michael Parekowhai's *On first looking at Chapman's Homer* installation.

Libraries

Our libraries are using new and different approaches to meet changing customer needs and usage patterns as some libraries remain closed. Visitor numbers, collection use and website visits remain strong. New temporary services at Central Library Peterborough, Central South City Library and the Central Tuam, and Mini Linwood Library are proving extremely popular with residents and visitors.

Recreation, leisure and events

We've opened the Graham Condon Recreation and Sport Centre, a new learn-to-swim pool at Pioneer and the ASB Football Park is complete. These facilities are proving very popular. There were more than 2,850,000 visits to Council pools, gyms and group fitness classes in 2011/12.

The Council, with Government support, set up the Christchurch Events Village in Hagley Park to provide a central and safe venue for events. Events such as Garden City Summertime, World Buskers' Festival and the Christchurch Arts Festival used this venue and attracted strong interest and participation.

Regulatory services

We're introducing a range of services and tools to make the consenting process for earthquake repairs and rebuilds faster, including Build Express and Go Ahead. We've also opened Rebuild Central, a new Council facility dedicated to providing a one-stop shop to assist property owners and businesses who are looking to rebuild back in the Central City or are located within the Sydenham and Lyttelton Master Plan areas.

Refuse minimisation and disposal

The kerbside collection system continues to perform despite surges of material after each earthquake. We've also established the Burwood Resource Recovery Park to handle construction and demolition waste. The compost plant has been repaired and is fully functioning. Reconstruction is due to finish by September 2013.

Our achievements (continued)

Infrastructure repairs

The \$2.2 billion rebuild of Christchurch's earthquake-damaged horizontal infrastructure remains a massive undertaking. SCIRT expects the rebuild will take at least five years. Together we're 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 11 kilometres of pressure sewer mains have been built. Continuous overflows to the City's waterways stopped on 23 September 2011. The construction of a large pressure sewer and pumping station in Wigram starts soon. The wastewater reticulation system was significantly damaged in the earthquakes. Design work has progressed well on replacing two key pump stations in the east of the city. The number of portable toilets in circulation has dropped from 2,900 in May 2011 to around 140 in June 2012.
- **Water supply** - About five percent, or 150 kilometres of the city's network of water pipes were damaged in the earthquakes and we've made temporary repairs. Chlorine dosing from the water supplies on the eastern side of the city ended in November 2011 and the entire urban area was returned to an untreated water supply. More than half the city's wells were repaired over the last 12 months and six new wells have been drilled. Significant repairs were made to the city's reservoirs including works to rebuild lost capacity from the Huntsbury Reservoir. The upgrade and commissioning of the Duvachelle drinking water treatment plant was completed in the year.
- **Streets and transport** - The city's road network suffered an enormous amount of earthquake damage, with 85 kilometres of roads severely damaged, so we've diverted resources to temporary repairs, planned the rebuild of damaged assets and fully repaired some assets. SCIRT will fully repair our roads over the next five years.

We developed and launched the Transport for Christchurch website (www.transportforchch.govt.nz) to assist travellers to find the quickest and safest route around the city, and a temporary inner city bus exchange was built and is now operating with real-time bus information.

- **Parks, open spaces and waterways** - Waterways and the storm water pipe network were seriously damaged by the earthquakes. Land subsidence means we've rebuilt many stop-banks and we've worked on storm water pipe outlets to prevent flooding during high tides. Several waterway and open drain sections required bank remediation works and the removal of large amounts of silt. Rockfall risks and land changes saw half the Port Hills tracks closed. We've repaired and reopened as many tracks as possible to the public and have also dealt with everything from snow storms to bush fires.

Insurance recoveries

Significant effort has been made during the year to progress the Council's insurance recoveries. Recoveries of \$575 million have been recognised including an insurance receivable at year end of \$141 million. The recoveries reflect the settlement received from Local Authority Protection Programme (LAPP) and claims for demolished buildings. While no major insurance settlements have been concluded for facilities Council continues to work with its advisors and insurers to progress claims. The nature of both the damage and the insurance claims are such that many will take a number of years to conclude.

Looking forward

The major focus of the Council in 2013 will be the rebuild of our city. This is expected to take in excess of five years and planning is well underway. The SCIRT alliance will continue to deliver projects for the rebuild of the City's infrastructure in line with its recently released programme of works. While SCIRT has the responsibility for the rebuild and repair of the horizontal infrastructure networks over the forthcoming years, the Council will continue to maintain existing assets to meet the immediate needs of the community.

The Central City Development Unit (CCDU) released its Blueprint for the central city in July 2012. Council will work with the CCDU and other partners in the further development and implementation of the Blueprint.

Major capital works planned for the year to June 2013 include the following:

- the infrastructure rebuild will continue and the facilities rebuild will commence.
- work will continue on projects associated with the Southern Motorway.
- the Western Interceptor Upgrade and Fendalton Duplication projects will be fully commissioned.
- the new Botanic Garden Centre, which will provide a new focus of learning and visitor experience and enhanced facilities for our indoor plant collection, will begin construction.
- as a result of increased growth in the south west of the City a number of projects including wastewater pump stations, pressure mains and improved storm water detention facilities together with improved community facilities will be progressed.
- the Salvation Army Citadel will be purchased to provide a base for the Christchurch Symphony Orchestra and support the performing arts in Christchurch.
- construction will begin on the Akaroa and Little River water treatment plants.

Work required to bring greenfield areas to readiness for housing development has been accelerated to assist in making subdivisions available for residential building.

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

The damage to a number of our social housing complexes and community facilities and the possibility that some cannot be rebuilt provides an opportunity to review where replacement social housing units and community facilities will be rebuilt to ensure they are built in appropriate locations and to the appropriate standard. At the time of writing, the only community facility approved by Council for rebuild is the Linwood Community Arts Centre.

