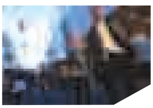
ANNUAL REPORT 2007 SUMMARY

Christchurch Ōtautahi



MAKING CHRISTCHURCH A WORLD-CLASS BOUTIQUE CITY

CHRISTCHURCH
CITY COUNCIL · YOUR PEOPLE · YOUR CITY

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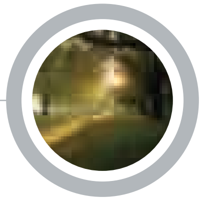
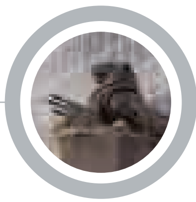
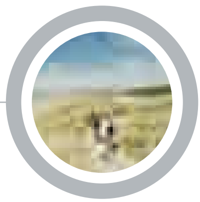






Introduction

This is a summary of the Christchurch City Council's full Annual Report 2007. The full report can be viewed at Council libraries and service centres and online at www.ccc.govt.nz/annualreport.

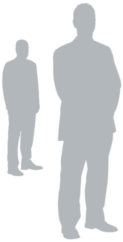
A copy of the full report may be requested by contacting the Council, tel. 64-3-941-8999.

The annual report and audited financial statements of the Christchurch City Council, together with the unqualified report of the Audit Office, were adopted by the Council on 11 October 2007.

Published on 2 November 2007 by the Office of the Chief Executive, Christchurch City Council, in compliance with s98(4) of the Local Government Act 2002.

PO Box 237, Christchurch, New Zealand. Tel. 64-3-941-8999. Fax 64-3-941-8786. www.ccc.govt.nz.

Community Boards



MESSAGE FROM THE CHIEF EXECUTIVE
AND THE MAYOR

It is always satisfying to talk about success and the Christchurch City Council has many good things to report on its achievements from 1 July 2006 to 30 June 2007. This year, I am presenting the Annual Report with the organisation's Chief Executive, Tony Marryatt, who joined the Council in May this year.

Last year the Council set high but realistic goals when it signed off on its Long-Term Council Community Plan (LTCCP) 2006-2016. We want to be the best we can be at delivering services to our residents. The vision set by our Councillors is simple - that Christchurch be a world-class boutique city where residents enjoy a sustainable lifestyle, a healthy environment, a strong economic base and the diverse landscapes of the city and the peninsula. The 2,300 Council staff work together as one team to achieve this goal. This annual report shows that we are on track to delivering our services effectively and efficiently.

We can be proud that as an organisation we have achieved 80 percent of our targets - an increase of 5 percent on last year's business result when we delivered on 75 percent of our targets. This is a good result given the challenging environment we are in with huge increases in costs associated with building and maintaining our capital assets such as roading contracts, fuel costs and manual labour costs. The Council remains in a strong financial position, assisted by the dividends from its Council-controlled organisations.

The average ratepayer in Christchurch pays $3.44 a day for their rates and for that they get services which range from the essential, such as infrastructure for sewerage and water, to the entertaining, such as festivals and events, and the enlightening such as the art gallery and libraries that enhance the quality of life. Our residents continue to give us a very clear signal that they do not want a reduction in their services.

The results of the national 2006 Quality of Life survey, which measures the impacts of urbanisation on the well-being of residents in 12 New Zealand cities, shows more than nine out of 10 (91 percent) residents say their overall quality of life is good or extremely good. The majority (68 percent) have pride in the look and feel of their city. What came through yet again was our residents' pride in their parks and gardens. The Council is committed to its Garden City image.

When the Council prepares its next LTCCP (due for adoption in 2009) it will be based on the direction set in the Greater Christchurch Urban Development Strategy (UDS). The Council, Environment Canterbury, Selwyn and Waimakariri District Councils and Transit New Zealand are the five strategic partners in the UDS drawn up over the last three years to guide growth in the region over the next 34 years. The Greater Christchurch population is set to grow from 414,000 to 501,000 by 2026. The ambitious plan could change the face of Christchurch and will underpin the future capital works programmes of the Council.

Message from the Chief Executive and the Mayor

Many of our current projects, for example planning a new bus exchange to cater for increased numbers using public transport, are part of the Council's big picture for the city.

The UDS strategy is designed so that growth and development in Christchurch is managed professionally and successfully in an integrated and consistent way.

An important challenge to our society is our approach to the environment. We have an impressive success story as a Council with our energy conservation measures. We have reduced our energy usage by 30 percent over the past 10 years and our CO_2 emissions by 50 percent.

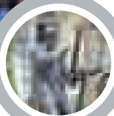
Now, our Council has to translate this best practice for all of the ratepayers in Christchurch. We have a strategic energy reduction plan for the city because we want to lead New Zealand with our achievements in this field. Every challenge in front of our Council must be viewed as an environmental one.