More detail about future projects is available in the *Council activities and services* section of the 2012 Annual Report.

City Care workers repair roads as part of Christchurch's infrastructure rebuild.



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.

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.

Council developed a draft Central City Plan that captured 106,000 ideas from residents and then worked with CERA and key partners to finalise the Christchurch Central Recovery Plan.

Over the past 18 months, we have engaged with eight suburban centres and heard from thousands of people about their challenges, hopes and dreams. We have now prepared master plans for three important community hubs - Selwyn Street, Lyttelton and Sydenham, Linwood Village was completed in August 2012 and we continue to work with four other communities on their plans.

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.

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 which 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 providing information on Council activities in metropolitan and local newspapers, use of the internet and providing information to local media.

Economic development

The Council actively supports the growth and development of local businesses by means of support to the Canterbury Development Corporation 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 (CIAL), 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 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*.

The Christchurch economy and the tourism industry have been badly affected by the earthquakes through damage to facilities and infrastructure and news of the Canterbury earthquakes has had a major 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, with partners CIAL and the Ministry of Economic Development aim to support and rebuild existing tourism and travel activity in the

Our activities at a glance (continued)

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, wastewater, and road network assets over the coming years. In the meantime Council will continue to maintain the existing parks, open spaces and waterways assets to meet immediate 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 and the new ones at Pioneer and Graham Condon.

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, Council implemented the kerbside three wheelie 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, and
- bylaws.

In addition, complaints about nuisances and non-compliance are investigated and the potential effects of various activities monitored and assessed.

Building Operations and Resource Consents are working hard to ensure the consents process stays on track in the rebuild environment. Key areas of work have included improving services for pre-application meetings. Staff monitor earthquake-related consents and the use of tablet PCs by inspectors has improved communication with project managers and contracted companies. A new service, Rebuild Central, has been launched as a one-stop service for those who want building consent and planning advice with their plans for the Central City rebuild.

Streets and transport

The Council manages the City's streets and transport so that 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 the forthcoming years the Council will continue to maintain the existing streets and transport assets to meet the immediate needs of the community.

Our activities at a glance (continued)

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. SCIRT has begun progressing the rebuild which is expected to take a further four years. As the 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, 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. As this work is undertaken over the next four years, 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 which 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.



Many Storm water drains have been repaired

Our performance summary

Each Council activity has a number of non-financial performance measures which are set during the Long Term Council Community Plan (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 2011/12 Annual Plan was approved by Council on 30 June 2011. During the approval process it was recognised that a number of performance measures were impacted by the earthquakes, as a result affected measures were either:

- adjusted to recognise the impact of the earthquakes, such as adjusting targets e.g. lowering customer satisfaction targets;
- suspended - these measures/targets have not been measured against (6% of all performance measures);
- discontinued to be revised during 2011/12 (4% of all performance measures); or
- to be re-evaluated by 1 January 2012 (6% of all performance measures).

The suspension of performance measures was concentrated in the infrastructure activities which suffered the greatest earthquake damage such as Water Supply, Wastewater Collection and Treatment and Streets and Transport.

The performance measures that were described as 'discontinued to be revised during 2011/12' related solely to the Regional Economic Development, Business Support and Workforce Development activity within Economic Development. Performance against these targets has been measured.

The measures stated as 're-evaluate by 1 January 2012 when more information will be available' were in Streets and Transport and Parks and reflected that at 30 June 2011 it was not possible to set targets which could be measured against, but it was expected that targets would be able to be set later in the year.

The performance measures and targets for all activities in the 2012/13 Annual Plan have 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.

The 2012 Annual Report shows that we have delivered on 79 per cent of the service delivery targets which we set in our 2011/12 Annual Plan. The percentage of service delivery targets achieved is lower than prior years as those targets which were discontinued or set 'to be revaluated by 1 January 2012', that were not suspended, were still measured against.

Our performance summary (continued)

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

Council activity and service	Activity	Level of service	Target	Actual result
City planning and development	District Plan	Processing of all privately requested plan changes complies with statutory processes and time frames, and according to CERA requirements.	100%	All private plan changes have met statutory requirements.
Community support	Early Learning Centres	Quality, high standard of professional childcare is provided that satisfies customers needs.	80-99% of Early Learning Centres staff are trained, qualified and registered teachers.	97%
Cultural and learning services	Art Gallery and Museums	Akaroa Museum: number of visitors per annum.	Visitors per annum for Akaroa Museum to be in a range of 14,250 – 15,750.	14,424 visitors for the year.
Democracy and governance	City Governance and Decision-making	Council and community board decisions comply with statutory requirements.	100%	100%
Economic development	Regional Economic Development, Business Support and Workforce Development	Canterbury Development Corporation (CDC) develops Centres of Expertise in Economic Research, Workforce, and Investment.	Maintain current web based regional economic information.	Current web based regional economic information has been maintained – www.cdc.org.nz/facts-figures/ .
Parks, open spaces and waterways	Garden and Heritage Parks	Provision of Botanic Garden Services.	Environmental education programmes 20 per annum.	55 programs.
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: 2011-2012 2.35 to 2.60 million.	2.8 million.
Refuse minimisation and disposal	Organic Material Collection and Composting	Amount of organic material composted at the Council composting plant.	200 kg (+/-10%) of organic material per person/per year.	183 kg per person food scraps and garden waste diverted for composting at Council facilities.
Regulatory services	Regulatory approvals	Per cent of regulatory applications are processed within statutory timeframes.	Complex consents: 85% of complex applications and of notified resource consents are processed within statutory timeframes.	86%: 814/947 complex consents met the statutory timeframe target.
Streets and transport	Active travel	Cyclesafe education programmes delivered.	81% of primary schools in Council area have a Cyclesafe programme	86%
Wastewater collection and treatment	Wastewater collection	Response time for blockages.	>=90% blockages responded to within 2 hrs within rural areas.	95%
Water supply	Water conservation	The public is aware of water conservation.	Survey target 75%	Survey result 91%

Designing publicity for New Zealand Cup and Show Week.



Financial highlights

Financial result - Parent

The Council recorded an accounting surplus of \$188 million for the year compared to a planned surplus of \$277 million. Without the financial effect of the earthquake the Council had an accounting surplus from its core operations of \$72 million compared to a planned non-earthquake accounting deficit of \$2 million.

Summary Statement of Comprehensive Income	Core operations	Earthquake	30 Jun 12	Core operations	Earthquake	30 Jun 12
	Actual \$m	Actual \$m	Actual \$m	Plan \$m	Plan \$m	Plan \$m
Year to 30 June 2012						
Total income	489	575	1,064	458	343	801
Total operating expenses	486	268	754	469	64	533
Profit for the period	21	307	328	(2)	279	277
Other comprehensive income for the period, net of tax	51	(191)	(140)	-	-	-
Total comprehensive income for the period, net of tax	72	116	188	(2)	279	277

The major reasons for the \$74 million variance from plan for core operations were:

- \$81 million higher than planned gain on revaluation as a result of the increased value of our investment in CCHL,
- \$16 million more than planned assets vested in Council,
- \$12 million higher revenue from rates, dividends and rentals than planned,
- \$9 million lower personnel costs than planned,

offset by:

- cash flow hedge losses which were \$28 million higher than planned,
- \$16 million higher depreciation than was planned,
- \$10 million net financing cost higher than planned.

There was a surplus from earthquake related transactions of \$116 million compared to a planned earthquake surplus of \$279 million. The major reasons for the \$163 million difference between plan and actual for the earthquake activities were:

- \$191 million for asset impairment; no impairment was planned,
- \$4 million higher than expected net earthquake related financing cost,

offset by:

- \$24 million higher than planned NZTA subsidies due to accrual of earthquake subsidies, and
- \$20 million net increase in earthquake related recoveries resulting from \$208 million of additional earthquake related insurance recoveries and Crown contributions costs offset by \$188 million of earthquake response costs.

Core Operations

The surplus of \$72 million from core operations results from accounting standards requiring 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 on the balance sheet for special purposes.

Without these capital revenues, Council would have recorded an operating deficit of \$16 million against a planned deficit of \$25 million.

Earthquake impact

Progress has been made in negotiations with insurers and the Crown. Insurance recoveries of \$203 million were received in 2011/12 for progress payments and settlements from LAPP, relating to claims for network assets and indemnity payments for damaged facilities including QEII and the Provincial Chambers. At year end Council had an insurance receivable of \$111 million relating to these assets. \$164 million of income has been received from the Crown for emergency response costs, with a receivable of \$89 million outstanding. \$66 million has been received from the Crown as a contribution towards the infrastructure rebuild carried out by SCIRT with a further \$114 million receivable at year end.

The financial results still do not fully reflect the financial impact of earthquake damage to Council assets. Progress made during the year in estimating the damage to the network assets provided a better understanding of what proportion of the networks have been severely damaged and will need replacing, but not the specific assets themselves. On this basis Council has estimated that \$191 million of its network assets have been impaired. The impairment is reflected against the value of the assets and the revaluation

Financial highlights (continued)

reserve. The provision will be reversed in future years and replaced with entries against individual assets as the information becomes available. No impairment estimate was made in 2011/12 for building impairment as there was insufficient information available. Buildings including some which were impaired in 2010/11 were written off if they were clearly damaged beyond repair and were to be demolished. The book value of the buildings written off, including those which were previously impaired was \$11 million, which is recognised in the Council's surplus for 2011/12.

Offsetting the unrecognised damage to Council assets are the recoveries that we expect to receive from insurers and government agencies. 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.

The earthquake surplus of \$116 million for the year is a snapshot of our current position within a process that will take a number of years to resolve. Over the next two to four 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 record 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 Central Government and insurance funding.

More detail on the financial impact of the earthquakes is outlined in the *Impact of the 2010 and 2011 Canterbury earthquakes* section of the 2012 Annual Report.

Sources of operating income

Total income for the year ended 30 June 2012 is \$1,083 million being total income and vested assets. It was received from the following sources:

	Actual	Plan
	\$m	\$m
Rates revenue	297.6	287.3
Sale of goods / services	29.8	30.9
Rental revenue	29.7	26.7
Interest revenue	20.2	20.8
Dividends	37.9	34.3
Development contributions	7.0	9.0
NZ Transport Agency subsidies (excl Earthquake)	23.9	21.9
Earthquake subsidies & revenue	575.1	343.4
Other revenue	42.5	26.9
Vested assets	19.1	3.5
Total	1,082.8	804.7

The \$297.6 million of rates collected equates to \$31.64 per week for the average residential ratepayer. In 2012 the cost to ratepayers of Council activities and services is as shown below. Note that this excludes earthquake recoveries.