This is my final annual report as Mayor of this city, while for Tony it is his first as the incoming Chief Executive. I would like to thank everyone for the support they have given me in my role as Mayor. It has been a privilege to serve this wonderful city of ours. The Council is a fantastic organisation and I am confident that I am leaving it in a strong position for continued growth and progress in the years ahead.

Tony Marryatt
Chief Executive

Garry Moore
Mayor of Christchurch

HIGHLIGHTS



World-class Standards

The Council has implemented a programme of Performance Excellence based on the internationally-recognised Baldridge Criteria which specify exacting standards of performance in the areas of leadership, strategic planning, customer and market, knowledge management, human resources, process management and business results.

Highlights

A Culture of Continuous Improvement

The Council used the assessment from its 2006 award evaluation process as a guide to undertake a range of projects targeting areas for improvement. The Council intends to continue with regular external independent assessments to review its progress towards world-class status.

Building the Best Business Environment

In August 2006, with the support of Christchurch City Holdings Ltd (CCHL), the Canterbury Development Corporation successfully applied for funds from the Ministry of Economic Development for a city-wide, fibre optic, broadband network.

The total cost for the high-speed network is $10.6 million with no impact on rates. The Ministry will contribute $3.75 million (plus GST) and CCHL will add $6.82 million. The network will be owned and managed by a new CCHL subsidiary company, Christchurch City Networks Ltd (CCNL).

The project is estimated to take around two years and initially about 80 kilometres of fibre optic cabling will be installed under the city. The new high-speed network will be more than 200 percent faster than existing services.

The network will be commercially accessible to public and private end users and telecommunications providers. The Council has also decided to make telecommunications ducting mandatory and standard for all new building work and subdivision developments in the city.

Sustainable Solutions and Healthy Environment

Greater Christchurch Urban Development Strategy: Model for the Nation. The Council entered into a partnership on 22 June 2007 with its neighbours the Selwyn and Waimakariri District Councils, and key collaborators, Environment Canterbury and Transit New Zealand. The five partners have agreed how they will plan and work together to manage growth and development in the next 35 years.

Prime Minister Helen Clark attended the launch and hailed the alliance as an ideal means to achieve common goals. It would allow the partnership to speak to Central Government with a single, united voice.

Landfill Gas Pipeline. For the next 20 years, the Council will heat its QEII Park swimming pools using gas generated by its Burwood Landfill. By destroying the harmful methane gas, the Council converts energy consumption into a renewable energy source, replaces 1 million litres of LPG and electricity at the pool complex, and improves the chances that the landfill can later sustain vegetation. The project was made possible in part by the Government's Projects to Reduce Emissions Programme.

In less than 5 years, the cost savings will pay for the entire $4.2 million project. Every year from now on, the Council will save $0.9 million a year in energy costs specifically to heat and power the swimming pools at QEII.

Did you know?

> Fifty busloads of rubbish are landfilled everyday and 263,000 tons of solid waste are generated in Canterbury every year after recycling, composting and waste minimisation – that would fill the WestpacTrust Centre arena about three and a half times each year.

Conservation of Natural Habitats and Protection of Ecological Heritage. One-tenth of New Zealand's native flowering plants occur within the Christchurch boundaries and the number of birds and the variety of bird species are increasing every year. Such facts motivate the Council to conserve and protect the diverse habitats of Christchurch.

Highlights

Strong Economic Base

The Council continues to own its main utilities and services through its trading company, CCHL. Christchurch ratepayers benefit in the form of a sustainable revenue stream equivalent to 15 percent of rates.

In the early 1990s, when other local authorities sold off their assets, the Council retained ownership, remained a shareholder and entrusted the business side of things to well-chosen governance boards. Over the years, the general and special dividends from the Council-controlled companies infused cash into the Council's finances to help pay for major capital projects and soften the impact of rising operational costs on rates. By retaining ownership of these companies, the Council is essentially protecting the 'bones' of the city through good governance and best business practices.

Civil Defence and Emergency Management (CDEM)

In October 2005, the Council resolved not to renew the Civil Defence and Emergency Management service level agreement with Environment Canterbury (ECan) that had been in place since 1989. From 1 July 2006 CDEM functions were to be delivered in-house.

The transfer of the CDEM functions from ECan to the Council was successful and our staff have already participated in a Canterbury region civil defence exercise. Training for the various roles required by the Emergency Operations Centre continues to be a priority.

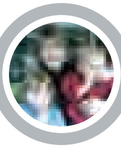
Inclusive Communities

The Council's programme of cultural diversity projects has received major recognition in 2006/07. The Human Rights Commission recognised how the Council celebrates diversity in New Zealand in the form of its 'New to Christchurch? Useful Tips for Migrants Guide' second edition in 2006.

The booklet is in eight languages, Arabic, Chinese, English, Farsi, Korean, Japanese, Russian and Samoan, and is a resource for migrants settling in Christchurch.