Group of Activity	Cents per dollar of Rates	Average Residential Rates / Week
City planning and development	6.3c	1.99
Community support	7.2c	2.28
Cultural and learning services	11.3c	3.58
Democracy and governance	3.1c	0.98
Economic development	2.7c	0.85
Parks, open spaces and waterways	13.5c	4.27
Recreation and leisure	7.9c	2.50
Refuse minimisation and disposal	10.0c	3.16
Regulatory services	3.3c	1.04
Streets and transport	19.4c	6.14
Wastewater collection and treatment	9.5c	3.01
Water supply	5.8c	1.84
	100.0c	31.64

Categories of operating expenditure

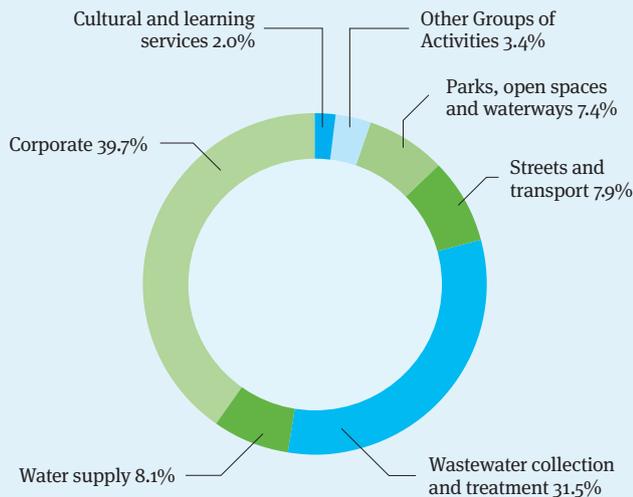
Our total operating expenditure for the year ended 30 June 2012 was \$754.3 million. Key components include:

	Actual	Plan
	\$m	\$m
Depreciation and amortisation	116.2	100.5
Finance costs	39.9	26.6
Personnel costs	124.2	133.3
Grants / Donations	37.7	27.5
Earthquake expenses	247.5	59.2
Other operating expenses	188.8	185.8
Total	754.3	532.9

Financial highlights (continued)

Investing in the assets of the city

Council spent \$405.9 million, across a wide range of capital projects, compared to the budget of \$481.9 million. The under-spend is the result in delays in the earthquake rebuilding programme. A large portion of the capital projects relate to the earthquake rebuilding programme which will be funded through insurance recoveries and Government contributions. The Corporate activity has the largest share of rebuild spend as infrastructure rebuild work in progress costs are shown in this activity and will be allocated to the appropriate activity when the work is completed. Highlights are below with more detail in the *Council activities and services* pages in the 2012 Annual Report.



The Other Groups of Activities category comprises Community Support (0.7%), Recreation and Leisure (1.6%), and Refuse minimisation and disposal (1.1%).

Capital projects

Major capital projects completed for the year include the completion of the Graham Condon Leisure Centre (\$2.7 million of a \$14.4 million project) and Pioneer Learn to Swim Pool (\$1.3 million).

A total of \$122.2 million has been spent on infrastructure rebuild projects, the majority in relation to the wastewater and water supply networks. Projects during the year included further work on the Western Interceptor sewer (\$12.5 million), Fendalton Duplication sewer (\$3.5 million), Wigram Magdala Grade separation (\$3.5 million), construction of the pump station in Randolph Street, Linwood (\$5.2 million), pond replacement at the Wastewater Treatment Plant (\$7.0 million), replacement of wastewater treatment clarifiers (\$5.8 million) and further additions to the Biosolids Drying Facility (\$2.3 million).

Storm water network projects included further work on Avon River Stopbanks and Storm water Outfalls (\$18.7 million), the Awatea South Basin improvements to Storm water quality and reduction in volumes entering the Upper Heathcote River (\$3.3 million), implementation of the Lower Milns Stream retention and water treatment basin (\$1.0 million) and work on the Carrs Road Storm water Facility (\$2.0 million).

In addition to the significant projects mentioned above Council contributed to the construction of the temporary stadium at Rugby League Park (\$1.0 million), the artificial surface at English Park and further neighbourhood reserve purchases (\$1.0 million). The new Aranui Library was opened (\$1.6 million) and \$4.0 million was spent on library book purchases.

Work continued on the Southern Motorway Cycleway and Auxiliaries (\$1.7 million), Ferrymead Bridge (\$1.9 million) and Aidanfield Drive over-bridge (\$1.3 million).

More detail about the capital projects undertaken in the year are outlined in the *Council activities and services* section of the 2012 Annual Report.

Financial highlights (continued)

Financial Position

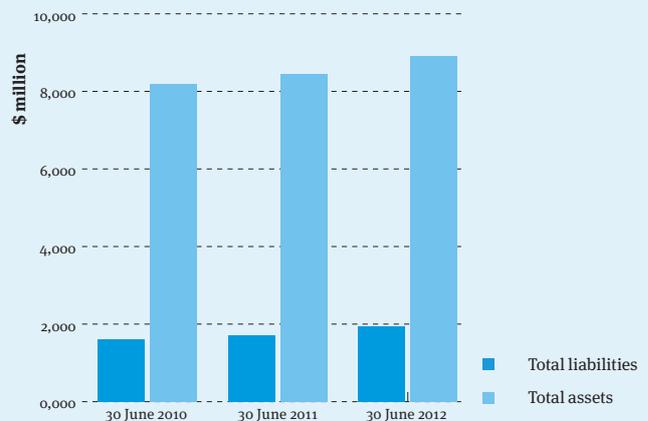
The Council's balance sheet shows a strong position with total assets of \$8.0 billion and net assets of \$7.1 billion. However, as noted above the Council has not yet been able to recognise the majority of earthquake damage to its assets. Partially offsetting this future reduction in net assets will be Government funding and insurance payments. It is too early to accurately calculate the net difference between earthquake damage and earthquake funding.

The Council's total assets of \$8.0 billion are higher than plan by \$1.5 billion. Current assets of \$620 million are higher than plan by \$361 million. This is mainly due to additional debtors and accrued recoveries relating to the recovery of costs incurred due to the earthquake. Non current assets of \$7.4 billion are higher than plan by \$1.1 billion. The main reasons for the variance are:

- the Annual Plan assumed that a write down of \$1.3 billion for the impairment of assets had occurred in 2010/11. No impairment was made in the 2010/11 financial year and an actual impairment of \$0.2 billion was made in 2011/12.
- work in progress due to infrastructure rebuild is \$0.5 billion higher than plan.
- increase in valuation of Council's investment in CCHL of \$0.1 billion.