The New Zealand Diversity Action Programme through its annual signature event, the New Zealand Diversity Forum, acknowledged the Council's major projects to promote cultural diversity. The Council's projects include the "Diversity Season" of events leading up to Race Relations Day in March; the Culture Galore festival, the Ethnic Football festival, the Pacific Pathways World Heritage Week, an Outward Bound multi-ethnic course for young people, activities for Māori New Year Matariki, Māori Language Week, and Around the World Workshops at the Christchurch Art Gallery. The Council also supports the Intercultural Assembly and a range of other community initiatives for cultural diversity and community development.

Highlights



Successful Partnerships

With the New Zealand Police

The Council Civil Defence and Emergency Management Unit has teamed up with the New Zealand Police to produce the Christchurch Coastal Evacuation Plan. This plan targets the 23,000 residents that live along the Pegasus Bay coastline between the Waimakariri River mouth and Sumner, Okains Bay and Le Bons Bay and includes arrangements for a welfare centre, school children, hospital patients and the elderly, and a comprehensive traffic management plan.

With the Community

In June 2007, three Community Boards were awarded best practice awards by the New Zealand Community Boards Conference National.

The Shirley/Papanui Community Board won the supreme significant project award for its "Working with Children" portfolio. The board's projects which include the Papanui Youth Facility, the North West Youth Forum and assistance with the Casebrook Intermediate School, were also the winner of the UNICEF-sponsored Working with Children category.

The Spreydon/Heathcote Community Board won the partnership category for its "Mothers at Home Programme". The programme, which started in 2006, provides learning opportunities for mothers with guest speakers from different agencies and services.

The Fendalton/Waimairi Community Board won the Harmonious Relations Award sponsored by the Human Rights Commission. The Commission's Race Relations Principal Adviser Samuelu Sefuiva said that the board had recognised the growing diversity in its area and had introduced a number of initiatives including the "Culture Galore" event with its neighbouring board, Riccarton/Wigram.

Sporting excellence

The Council's Queen Elizabeth II (QEII) Sports Complex is host to hundreds of recreational, competitive and elite athletes every day. Partners SPARC (Sport and Recreation New Zealand), Academy of Sport South Island and the Council made a strategic move to house the Christchurch service centre of the New Zealand Academy of Sport at the facility.

As a result, the multi-purpose sport and leisure complex is now a place where the average person can rub elbows with New Zealand's best athletes. QEII provides the elite competitors with the superior facilities and support services needed to be world class, and yet remains the city's most popular recreational sport facility for the general public. At QEII, both groups can support and inspire each other.

Highlights

Value and Protect Our Environment

Ocean Outfall

In June 2007, construction commenced on the Council's biggest capital project to-date, the $87 million Ocean Outfall project. The project, together with other improvements to the sewerage system already underway, will improve the water quality in the Estuary.

Did you know?

The Council imported a German drill that weighs as much as seven low-floor red buses to dig the ocean outfall tunnel.

Misty Peaks

The Council purchased the Misty Peaks 489 hectare farm above Akaroa ensuring protection of the Aylmers Valley town water supply and creating a continuous 1,693 hectare conservation area from McLeans Island through to the Akaroa Heads.

Misty Peaks has six plant species on the New Zealand threatened plant list and six species rare to the area. The larger conservation area will extend the habitat for 21 native bird species and five lizard species. Native bush will be allowed to regenerate.

Local groups are already doing great work on predator control and promoting biodiversity such as penguin protection. The Department of Conservation and Environment Canterbury also have a presence in the area and now the Council is the third major player ensuring the preservation and protection of the area.

Endangered Brown Teal

A small endangered duck, the Brown Teal Pateke is getting some help from the Council. In June 2007, the Council participated in a trial release introducing twenty Pateke to the Travis Wetland.

The Pateke is found only in New Zealand. It is rarely seen in the North Island (there are less than 1,000 living wild) and is technically extinct in the South Island. Luckily they are breeding in captivity.

Though Travis Wetland rangers will do what they can, the trial will test the survival skills of the hand-reared Pateke against stoats, hedgehogs, cats, dogs and humans. The project which is part of the Department of Conservation's Brown Teal Recovery Plan will monitor the ducks for 12 months and the information from both survivors and casualties will be used to help the national recovery programme.

Highlights

Safer Christchurch

Christchurch has had a successful first year operating under the Safer Christchurch Strategy.

It will also host the 17th International Safe Communities Conference in 2008 and will seek designation as a World Health Organisation Safe Community.

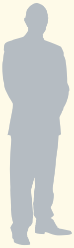
Alcohol Accord. In an attempt to reduce alcohol-related violence and disorder in the Central City, licensed premises, the Council, the New Zealand Police and the Canterbury District Health Board have entered into a partnership to create a safe and prosperous night-time economy in the Central Business District.

The first initiative under the Accord is the introduction of a one-way door policy from 4am on Thursday, Friday and Saturday nights. Under this policy, no new patrons are admitted to licensed premises or re-admitted after this time.