Total liabilities of \$922 million are higher than plan by \$311 million. Total borrowings are higher than plan by \$196 million because of additional borrowings required to fund earthquake costs. The Annual Plan assumed prompt reimbursement from the Crown and hence no debt repayment in 2011/12 and no additional debt. Creditors and other payables are \$42 million higher due to earthquake accruals at year end. All other liabilities were higher than plan by \$73 million mainly as a result of the fair value of cash flow hedges of \$44 million, insurance indemnity funds held on behalf of Vbase for investment of \$27 million and the recognition of the service concession arrangement of \$7 million.

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



Group results

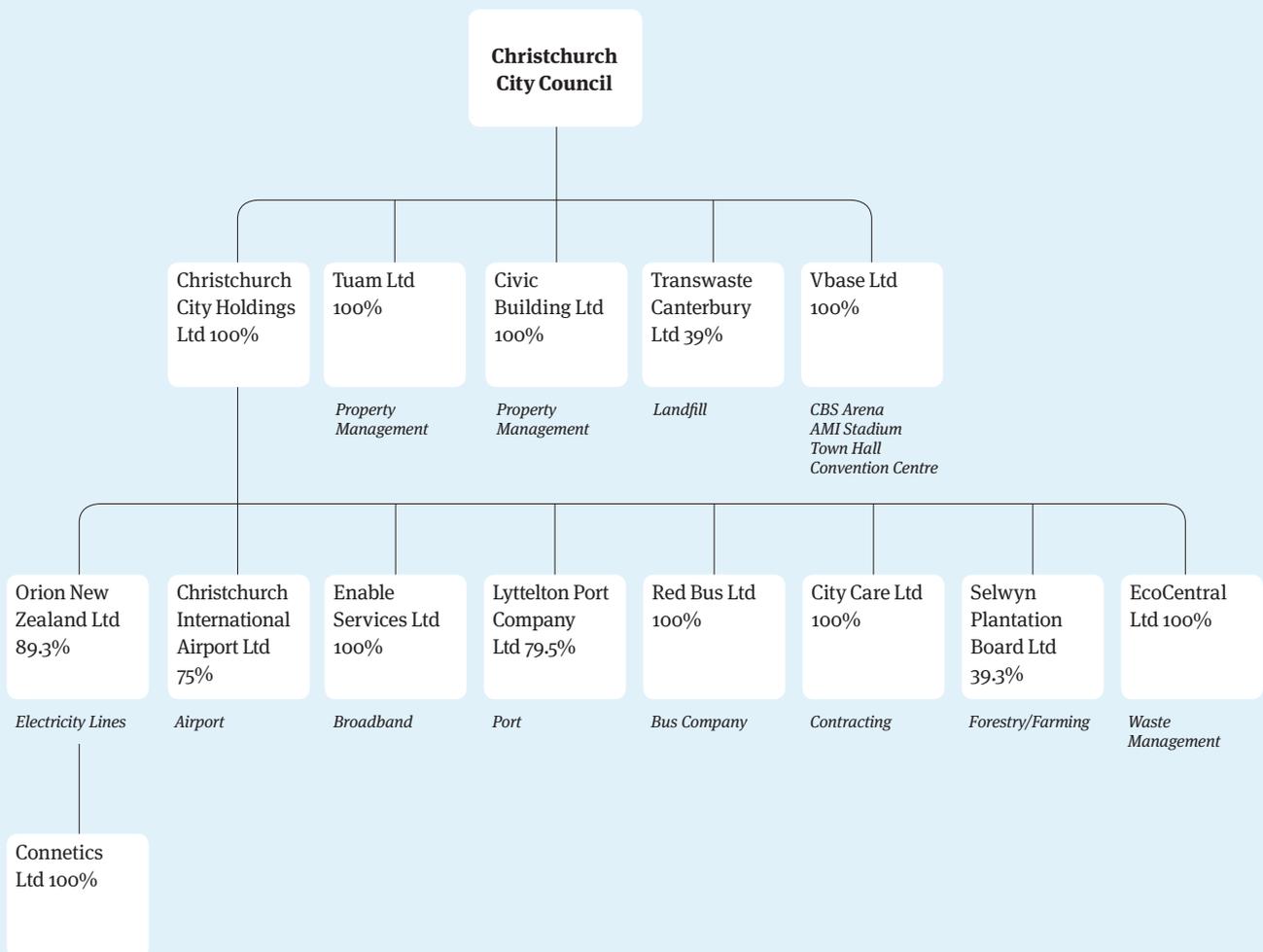
The Group includes the Council and its trading operations. The financial results, after all inter-company transactions have been eliminated, reflect the financial strength and size of the organisation as a whole.

	2012	2011
	\$000	\$000
Revenue from operations	1,870,005	1,375,671
Operating surplus (before tax)	502,185	111,035
Total assets	9,001,370	8,432,428
Total liabilities	1,938,491	1,617,711
Total equity	7,062,879	6,814,717

This result continues a positive trend in results for the Group, the increasing value of the assets held by the City, and the importance that Council's subsidiaries will have in the rebuild of Christchurch.

In July 2011, Standard and Poor's lowered the Council's and CCHL's long-term rating from AA+ to AA and short-term rating from A-1+ to A.