Putting Customers First

The Council's Regulation and Democracy Services Group have changed the way building consent and other applications are submitted for approval. The Council provides information packs that provide clear instructions and a complete set of updated forms for each specific type of consent. Though the official launch of the new forms was on 1 August 2007, the information packs were already in use in June and resulted in a higher quality of applications. That in turn reduced the processing time.

The information packs are available from the Council's internet site and eventually customers will be able to submit applications online.



FINANCIAL HIGHLIGHTS

Parent result

The Council's operating surplus for the year, after vested asset contributions was $38.9m, $8.7m ahead of plan. This variance was mainly driven by reduced expenses as the $11m additional revenue was offset by a shortfall in vested asset receipts of $10.6m. Contributions to this variance are outlined in Note 27 (on page 135) of the detailed accounts and include;

- higher than budgeted development contributions of $4.2m. This needs to be considered along with the shortfall in vested asset receipts. This net revenue shortfall is a timing difference. The Council's new development contributions policy was scheduled to come into effect on 1 July 2006 and many developers brought forward their applications in order to avoid the increased fees,
- higher than budgeted rates of $1.6m,
- interest received of $1.4m. This is due to higher interest rates,
- higher than budgeted LTNZ subsidy of $1.5m.

The main cost savings were;

- lower than budgeted personnel costs of $2.2m,
- lower than budgeted professional and contract fees of $3.2m,
- lower than budgeted interest expense of $2.0m due to lower intergroup loans.

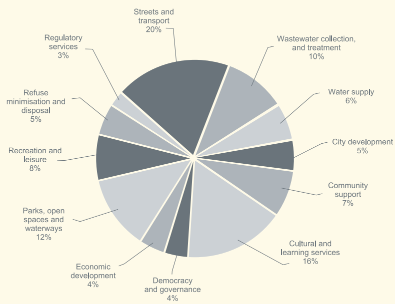
Unlike the case for traditional corporate entities, the budgeted surplus is not what is left over after deducting costs from revenue. It is a calculated figure and reflects the fact that included within the operating revenue are monies from organisations such as LTNZ and from developers (development contributions) which are to be applied against future capital expenditure. In addition, there are activities that the Council operates that are not rates funded, for example, housing and dog control. These activities, particularly housing, are budgeted to make a cash surplus which is subsequently applied against future capital needs.

The net surplus for the year, after vested assets, is $38.9m, $8.7m over plan. After adjusting for variances against plan primarily in capital revenues and for non cash items such as vested assets and depreciation, the cash surplus for the year is $13.0m. The Council has elected to apply this to the debt payment reserve.

Much of the focus for the year was on cost control and efficiencies, and for nine of the 12 Groups of Activities actual expenditure was less than plan. These savings were largely achieved through better contract management, although in some areas a difficulty in recruiting skilled staff led to projects being postponed. Of the remaining three groups, two were affected by unbudgeted costs including a $2.3m write-off for Jellie Park buildings, and a $0.8m provision for weathertight home claims. In the Streets activity, expenses were $5.6m over budget due to increased maintenance costs and unbudgeted costs associated with the replacement of the old parking meters.

The $204.6m of rates collected was allocated across activities as detailed in the pie chart below.

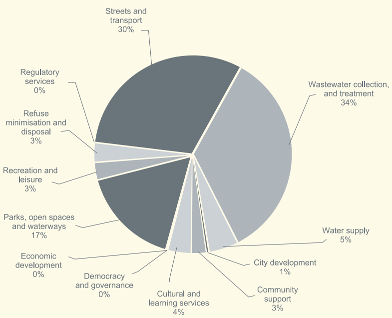
How your rates dollars were spent



Financial Highlights

The Balance Sheet reflects Council's strong position with a growth in equity of over $462m, $423m of which results from asset revaluations. This strength supported the Council's ability to deliver $165m of new capital expenditure (see pie chart below).

Capital expenditure by group of activities



Amongst the many capital projects completed for the year are the Blenheim Road deviation, ($5.7m), upgrade of the parking meters, ($2.6m) and strategic land purchases of $8.5m.

Projects progressed include the Ocean Outfall pipeline at South New Brighton ($30.7m), Gowerton Place housing development ($2.4m), the Burwood Landfill gas project ($2.6m), construction of the 5th and 6th digesters, ($10.4m), the upgrade of Pump Station 11 ($3.9m), and the redevelopment of the Jellie Park swimming complex, ($1.3m).

Of the balance, most went on providing the Council's basic services including $6.1m on carriageway resurfacing, $3.9m on footpath resurfacing, $14.3m on kerb and channel, $6.3m on road networks $4.9m on renewals and replacements of water reticulation, $16.5m on parks and $4.3m on library books.

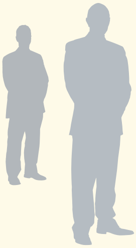
Group results

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.