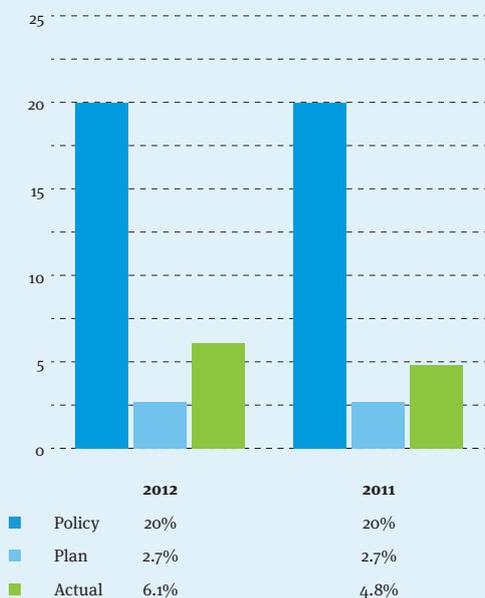
Group structure



Financial ratios

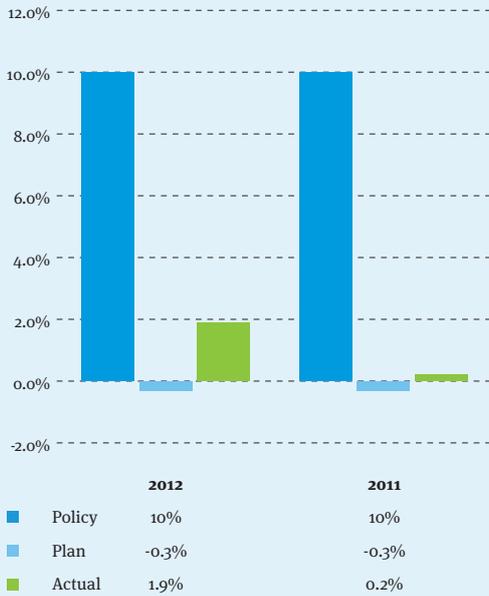
The Council has five financial ratios which form a key part of its financial risk management strategy. These ratios define the limits within which the Council must maintain its balance sheet and borrowing ratios. The actual ratios for the year are set out in detail below and in all cases fall well within policy limits.

Net debt as a percentage of equity
Ratio policy <20%

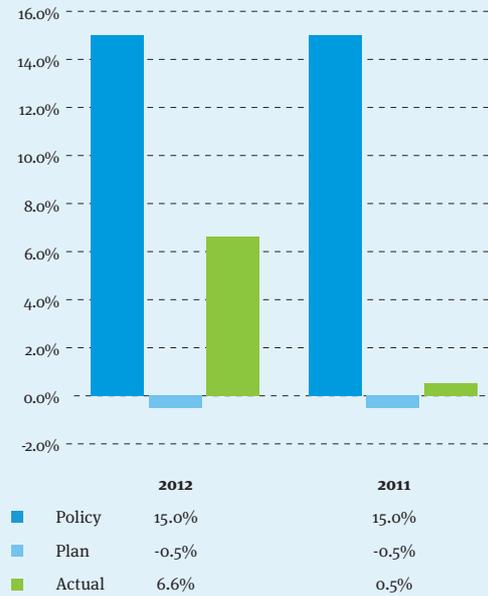


Financial ratios (continued)

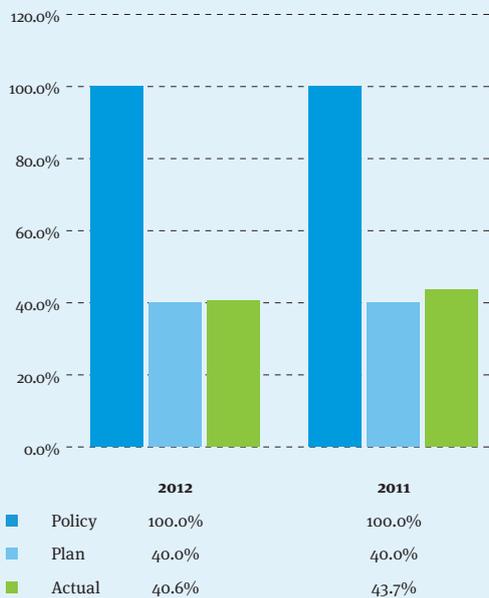
Net interest as a percentage of total revenue
Ratio policy <10%



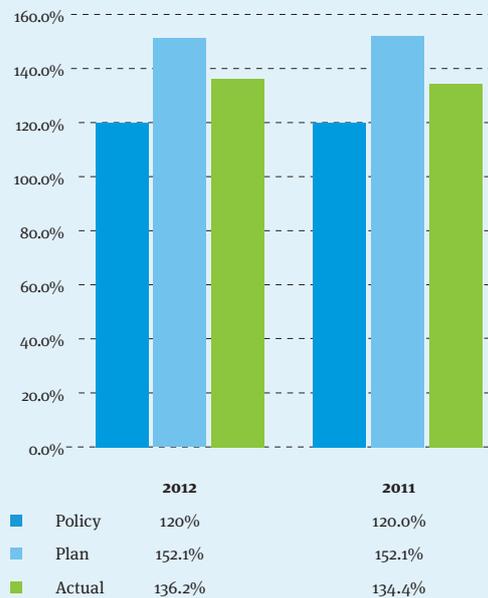
Net interest as a percentage of annual rates revenue
Ratio policy <15%



Net debt as a percentage of total revenue
Ratio policy <100%



Liquidity
Ratio policy >120%



Independent Auditor's Report

Independent Auditor's Report To the readers of Christchurch City Council and group's summary of the annual report for the year ended 30 June 2012

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

We have audited the summary of the annual report (the summary) as set out on pages 2 to 31, which was derived from the audited statements in the annual report of the Christchurch City Council (the City Council) and group for the year ended 30 June 2012. We expressed a modified opinion on those audited statements in our report dated 25 October 2012.

The summary comprises:

- the summary balance sheet as at 30 June 2012, and summaries of the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the City Council's and group's non-financial performance information and summaries of other information contained in the annual report.

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

In our audit report dated 25 October 2012, 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 2012 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, the City Council's independent valuer has advised that there is no market evidence available to perform a revaluation as at 30 June 2012. 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 and the appropriate replacement cost rates for infrastructural assets cannot be determined with sufficient reliability.