	$'000
Turnover	783,969
Operating surplus (before tax)	117,468
Total assets	6,646,519
Total liabilities	905,769
Total equity	5,740,750

This result continues a positive trend in results for the Group, and the increasing value of the assets held by the city.

Standard and Poor's affirmed the Council's and Christchurch City Holdings Limited long-term rating of AA+ and short-term rating of A-1+, but have placed the combined entities on negative outlook.



SUMMARY FINANCIAL
STATEMENTS

Summary Income Statement for the year ended 30 June 2007

	Parent			Group	
	2007 Actual $000	2007 Plan $000	2006 Actual $000	2007 Actual $000	2006 Actual $000
Revenue	**388,464**	**376,044**	**377,317**	**797,096**	**759,013**
Profit (loss) before asset contributions	**26,908**	**7,568**	**27,222**	**105,428**	**94,313**
Vested assets	12,040	22,672	23,826	12,040	23,826
Profit (loss) before income tax expense	**38,948**	**30,240**	**51,048**	**117,468**	**118,139**
Income tax expense	-	-	-	21,770	29,121
Profit from continuing operations	**38,948**	**30,240**	**51,048**	**95,698**	**89,018**
Profit from discontinued operations (after tax)	-	-	-	11,454	(3,033)
Profit (loss) after taxation	**38,948**	**30,240**	**51,048**	**107,152**	**85,985**
Minority interests in surpluses of subsidiaries	-	-	-	(15,991)	(14,871)
Profit for the period	**38,948**	**30,240**	**51,048**	**91,161**	**71,114**

Summary Financial Statements

Summary Statement of Changes in Equity for the year ended 30 June 2007

	Parent			Group	
	2007 Actual $000	2007 Plan $000	2006 Actual $000	2007 Actual $000	2006 Actual $000
Equity at 1 July	**5,026,989**	**4,783,884**	**4,316,278**	**4,803,390**	**4,232,505**
Net surplus attributable to:					
Parent entity shareholders	38,948	30,240	51,048	91,161	71,114
Minority interests	-	-	-	15,991	14,871
Increases/(decreases) in revaluation reserves	423,832	102,877	416,351	819,470	275,396
Other	513	-	243,312	(71,532)	238,128
Total recognised revenues and expenses	**463,293**	**133,117**	**710,711**	**855,090**	**599,509**
Distribution paid and provided to minority interests	-	-	-	(8,260)	(9,601)
Other movements in minority interests	-	-	-	90,530	(19,023)
Equity at 30 June	**5,490,282**	**4,917,001**	**5,026,989**	**5,740,750**	**4,803,390**

	Parent Actual			Group Actual			
	Retained earnings $000	Other reserves $000	Total $000	Retained earnings $000	Other reserves $000	Minority interest $000	Total $000
Balance at 1 July 2005	1,442,274	2,874,004	4,316,278	2,012,385	2,059,905	160,215	4,232,505
Balance at 30 June 2006	1,555,156	3,471,833	5,026,989	2,142,068	2,514,860	146,462	4,803,390
Balance at 30 June 2007	1,672,874	3,817,408	5,490,282	2,312,273	3,183,754	244,723	5,740,750
Balance in LTCCP at 30 June 2007	*828,558*	*4,088,443*	*4,917,001*				

Summary Financial Statements

Summary Balance Sheet as at 30 June 2007

	Parent			Group	
	2007 Actual $000	2007 Plan $000	2006 Actual $000	2007 Actual $000	2006 Actual $000
Assets					
Current assets	229,640	261,847	295,011	313,591	371,065
Non-current assets	5,440,552	4,847,517	4,941,675	6,332,928	5,312,452
Total assets	**5,670,192**	**5,109,364**	**5,236,686**	**6,646,519**	**5,683,517**
Equity & Liabilities					
Current liabilities	65,138	68,448	90,582	226,772	236,467
Non-current liabilities	114,772	123,915	119,115	678,997	643,660
Equity*	5,490,282	4,917,001	5,026,989	5,740,750	4,803,390
Total equity and liabilities	**5,670,192**	**5,109,364**	**5,236,686**	**6,646,519**	**5,683,517**
* Minority interest included in group equity				244,723	146,462