The total carrying value of property, plant, and equipment included in the City Council's balance sheet is \$5,551 billion (2011: \$5,463 billion),

which represents 69% of its total assets and 62% of total group assets as at 30 June 2012. 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 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.

In addition, the City Council's subsidiary Vbase Limited's property, plant, and equipment assets were substantially damaged by the earthquakes. Vbase Limited's financial statements are consolidated into the group financial statements. The land and buildings are shown at their 30 June 2012 revaluation estimates, less amounts relating to derecognition and impairment due to earthquake damage. The assumptions underlying the revaluations and impairments to land and buildings are subject to significant uncertainty and there is insufficient market evidence to support a reliable fair value for the land and buildings as at 30 June 2012. Land and buildings are included in the statement of financial position at their estimated fair value at 30 June 2012 of \$69 million (2011: \$158 million) which represents 94% of Vbase Limited's total property, plant and equipment as at 30 June 2012. Any misstatement of the carrying value of Vbase Limited's land and buildings would mean that the amounts recognised in respect of depreciation, impairment and property revaluations are misstated as a result and we are unable to determine the extent of any potential misstatement.

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, and because there was insufficient reliable evidence to support the impairment loss and property, plant and equipment values relating to Vbase Limited included in the group financial statements, 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.

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 2012 or the results of 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 2012.

Independent Auditor's Report (continued)

Attention is also drawn to the fact that we issued a denial of opinion on the City Council and group's 30 June 2011 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 2012 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;
- the related impairment losses, loss on disposals, and depreciation charged to the profit/loss 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 25 October 2012, 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 nonfinancial 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 25 October 2012 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 2012; 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.

In our audit of the City Council's annual report, we referred to the reporting against the long-term council community plan, as described below.

Reporting against the long-term council community plan

The City Council has explained in its annual report how it has reported its levels of service for the year and why it has not reported against some of the intended levels of service in the long-term council community plan.

Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 25 October 2012 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the 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 in accordance with FRS-43: *Summary Financial Statements*. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*.

In addition to the audit of the annual report, we carried out other assurance engagements for the City Council's subsidiaries. These involved issuing reports pursuant to the Electricity Distribution Services Default Price-Quality Path Determination 2010 and the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010. These engagements are compatible with those independence requirements.

Other than the audit and the engagements detailed above, 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
21 November 2012

The historic Canterbury Provincial Council buildings are part of the Council's facilities rebuild programme



How the earthquakes affected the 2012 Annual Report

The effect of the 2010 and 2011 earthquakes continues to impact the financial results of Council and its subsidiaries. During 2012 some additional insurance recoveries have been recognised, but progress to date in quantifying damage has been slow.

Impact on the financial statements

The impact of the Canterbury earthquakes that has been recognised in the financial statements is as follows:

	Parent		Group	
	30 Jun 12 Actual	30 Jun 11 Actual	30 Jun 12 Actual	30 Jun 11 Actual
	\$000	\$000	\$000	\$000
Revenue				
Insurance proceeds recognised	464,592	93,421	680,449	164,057
Government grants or other assistance	102,984	182,298	102,984	186,438
Other revenue as result of earthquake	7,538	1,309	7,538	1,309
	575,114	277,028	790,971	351,804
Expenses				
Impairment of P,P&E (in excess of revaluation reserve)	-	-	62,711	36,366
Repair and clean up provisions	-	-	23,617	13,521
Other direct costs of earthquake	247,514	275,026	264,613	300,401
	247,514	275,026	350,941	350,288
Balance sheet				
Impairment written off against revaluation reserves	191,242	44,463	211,195	165,843
Revenue accrued	345,222	212,126	389,723	264,400
Expenses accrued	39,874	33,800	39,874	49,381
Deferred tax decrease due to asset write-offs/impairment	-	-	-	(38,354)
Inventories increase/(decrease)	-	-	-	1,500

Council's recovery was hampered by the June 2011 and December 2011 events which required staff to review much of the condition assessment work that had already been completed. Despite the work done by Council and SCIRT staff there is still a lot of uncertainty as to the level of damage suffered to Council's underground infrastructure assets, and many buildings still require engineering inspections in order to quantify the full extent of the damage.

As stated in the *Financial Highlights* note, buildings valued at \$11 million have been written off, and a provision made of \$191 million for the estimated damage to underground assets. The best estimate of total damage incurred is in the order of \$1.5 billion.

For further information, please refer to the *Impact of the 2010 and 2011 Canterbury earthquakes* section of the 2012 Annual Report.

Summary financial statements

Summary Statement of comprehensive income for the year ended 30 June 2012

	Parent			Group	
	30 Jun 12 Actual \$000	30 Jun 12 Plan \$000	30 Jun 11 Actual \$000	30 Jun 12 Actual \$000	30 Jun 11 Actual \$000
Revenue	1,063,710	801,270	770,485	1,870,005	1,375,671
Finance costs	39,942	26,606	25,712	74,142	56,627
Other expenses	714,349	506,275	703,577	1,313,659	1,216,052
Expenditure	754,291	532,881	729,289	1,387,801	1,272,679
Share of (losses)/profits of associates	-	-	-	850	4,737
Profit before asset contributions	309,419	268,389	41,196	483,054	107,729
Vested assets	19,131	3,500	3,306	19,131	3,306
Profit before income tax	328,550	271,889	44,502	502,185	111,035
Income tax expense	91	(5,199)	392	39,275	39,007
Profit for the period	328,459	277,088	44,110	462,910	72,028
Other comprehensive income					
Property, plant and equipment valuation gain/(loss)	(1,452)	-	(439)	8,187	(107,519)
Property, plant and equipment impairment loss	(191,242)	-	(44,463)	(188,135)	(101,745)
Investment revaluation gain/(loss)	81,061	-	29,467	329	(652)
Other	(28,538)	-	(3,597)	(42,381)	45,327
Other comprehensive income for the period, net of tax	(140,171)	-	(19,032)	(222,000)	(164,589)
Total comprehensive income for the period, net of tax	188,288	277,088	25,078	240,910	(92,561)
Profit for the period attributable to:					
Parent entity	328,459	277,088	44,110	448,652	58,469
Non controlling interests	-	-	-	14,258	13,559
	328,459	277,088	44,110	462,910	72,028
Total comprehensive income attributable to:					
Equity holders of the parent	188,288	277,088	25,078	223,096	(100,145)
Non controlling interests	-	-	-	17,814	7,584
	188,288	277,088	25,078	240,910	(92,561)

The significant variances to budget relate to council (parent) and are explained in the financial highlights on page 16.

Summary financial statements (continued)

Summary balance sheet as at 30 June 2012

	Parent			Group	
	30 Jun 12 Actual \$000	30 Jun 12 Plan \$000	30 Jun 11 Actual \$000	30 Jun 12 Actual \$000	30 Jun 11 Actual \$000
Assets					
Current assets	619,979	259,011	399,679	985,249	571,062
Non-current assets	7,383,294	6,259,719	7,194,047	8,016,121	7,861,366
Total assets	8,003,273	6,518,730	7,593,726	9,001,370	8,432,428
Equity and liabilities					
Current liabilities	252,300	139,950	175,820	495,993	405,751
Non-current liabilities	669,938	470,996	525,159	1,442,498	1,211,960
Parent entity interest	7,081,035	5,907,784	6,892,747	6,806,315	6,567,500
Non controlling interest	-	-	-	256,564	247,217
	7,081,035	5,907,784	6,892,747	7,062,879	6,814,717
Total equity and liabilities	8,003,273	6,518,730	7,593,726	9,001,370	8,432,428

The significant variances to budget relate to council (parent) and are explained in the financial highlights on page 19.

Summary financial statements (continued)

Summary statement of changes in equity for the year ended 30 June 2012

	Parent			Group	
	30 Jun 12 Actual	30 Jun 12 Plan	30 Jun 11 Actual	30 Jun 12 Actual	30 Jun 11 Actual
	\$000	\$000	\$000	\$000	\$000
Opening equity	6,892,747	5,630,696	6,867,669	6,814,717	6,909,153
Other comprehensive income for the year (net of tax)	(140,171)	-	(19,032)	(222,000)	(164,589)
Profit for the period	328,459	277,088	44,110	462,910	72,028
	188,288	5,907,784	25,078	240,910	(92,561)
Dividends	-	-	-	(7,940)	(6,782)
Consolidation of CCOs				11,580	-
Adjustment from share acquisitions	-	-	-	3,612	4,907
Closing equity	7,081,035	5,907,784	6,892,747	7,062,879	6,814,717

	Parent actual			Group actual			
	Retained earnings	Other reserves	Total equity	Retained earnings	Other reserves	Minority interest	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2010	1,961,725	4,905,944	6,867,669	2,522,647	4,139,617	246,889	6,909,153
Balance at 30 June 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

Summary cash flow statement for the year ended 30 June 2012

	Parent			Group	
	30 Jun 12 Actual	30 Jun 12 Plan	30 Jun 11 Actual	30 Jun 12 Actual	30 Jun 11 Actual
	\$000	\$000	\$000	\$000	\$000
Net cash provided by/(used in) operating activities	50,213	373,585	(30,050)	106,084	73,716
Net cash (used in)/provided by investing activities	(148,204)	(501,110)	(94,153)	(309,062)	(262,154)
Net cash provided by/(used in) financing activities	167,841	110,709	91,728	271,382	165,360
Net increase in cash and cash equivalents	69,850	(16,816)	(32,475)	68,404	(23,078)
Cash and cash equivalents at beginning of year	48,417	67,975	80,892	80,777	103,855
Cash introduced due to consolidation of CCOs	-	-	-	2,057	-
Cash and cash equivalents at end of year	118,267	51,159	48,417	151,238	80,777

Notes to the summary financial statements for the year ended 30 June 2012

1. Accounting policies

Reporting entity

Christchurch City Council (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 Council is to provide goods or services for the community or for social benefit rather than to make a financial return. Accordingly, 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 Council are for the year ended 30 June 2012. The Council has prepared the summary 2012 financial report to provide users with a succinct overview of Council performance. The Council authorised the General Manager Corporate Services to produce and publish the summary report on 25 October 2012. The summary 2012 report was approved for issue by the General Manager Corporate Services on 21 November 2012. The specific disclosures in the summary 2012 financial report have been extracted from the full audited 2012 Annual Report also dated 25 October 2012.

Basis of preparation

The financial statements of 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 2012:

- 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. Impairment has been recognised in 2012 in relation to the earthquake damage to certain infrastructure assets. Further information about this matter is set out in the introductory note to the financial statements in the 2012 Annual Report and Note 23 to the financial statements in the Annual Report.
- NZ IAS 16 – Property, Plant and Equipment
 - Assets due for valuation in 2012 were operational land and land improvements, restricted land and buildings, sewerage infrastructure and heritage and public art assets. Other than public art assets, these assets were not valued during 2012 and therefore their carrying value represents their depreciated 2009 fair value. Further information about this is set out in note 23 to the financial statements in the 2012 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 2012.

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 2012 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 2012 Annual Report on the Council website at www.ccc.govt.nz/annualreport. 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 \$124 million (2011: \$169 million) on capital works.

3. Contingent liabilities

These liabilities are dependent on other future events and, for the Group, total \$65 million (2011: \$70 million).

4. Events after balance date

On 27 September 2012 the Council agreed to increase its shareholding in CCHL by acquiring an additional \$300 million of uncalled redeemable preference shares.