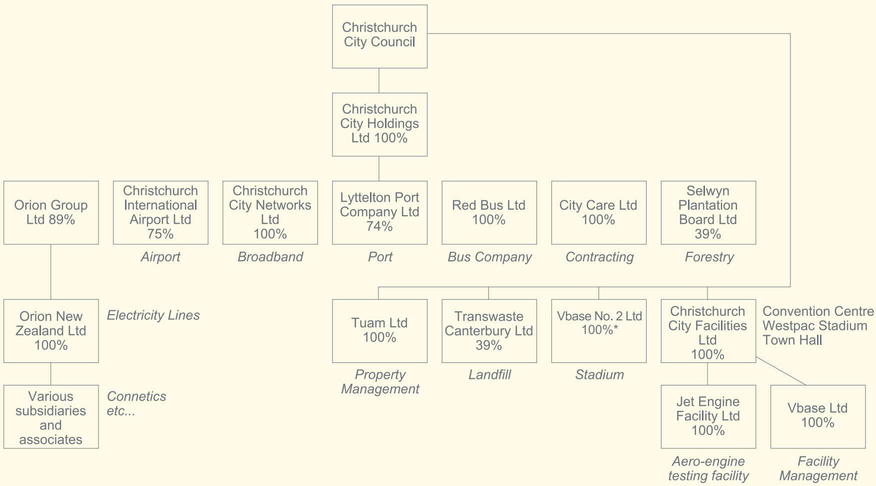
Summary Cashflow Statement for the year ended 30 June 2007

	Parent			Group	
	2007 Actual $000	2007 Plan $000	2006 Actual $000	2007 Actual $000	2006 Actual $000
Net cash flow from operating activities	113,593	88,635	118,523	213,788	179,083
Net cash flow from investing activities	(85,764)	(188,626)	(75,785)	(148,571)	(205,840)
Net cash flow from financing activities	(24,602)	2,910	11,225	(60,178)	89,125
Increase/(decrease) in cash	**3,227**	**(97,081)**	**53,963**	**5,039**	**62,368**
Add opening cash	98,702	250,057	44,739	113,241	50,799
Exchange fluctuations	-	-	-	-	74
Ending cash balance	**101,929**	**152,976**	**98,702**	**118,280**	**113,241**

Council controlled organisations

The Council holds controlling stakes in a number of trading companies which form part of the city's key infrastructure. These Council-controlled organisations are managed for the long-term benefit of the community and aim to help ensure a healthy regional economy. The dividends from these companies help the Council reduce its reliance on rates to fund its activities. The trading companies are run commercially, at arms length from the Council.

Christchurch City Council Group Structure



* Subsequent to year-end Jade Stadium Ltd was renamed Vbase No. 2 Ltd.

PERFORMANCE REPORTS FOR GROUPS OF ACTIVITIES

Service delivery performance

The Council aims to contribute to the cultural, environmental, economic and social well-being of the community through nine Community Outcome areas. For further information on Community Outcomes and their linkage to the Groups of Activities, please refer to the full Annual Report.

This is the first year the Council is reporting against the measures contained in its Long-Term Council Community Plan (LTCCP) 2006-16 and details can be found with the Performance Reports for Groups of Activities in the full financial statements.

It is pleasing to note that we achieved or surpassed 80% of our targets (based on achieving at least 95% of the target measure), an excellent improvement over the 75% achieved last year.

For a complete picture of how the Council measured its achievements, please refer to the Performance Reports for Group of activities in the full annual report. Each Group has a section called “How the Council measured up” and lists the level of service, what was actually achieved and what the Council’s target was for the year 2006/07.

In financial terms, nine of the twelve Groups of Activities operated within planned net cost. The total cost under plan across all Groups of Activities was 5.5%.

Groups of Activities

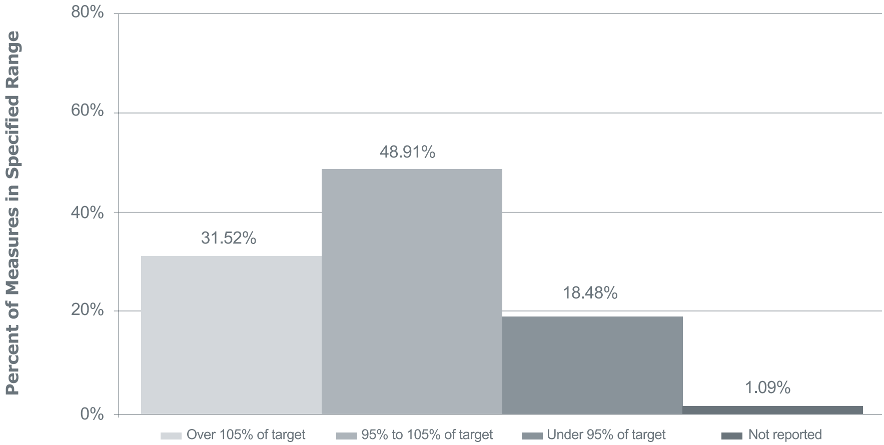
The following are examples of how the Council measures its performance:

	Group of Activities	Activity	Level of Service	Actual	Target
	City Development	Central City Revitalisation	Rate of growth in the number of businesses in the Central City compared to city-wide per year	54%	40%
	Community support	Social Housing	Christchurch housing rental stock provided by the Council	2,655	2,641
	Cultural and learning services	Libraries	Customer satisfaction with the library service	85%	85-90%
	Democracy and governance	Democracy and governance support	Percent of residents satisfied that the Council makes decisions in the best interests of Christchurch	48%	75%
	Economic development	Economic development	Number of business startups per year	500	500
	Parks, open spaces and waterways	The Botanic Gardens	Number of visitors to the Botanic Gardens per year	1.6 m	1.2 m
	Recreation and leisure	Recreation programmes	Number of visits at Council recreation, arts and sporting programmes and events	822,211	570,000
	Refuse minimisation and disposal	Waste minimisation	Kilogrammes of waste sent to landfill per capita, per year - Commercial Kilogrammes of waste sent to landfill per capita, per year - Domestic	395 kg 309 kg	430 kg 310 kg
	Regulatory services	Regulatory approvals	Percent of all regulatory applications processed within statutory time frames	78%	100%
	Streets and transport	Streets	Average travel time for a 10 kilometre trip (morning peak) based on monitored portion of network	17 minutes 10 seconds	17 minutes 15 seconds
	Wastewater collection and treatment	Wastewater treatment and disposal	Number of widespread and/or ongoing incidents of objectionable odour originating from the treatment plant per year	1	No more than 5
	Water supply	Water supply	Achieve the highest Ministry of Health water supply grade possible without treatment of water.	6 of 7 zones achieved the highest grade possible for supplies without treatment	Maintain the highest grade possible without treatment

Groups of Activities

Key Performance Indicators (KPIs)

The Council achieved 80 percent of its targets in 2006/07, improving upon the previous year's result of 75 percent.



Groups of Activities

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements for the year ended 30 June 2007

1. Accounting policies

Basis of preparation

The Council has prepared the summary financial report in order to provide users with a succinct overview of Council performance. The Council authorised on 11 October 2007 the General Manager Corporate Services to produce and publish the summary report. The summary report was approved for issue by the General Manager Corporate Services on 2 November 2007. The specific disclosures in the summary financial report have been extracted from the full audited financial report also dated 11 October 2007.

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with generally accepted accounting practice in New Zealand. Changes to Council's accounting policies are discussed below.

The summary financial report complies with Financial Reporting Standard No. 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 Annual Report on the Council website at www.ccc.govt.nz. Users who do not have access to the website can request a printed version from the following address:

General Manager, Corporate Services
Christchurch City Council
PO Box 237
Christchurch

Notes to the Financial Statements

2. Changes in accounting policy

The Council changed its accounting policies on 1 July 2006 to comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). The transition to NZ IFRS is accounted for in accordance with NZ IFRS-1 'First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards' with 1 July 2005 as the date of transition. Detailed explanations of how the transition from superseded policies to NZ IFRS has affected the parent's and consolidated entity's financial position, financial performance and cash flows is discussed in Note 41 of the full audited financial report. The summary accounts are in respect of Council's first NZ IFRS full financial statements.

Under NZ IFRS Council has designated itself a public benefit entity (PBE). Council is therefore subject to policies and exemptions that may not apply to other entities in the group. Where PBE treatment of specific issues differs from the usual treatment, this fact is noted in the relevant accounting policy in the full report.

Reconciliation of impact of NZ IFRS on transition

		Parent			Group		
	Note	Superseded policies 30 June 2005 $000	Effect of transition to NZ IFRS $000	NZ IFRS 30 June 2005 $000	Superseded policies 30 June 2005 $000	Effect of transition to NZ IFRS $000	NZ IFRS 30 June 2005 $000
Balance Sheet							
Total current assets	a	336,205	452	336,657	425,237	(15,000)	410,237
Total non-current assets	b, c	4,002,968	160,577	4,163,545	4,510,959	83,107	4,594,066
Total current liabilities	d	64,232	257	64,489	166,253	(18,002)	148,251
Total non-current liabilities	e	113,188	6,247	119,435	465,886	157,661	623,547
Total equity		**4,161,753**	**154,525**	**4,316,278**	**4,304,057**	**(71,552)**	**4,232,505**

Notes to the Financial Statements

Reconciliation of impact of NZ IFRS on comparative period

		Parent			Group		
	Note	Superseded policies 30 June 2005 $000	Effect of transition to NZ IFRS $000	NZ IFRS 30 June 2005 $000	Superseded policies 30 June 2005 $000	Effect of transition to NZ IFRS $000	NZ IFRS 30 June 2005 $000
Income Statement							
Revenue	f, g	372,204	5,113	377,317	754,666	4,347	759,013
Expenses	f, h	344,982	5,113	350,095	683,593	(18,893)	664,700
Profit (loss) before asset contributions		**27,222**	**0**	**27,222**	**71,073**	**23,240**	**94,313**
Vested assets		23,826	0	23,826	23,826	0	23,826
Profit (loss) before income tax expense		**51,048**	**0**	**51,048**	**94,899**	**23,240**	**118,139**
Income tax expense		0	0	0	(33,150)	4,029	(29,121)
Profit from continuing operations		51,048	0	51,048	61,749	27,269	89,018
Profit from discontinued operations (after tax)		0	0	0	0	(3,033)	(3,033)
Profit for the period		**51,048**	**0**	**51,048**	**61,749**	**24,236**	**85,985**
Profit attributable to:							
Christchurch City Council		51,048	0	51,048	51,217	19,897	71,114
Minority interest		0	0	0	10,532	4,339	14,871
		51,048	**0**	**51,048**	**61,749**	**24,236**	**85,985**
Balance Sheet							
Total current assets	i	295,126	(115)	295,011	377,801	(6,736)	371,065
Total non-current assets	j, e	4,940,633	1,042	4,941,675	5,212,626	99,826	5,312,452
Total current liabilities	i, k	90,273	309	90,582	257,246	(20,779)	236,467
Total non-current liabilities	e, k	110,624	8,491	119,115	476,685	166,975	643,660
Total equity		**5,034,862**	**(7,873)**	**5,026,989**	**4,856,496**	**(53,106)**	**4,803,390**

Notes to the Financial Statements

Explanatory notes to the changes:

Reconciliation of impact of NZ IFRS on transition

This table summarises the changes as at 1 July 2005.

a. The group reclassified $17m of Non-current assets held for sale to Other financial assets, as the investment previously held for sale did not meet the definition of a held for sale asset under NZ IFRS.

b. Under NZ IFRS investment properties are valued at fair value annually and are not depreciated. Under previous GAAP, the group did not classify any property as investment property. The impact of revaluing investment property on transition to NZ IFRS was $15.1m. In the group the majority of the remaining change resulted from two companies revaluing their land and buildings on transition.

c. Council's investments in its subsidiaries Christchurch City Holdings Limited, Christchurch City Facilities Limited and Vbase No.2 Limited were revalued upon transition to NZ IFRS. The revaluation led to a restatement of the carrying values of these investments from $866.0m to $1,025.8m. Increases in value are recognised in equity.

d. Group cash balances and other current liabilities have been reduced by $17.5m at transition to reflect a change in accounting treatment. Under previous NZ GAAP, dividends paid by Orion Group Ltd to CCHL in the period between Orion's balance date (31 March) and CCHL's balance date (30 June) were credited to a current provision in the group balance sheet, and reversed in the subsequent period. Following adoption of NZ IFRS, cash balances are now reduced by the amount of such dividends rather than a provision being established. This change has no impact on group profits or equity.

e. Under superseded policies, the consolidated entity adopted tax-effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items were included or allowed for income tax purposes in a period different to that for accounting were recognised at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable.

Under NZ IFRS, deferred tax is determined using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases.

This has resulted in an increase in group deferred tax balances on transition of $149.2m (CCC parent: $5.6m).

Reconciliation of impact of NZ IFRS on comparative period

This table summarises the changes for the year ended 30 June 2006.

f. Parent revenue and expenses were restated by $5.1m, to present revenues and expenses on a gross basis.

g. Group revenue increased by $14.5m following the adoption of NZ IFRS, as a result of the movement of a gain on sale on investment from the revaluation reserve, and investment property revaluation gains being reflected in the income statement. This increase was largely offset by a re-classification of revenue from discontinued activities of $7.4m and other minor adjustments.

h. The reduction in group other expenses is principally due to the re-classification of $17.3m of expenses attributable to discontinued operations.

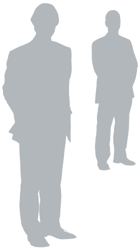
i. Group cash balances and other current liabilities have been reduced by $8m to reflect a change in accounting treatment. (refer to (d) above).

j. The impact of revaluing investment property during the year was an increase of $16m. The remaining change is covered in (b) above).

k. The movement between group current and non-current borrowings largely reflects a re-classification of debt.

3. Additional information

The Council is currently in dispute with the Inland Revenue Department concerning the availability of income tax deductions for donations. For a full description of this matter users should refer to the full audited financial report.



AUDIT REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

AUDIT REPORT

TO THE READERS OF CHRISTCHURCH CITY COUNCIL AND GROUP'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2007

We have audited the summary annual report.

Unqualified Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 11 October 2007, on:

- the full financial statements; and
- the Council and group's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

In addition to the audit, we conducted the audit of the City Council's amendment to its Long Term Council Community Plan. For the subsidiaries, we carried out six assignments. These involved an assurance review of a payroll system, audits of 2006 summary financial statements and 2007 interim financial statements, and issuing audit certificates pursuant to the Commerce Act (Electricity Information Disclosure Requirements) Notice 2004, the Commerce Act (Electricity Distribution Thresholds) Notice 2004 and the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999. These assignments are compatible with those independence requirements.

Other than the audits and these assignments, we have no relationship with or interests in the Christchurch City Council or any of its subsidiaries.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.

S M Tobin, Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
02/11/07

Notes

Notes

Annual Report Summary 2007, Published on 2 November 2007 by Christchurch City Council
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